Agenda Item No: 6

Meeting of:	**Governance and Audit Committee**
Date of Meeting:	**Monday, 28 September 2026**
Relevant Scrutiny Committee:	**No Relevant Scrutiny Committee**
Urgent Decision Procedure Used (If yes, why)	N/A
Item Type	Part I
Report Title:	Corporate Risk: Quarter 1 Update
Portfolio Holder:	Executive Leader and Cabinet Member for Performance and Resources
Strategic Leadership Team:	Director of Corporate Resources
Lead Officer:	Tom Bowring, Director of Corporate Resources

1.0 What is this report about?

1.1 This report provides Members with an overview of the Corporate Risk Register for Quarter 1 of 2026/27. The report also reflects the Strategic Leadership Team's (SLT) consideration of the recommendations made by this Committee following the Quarter 4 2025/26 period relating to risks contained within the Corporate Risk Register.

1.2 At end of Quarter 1, the Corporate Risk Register comprises thirteen risks: one scored very high, seven high, two medium/high and three medium.

2.0 What are the Recommendations?

	Recommendations – What and How?	Reason for Recommendation – Why?
2.1	That Committee consider the Quarter 1 position of corporate risks outlined in the Risk Summary Report (**Annex A**).	To consider the Q1 risk update of corporate risks, including any emerging issues and proposed mitigations, as set out in **Annex A.**
2.2	That Committee note SLT's consideration of the responses to the Governance & Audit Committee's comments for Quarter 4 2025/26.	To identify the actions undertaken in response to Governance & Audit Committee's comments and consider any further action required.
2.3	That Committee refer any other comments to Cabinet for their consideration and	To ensure Cabinet receives the comments of the Governance & Audit Committee when considering corporate risk.

	Recommendations – What and How?	Reason for Recommendation – Why?
	endorsement at the meeting when Cabinet will consider this report.	

3.0 What is the background to this report?

3.1 Corporate Risk is managed via the Corporate Risk Register. To supplement this, a risk analysis in the form of a Corporate Risk Summary Report (**Annex A**) provides a concise overview of headline risks and key risk considerations. Presenting the information in this way enables Members and officers to have a clear view of the overall risk position, including emerging issues across the Register.

4.0 What issues are there to be considered?

Quarter One Risk Updates

4.1 The Corporate Risk Summary Report (**Annex A**) provides an overview of all the corporate risks in the Register in terms of their inherent risk score, effectiveness of control score and residual score and provides an outline of the forecast direction of travel. It also identifies emerging risk issues associated with risks on the Register.

4.2 At the end of Quarter 1, all corporate risks on the Register have maintained their current residual risk position.

4.3 There are three risks on the Register that we forecast will increase over the year; these are Information and Cyber Security (CR3), Climate Change and Nature Emergency (CR4) and Digital (CR11).

4.4 The Workforce and Organisational Change risk (CR2) is forecast to reduce marginally over the next year.

4.5 The remaining risks are forecast to remain static.

Overview of Q1 Corporate Risks

4.6 A review of Risk Management Plans at Q1 indicate that overall, the corporate risk profile remains broadly stable, with no significant reduction in the Council's highest risks. Existing controls and governance arrangements continue to prevent deterioration and there is evidence of strengthened mitigation activity in several areas. However, there remains limited evidence of risks reducing materially.

4.7 The key message emerging from the Q1 review is the increasing interdependency between financial sustainability, workforce capacity and rising demand pressures, which are becoming common drivers across a number of corporate risks.

Positive developments since Q4 include:

4.8 **Schools Budget Deficits (CR13):** Governance and intervention arrangements have strengthened through the Team Around the School approach, escalation processes and recovery planning. Early indications suggest improved oversight and some stabilisation of projections, although the overall financial exposure remains significant.

4.9 **Workforce and Organisational Change (CR2):** Greater emphasis being placed on succession planning, leadership development, workforce redesign and future skills, indicating a more strategic approach to workforce resilience.

4.10 **Information and Cyber Security (CR3):** There is continued evidence of strong governance, mature controls and effective oversight arrangements, helping to maintain risk stability despite the evolving threat landscape.

Key interdependencies

4.11 The strongest interdependencies identified at Q1 are:

4.12 **Financial Resources (CR1)** underpinning a number of significant risks, particularly Schools Deficits (CR13), ALN (CR5), Social Care Demand and Capacity (CR6), Physical Assets (CR10) and Climate Change (CR4).

4.13 **Workforce Capacity (CR2)** affecting the Council's ability to reduce risks across Social Care, Safeguarding, ALN, Climate Change and Major Regeneration projects (CR9).

4.14 **Education-related pressures**, particularly the interaction between Schools Deficits, increasing ALN demand and school estate requirements, which is creating pressures on both education services and the Council's wider financial position.

Emerging Challenges

4.15 The principal barriers to risk reduction remain largely unchanged from Q4 but are becoming more pronounced:

4.16 Ongoing financial constraints continue to affect almost every corporate risk, limiting the Council's ability to invest in workforce, physical assets, digital transformation, climate action and demand management.

4.17 Recruitment, retention and workforce capacity challenges are increasingly affecting service resilience and delivery of mitigating actions.

4.18 Increasing demand and complexity of need across Social Services, Housing and ALN continue to place pressure on services and budgets.

4.19 External factors including Welsh Government and other funding uncertainty, legislative change and market pressures, remain significant influences across a number of risks.

4.20 Overall, Q1 demonstrates strengthened governance and mitigation activity in several areas; however, risks remain closely linked and are increasingly influenced by a small number of systemic factors. Financial sustainability, workforce capacity and demand-led service pressures continue to be the principal barriers to risk reduction and are driving many of the interdependencies across the corporate risk register. As a result, Climate Change, Schools Budget Deficits, Social Care Demand and Capacity, and Financial Sustainability remain among the Council's most significant long-term strategic challenges.

4.21 Whilst governance and mitigating controls are helping to keep risks stable, there has been limited reduction in the Council’s highest risks. Financial sustainability, workforce resilience and service demand management will remain key areas of focus during 2026/27.

Directorate Risk Overview 2026/27

4.22 In line with the Council’s Risk Management Policy, an annual assessment of existing and emerging Directorate Risks has been undertaken to provide intelligence on the alignment between Directorate and Corporate Risks, as well as identifying emerging areas that may require escalation to the Corporate Risk Register.

4.23 Overall, the 2026/27 Directorate Risk review indicates that financial sustainability, workforce capacity, statutory compliance and infrastructure resilience remain the most significant challenges facing the Council. Compared with 2025/26, there is a broader range of Directorate Risks aligning to Corporate Risks, particularly Financial Resources, Workforce and Organisational Change, Physical Assets and the newly established Schools Budget Deficit risk. The analysis also highlights emerging pressures relating to legislative change, safeguarding requirements, partnership delivery and organisational capacity to support transformation and the delivery of major change programmes.

4.24 Consistent with the Corporate Risk Management Policy, these Directorate Risks provide valuable intelligence on areas that may require further escalation, or consideration for inclusion on the Corporate Risk Register where they present a cross-cutting threat to delivery of the Vale 2030 (Corporate Plan) Well-being Objectives.

4.25 Further information on the key changes from 2025/26 to 2026/27, the impact of Directorate risks on existing corporate risks, and emerging risk trends is provided in **Annex B** of the report.

SLT Response to Q4 2025/26 Governance & Audit Committee recommendations

4.26 In addition to reviewing the Q1 risk position 2026/27, SLT has considered the Committee's requests arising from the Quarter 4 2025/26 review. An update on these matters is set out below.

4.27 Committee requested:

- T H A T additional information be provided to the Governance and Audit Committee relating to the Scrutiny review into Additional Learning Needs Resource Bases.
- T H A T a review of the risk scoring relating to the Climate Change Risk to be undertaken.

Additional Learning Needs (CR5)

4.28 Following the Task and Finish Group recommendations regarding Resource Bases, all provisions are being reviewed to ensure they continue to meet learner needs effectively. This work will inform the development of a longer-term strategy, including the redistribution of provision where appropriate and the potential use of special school funding to support future arrangements. Work is also progressing on Service Level Agreements (SLAs) and the review of staffing ratios, informed by collaboration with regional partners and learning from other local authorities, including Bridgend.

4.29 A range of initiatives are improving planning and capacity management. Regular meetings between specialist teachers and Resource Base leads are supporting greater collaboration, while data on capacity and access is being used to inform demand management and future provision planning. Mapping work has also been undertaken to strengthen the graduated response available to learners, covering mainstream provision, Inclusion Centres (formerly satellite bases), specialist pathways and targeted support.

4.30 Investment in specialist provision continues. The expansion of Holm View is on track for September 2027 and will significantly increase capacity for learners with Social, Emotional and Mental Health (SEMH) needs. A new Welsh-medium secondary ALN Resource Base at Ysgol Bro Morgannwg will begin supporting pupils from September 2026. In addition, almost all secondary schools now have Inclusion Centres in place, with two further schools receiving funding this year and a cost pressure submitted to support two more.

4.31 Work is also underway to develop a broader range of pathways for learners. A pilot involving secondary schools will begin in September 2026 to create mainstream pathways for learners from Year 10 onwards, with plans to extend these pathways across pre-16 provision. Further work over the summer will focus on Education Other Than At School (EOTAS) pathways and provision to ensure learner needs are met more effectively.

4.32 To build inclusion within mainstream settings, the EBSA Horizons programme will be rolled out to all schools from September 2026, enhancing staff skills and capacity to support learners experiencing emotionally based school avoidance.

4.33 Finally, a revised ALN Transport Policy has introduced clearer eligibility criteria and a panel process to review evidence submitted in support of transport requests. These arrangements will be fully operational from September 2026, helping to ensure greater consistency and transparency in decision-making.

Climate Change (CR4)

4.34 In response to the Governance & Audit Committee recommendation, the Climate Change and Nature Emergency risk (CR4) scoring has been reviewed by the Project Zero Board as part of the Q1 corporate risk review and has been discussed by SLT. The risk is ‘failure to achieve the Welsh Government target of being net zero as an organisation by 2030 and to deliver the commitments in the Climate Change Challenge Plan which includes a range of activities that form our response to the climate and nature emergencies.’ The review considered progress against the 2030 net zero target, findings from the PSB Climate Change Risk Assessment, emerging climate adaptation pressures, resource challenges and the effectiveness of existing governance and mitigation arrangements.

4.35 The review concluded that the overall residual risk score should remain at 12 (High) at this stage. Whilst there is significant work underway across the Council and evidence of strong governance arrangements through Project Zero, the Project Zero Board, the Carbon Management Plan and associated delivery programmes, significant strategic challenges remain. These include achieving the pace of emissions reduction required to meet the 2030 net zero target, addressing procurement and supply chain emissions, securing sufficient resources to support both mitigation and adaptation work, and responding to increasing climate-related impacts such as extreme weather events. However, it was not felt that the inherent risk score should increase at this time with likelihood scores remaining at a mix of probable and almost certain and impact scores remaining at a mix of high and catastrophic. The risk controls are detailed in the risk management plan and the score for these continues to be low control across all aspects which means that the level of risk is not currently increasing or decreasing. This risk is wide ranging involving a range of services and this was discussed in detail by the Project Zero Board as it is felt that although there is a great deal of work taking place and the impact of this can be seen in a number of areas that when looking at the risk as a whole and considering the ongoing challenges that the current position is being held. However, it is recognised that this is becoming increasingly difficult and extreme weather events which impact on the community, infrastructure and service provision present an increasing number of challenges.

4.36 The Project Zero Board and SLT concluded that the PSB Climate Change Risk Assessment and recent operational experience of extreme weather continue to indicate that climate risks are likely to increase over the medium to long term. However, the review also recognised the significant progress being made across a wide range of initiatives, together with enhanced partnership working and established governance arrangements, which provide assurance that the risk is being proactively managed. Consequently, it is considered that the current score of 12 (High) remains an appropriate reflection of the balance between ongoing mitigation activity and the scale of the strategic challenge and financial challenges. The inherent and residual risk score will continue to be monitored and reviewed as further emissions data, delivery outcomes and adaptation evidence become available during 2026/27.

5.0 How has evidence been used to inform the report, including the views of others?

5.1 Corporate Risk Owners draw on a range of cross organisational evidence to assess risk position and direction of travel. This includes internal performance data, regulatory requirements, audit findings and professional judgement informed by engagement with colleagues and partners. This report provides a summary of the risk positions, current risk landscape and the mitigating actions that are in place to reduce the level of risk.

6.0 What are the next steps if the recommendations are approved?

6.1 Any comments from the Committee will be referred to relevant risk owners to inform their risk assessment and responses will be reported back to committee next quarter.

6.2 The Committee's comments will be considered by Cabinet. The Council's Strategic Insight Board will discuss all comments and recommendations arising from consideration of this report and ensure that they are appropriately responded to.

6.3 Any further non-material, operational amendments to the Risk Management Policy and related guidance will be progressed under delegated authority, where required to implement decisions of the Governance and Audit Committee and Cabinet.

7.0 How does this report support Vale 2030 and Reshaping?

7.1 Risk Management is an intrinsic part of corporate governance and integrated business planning which underpins the delivery of the Council's Corporate Plan Vale 2030. The Corporate Plan has been structured around the Well-being of Future Generations (Wales) Act 2015, through the development of five Well-being Objectives.

7.2 Corporate Risks are considered in the context of the Well-being of Future Generations Act in terms of their potential impact on our ability to deliver /meet the Well-being Goals. The multi-faceted nature of risk means they have the potential to impact on how we deliver our priorities within the Corporate Plan and ultimately impact on our ability to meet/deliver on the Well-being Goals. A failure to identify the different facets of risk and mitigating actions using the five ways of working puts us in a more vulnerable position in terms of our ability to manage the risks and could significantly impact on our ability to evidence our contribution to meeting the Well-being Goals into the longer term.

8.0 How does this demonstrate the Five Ways of Working?

8.1 The five ways of working are also a key consideration in relation to our corporate risks as a key part of managing the risk involves developing a Risk Management Plan that identifies the mitigating actions that have a focus on the long term, prevention, integration, collaboration, and involvement.

9.0 Resources

Finance

9.1 Managing and reducing risks effectively helps to prevent unnecessary expenditure for the Council, reduces the potential for insurance claims and rising premiums. Members will note a specific risk relating to financial resources and also its interrelation with other proposed corporate risks.

Workforce

9.2 There are no direct workforce related implications associated with this report. However, there is a workforce and organisational change corporate risk and there are risks contained within the Register that if not effectively managed have the potential to impact on our staff establishment. By managing these risks effectively, we are in a stronger position to offer better protection to our staff.

10.0 Legal and Equalities

Does an Equalities Impact Assessment need to be completed? If not, why?

10.1 An Equalities Impact Assessment has not been completed because there are no equality related implications directly associated with this report. Where relevant, risk owners will have considered equality implications within their individual corporate risk. Identifying, managing, and reducing any risk effectively mitigates against potential legal challenge.

Key Contacts

Who are the primary officers to contact with any comments and/or queries on the report?

Lead Officer: Tom Bowring, Director of Corporate Resources, TBowring@valeofglamorgan.gov.uk 01446 709247	Democratic Services Officer: Gareth Davies, Democratic and Scrutiny Services Officer gjdavies@valeofglamorgan.gov.uk 01446 709249

Appendix

Corporate Risk Q1 26-27 All Risk Management Plans

Background Documents

Corporate Risk Management Strategy

Corporate Risk Q4 2025-26 Update

Qtr1 2026/27 – Corporate Risk Summary Report

Corporate Risk Q1 26-27 All Risk Management Templates

Contents

What is this Report about?

This Summary Report provides a concise overview of corporate risks including the current residual risk levels, how these have changed from the previous quarter, the expected direction of the risk level over the coming year and key risk considerations such as mitigating actions. A thematic risk heat map groups risk scores by the themes of political and legislative, resources, service delivery and wellbeing and reputation, which are used by risk owners for evaluation. The risks are then taken in turn depending on the forecast risk level providing a summary of the risk pre-control environment, and the actions in place to control the risk.

Risk Scoring Definitions

Inherent and Residual Risk Scoring

The Inherent Risk defines the risk score in a pre-control environment i.e. what the risk would look like (score) without any controls in place to manage the risk. The Residual Risk can be defined as the subsequent risk score as a consequence of applying controls to mitigate this risk.

Both inherent and residual risks are defined by two variables the likelihood of the risk occurring and the possible impact of that risk occurring. The higher the score allocated for the risk the higher the overall risk status. See matrix below:

Possible	Catastrophic	4 *MEDIUM*	8 MEDIUM/HIGH	12 HIGH	16 VERY HIGH

	High	3 *MEDIUM/LOW*	6 *MEDIUM*	9 MEDIUM/HIGH	12 HIGH
	Medium	2 LOW	4 *MEDIUM*	6 *MEDIUM*	8 MEDIUM/HIGH
	Low	1 VERY LOW	2 LOW	3 *MEDIUM/LOW*	4 *MEDIUM*
Low 1-2 Low/Medium 3 Medium 4-6 Medium/High 8-10 High 12-16		**Very Unlikely**	**Possible**	**Probable**	**Almost Certain**
		Likelihood/Probability of Risk Occurring			

Effectiveness of Controls Score

Controls can be scored 0-4 in terms of their effectiveness at controlling risk in terms of likelihood and impact. Zero implies poor control of the risk whereas a four would suggest controls in place are highly effective. This is based on scoring how effective the controls are at reducing a) the likelihood of and b) the impact of the risk. See table below:

Score	Effectiveness of control
0	Very Low control of the risk
1	Low control of the risk
2	Medium control of the risk
3	High control of the risk
4	Very high control of the risk

CORPORATE REGISTER SUMMARY

The table below provides a summary of the Corporate Risks broken down by their risk status in terms of their inherent (pre-control) risk score, the control risk score (how effectively the controls are managing the risk) and the residual risk score (post-control score). The table also gives an outline of each risk's direction of travel, in terms of whether the risk has escalated or reduced as well as forecasting its future direction of travel.

To understand how the risk scoring has changed from the inherent risk to residual please look at the individual risk templates which shows the detailed effectiveness of controls scoring which has mitigated the inherent risk and resulted in the residual scores. The effectiveness of controls scoring below only provides an indicative score used to illustrate the general level of control but is not used to calculate the overall residual risk.

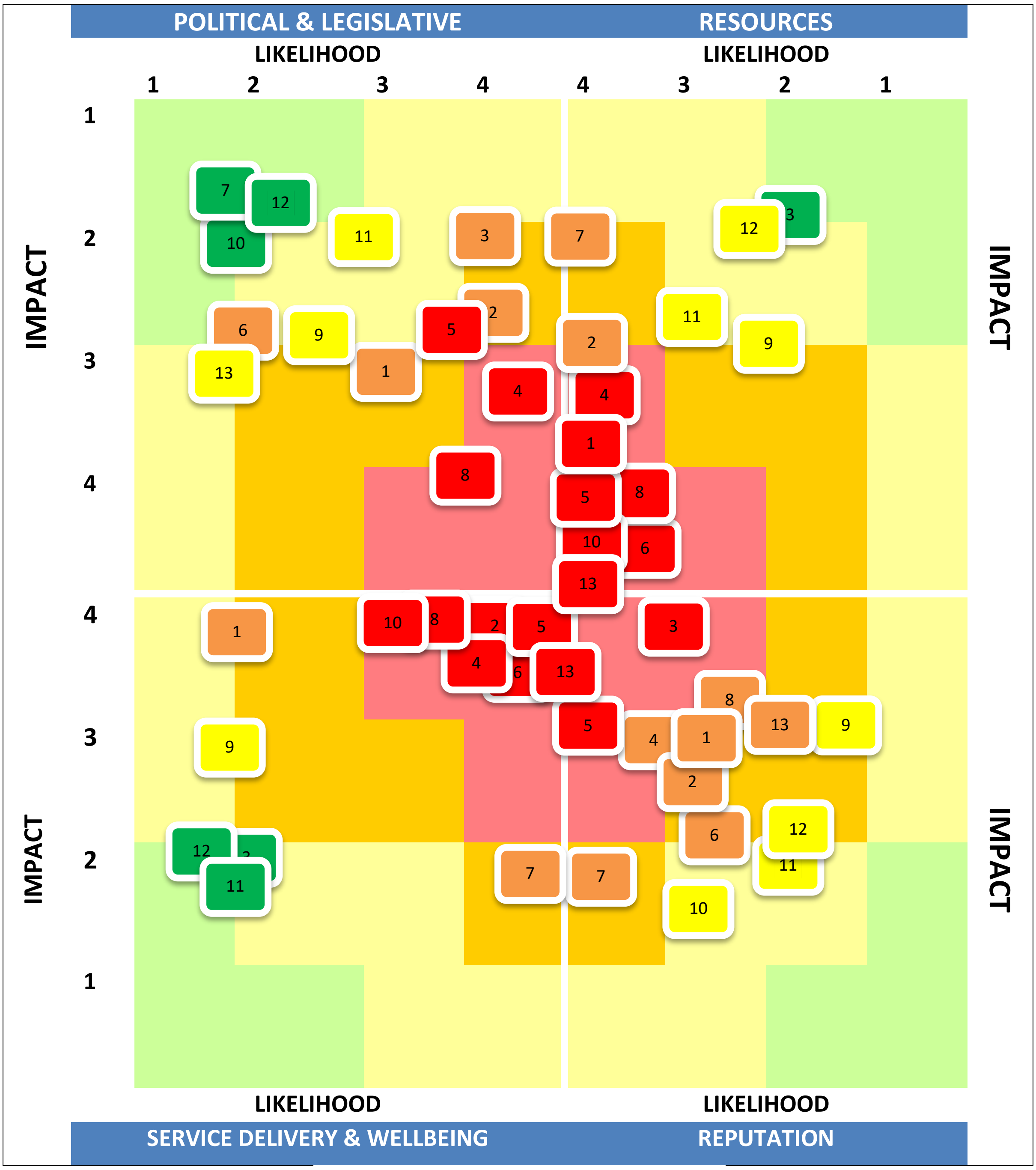
Risk Ref	Risk	Inherent Risk Score	Effectiveness of Controls score	Residual Risk Score			Direction of Travel	Forecast Direction of Travel
				Likelihood	Impact	Total		
5	Additional Learning Needs	16 (VH)	1 (L)	4	4	**16 (VH)**	↔	↔
1	Financial Resources	16 (VH)	1 (L)	3	4	**12 (H)**	↔	↔
2	Workforce and Organisational Change	12 (H)	1 (L)	4	3	**12 (H)**	↔	↓
4	Climate Change and Nature Emergency	12 (H)	1 (L)	4	3	**12 (H)**	↔	↑
6	Social Care Demand and Capacity	16 (H)	2 (M)	3	4	**12 (H)**	↔	↔
8	Housing and Homelessness	16 (VH)	2 (M)	4	3	**12 (H)**	↔	↔
3	Information and Cyber Security	16 (VH)	2 (M)	4	3	**12 (H)**	↔	↑
13	Schools' Budget Deficits	16 (VH)	2 (M)	3	4	**12 (H)**	↔	↔
10	Physical Assets	12 (H)	2 (M)	3	3	**9 (M/H)**	↔	↔
7	Transition from the Welsh Community Care Information System (WCCIS)	16 (VH)	4 (VH)	3	3	**9 (M/H)**	↔	↔
9	Delivery of Major Regeneration Projects	9 (M/H)	2 (M)	2	3	**6 (M)**	↔	↔
11	Digital	9 (M/H)	4 (VH)	3	2	**6 (M)**	↔	↑
12	Safeguarding	12 (H)	4 (VH)	2	2	**4 (M)**	↔	↔

Forecast Direction of Travel Rationale			
Risk Ref	**Risk**	**Average Forecast Direction of Travel**	**Rationale**
5	Additional Learning Needs	↔	Overall, the forecast direction of travel is being assessed as static in the year ahead due to the long-term nature of mitigating actions and external pressures still at play. This is a cautious but realistic outlook given the dependence on system-wide changes requiring effective partnership working and appropriate funding to deliver some mitigations. Strong progress has been made by the service undertaking a range of constructive and strategic actions that has laid the groundwork for reducing the risk over time. The focus at present is on transformational changes that will have preventative and targeted approach at its core. Adopting a more pre-emptive and strategic approach, will enable the service to improve how it manages its provision in the context of rising demand and costs as well as better mitigate the impact of challenge from complaints at the earliest opportunity, without it compromising on high-quality provision meeting the needs of all learners. Substantial, and ongoing external pressures, particularly rising need, financial constraints, and legacy challenges around tribunals and complaints mean that improvement will necessarily be incremental rather than immediate but sustaining our focus on a new model for specialist provision will drive transformational change and contribute to reducing this risk over time.
1	Financial Resources	↔	The forecast direction of travel is expected to remain static in the next quarter. Whilst the 2026/27 Welsh Government Settlement was more favourable than anticipated, it remains a one-year settlement and uncertainty continues regarding future funding levels. The Council is maintaining robust financial management arrangements and progress continues through the Reshaping Programme, strengthened budget monitoring processes, and enhanced procurement governance. However, significant underlying financial pressures remain. Schools' deficits continue to represent the most significant long-term financial challenge and, despite sustained intervention and support, are expected to take several years to address. Continuing pressures within Adult Social Care, Home to School Transport, and Environment & Housing are also likely to continue placing demands on finite resources. Early indications suggest that the Council's financial position remains broadly in line with previous forecasts, and the assumptions underpinning the approved budget, including the treatment of school deficits, remain sound. Collectively, the controls and mitigation measures in place are expected to contain the risk and prevent deterioration in the Council's financial position. However, they are not yet expected to deliver a sufficient reduction in the underlying financial pressures to justify an

Forecast Direction of Travel Rationale			
Risk Ref	**Risk**	**Average Forecast Direction of Travel**	**Rationale**
			improving assessment. Therefore, the forecast direction of travel remains static.
2	Workforce and Organisational Change	↓	Overall the risk position remains high, but DoT is forecast to decrease marginally in the year ahead due to strong governance, workforce planning, wellbeing initiatives, and recruitment improvements; however, ongoing financial, workforce capacity, and labour market pressures limit the potential for more significant reduction of this risk.
4	Climate Change and Nature Emergency	↑	On balance the direction of travel for this risk is forecast to worsen overall but is not imminent across all elements and is linked to the 2030 target, expectations, resources, and capacity. The Public Services Board climate change risk assessment has highlighted a number of issues that partners are considering and some of these are particularly pertinent to the Council.
6	Social Care Demand and Capacity	↔	Minimal changes to the risk this quarter has resulted in a static risk position with the overall forecast direction of travel for the next quarter assessed as remaining static. Social care demand, workforce challenges and market capacity pressures continue to present a significant risk to service delivery; however, established controls and governance arrangements are expected to remain effective in managing these challenges. Consequently, no material change in residual risk position is currently anticipated, although the risk will require ongoing close monitoring given the continued pressures facing the social care sector.
8	Housing and Homelessness	↔	The overall forecast direction of travel remains static for the next quarter. The risk environment continues to be challenging, driven by sustained demand for affordable housing, increasing homelessness pressures, limited housing supply and the anticipated implementation of new homelessness legislation. The risk is closely linked to the Council's financial sustainability, workforce capacity, partnership delivery and wider wellbeing objectives. Demand for temporary accommodation, recruitment challenges and increasing service pressures continue to create risk; however, mitigating actions are being delivered through the Rapid Rehousing Transition Plan, investment in homelessness prevention capacity, workforce development initiatives, additional Welsh Government funding and increased affordable housing provision. Whilst the overall risk remains high, current evidence indicates that the Council and its partners continue to maintain sufficient capacity to respond to rising demand and legislative change, and therefore no material change in risk exposure is forecast at this stage.
3	Information and Cyber Security	↑	The overall forecast direction of travel is assessed as increasing. Whilst the Council continues to strengthen its cyber resilience through implementation of the Cyber Resilience Strategy, participation in the

Forecast Direction of Travel Rationale			
Risk Ref	**Risk**	**Average Forecast Direction of Travel**	**Rationale**
			Cyber Assessment Framework, annual IT Health Checks and partnership working with CymruSOC, the external cyber threat environment continues to intensify. Rising ransomware activity, increased supply-chain risks and the growing sophistication of cyber-attacks are expected to increase the Council's exposure during the coming quarter. Accordingly, continued monitoring and delivery of planned mitigation actions will be required to manage this increasing risk.
13	Schools' Budget Deficits	↔	All individual risk components are forecast to remain unchanged for the next quarter, resulting in an overall static direction of travel. This is largely because the existing controls are currently stabilising the risk. The key risk drivers around balancing exponential growth in demand against available resources/capacity remains a key concern. Transforming working practices is also hinged on driving behavioural and cultural change which is going to take time to bed in. Consequently, the root causes of the risk remain largely unchanged because they are in part driven by external or systemic pressures. The Council's actions are effectively preventing further deterioration but cannot yet significantly reduce the inherent risks. However, the directorate is cautiously optimistic that its strategic and collaborative approach is working effectively to support and challenge schools to reduce their deficits.
10	Physical Assets	↔	While additional investment in highways has been secured through the 2026/27 budget, this is not sufficient to significantly change the wider risk profile, which remains influenced by interdependent factors including legislative requirements, resource pressures, asset condition, service demand, and reputational considerations. Strong governance, robust compliance arrangements, effective asset and performance management, and continued cross-directorate working provide stability and mitigate uncertainty across all risk categories. Consequently, the overall direction of travel is forecast to remain static over the next quarter.
7	Transition from the Welsh Community Care Information System (WCCIS)	↔	Overall, the forecast direction of travel is expected to remain stable as the programme is still in a transitional and implementation-heavy phase, and key external dependencies and uncertainties remain. While effective local controls are preventing deterioration, the residual risk remains influenced by national funding clarity, system build timelines, migration progress, and reliance on partners in the regional cluster and national programme. A reduction in risk levels is unlikely until these dependencies reduce, and the new system is fully implemented.
9	Delivery of Major Regeneration Projects	↔	On balance, the overall forecast direction of travel for this risk is assessed as static for the year. Existing governance arrangements, programme resources and confirmed funding provide a reasonable

Forecast Direction of Travel Rationale			
Risk Ref	**Risk**	**Average Forecast Direction of Travel**	**Rationale**
			level of confidence that current regeneration commitments can continue to be delivered. However, the risk remains highly dependent on several interconnected factors, including the availability of external funding, future Welsh and UK Government priorities, workforce capacity, partnership support and the ability to maintain delivery momentum across a complex portfolio of projects. Consequently, whilst no significant deterioration is anticipated in the short term, any material reduction in funding, resources or political support could adversely affect delivery timescales, outcomes and benefits realisation. Therefore, the overall risk is forecast to remain stable but requires continued monitoring and active management of key dependencies and interrelated risks.
11	Digital		The digital landscape continues to evolve rapidly, particularly in relation to artificial intelligence, automation and data-driven service delivery. As AI matures and adoption accelerates across the public sector, expectations are increasing for organisations to realise efficiency gains, improve customer experience and deliver better outcomes through digital innovation. Whilst the Council continues to develop its digital capability and explore collaborative opportunities, the pace of technological change is increasing faster than organisational capacity and resources. This heightens the risk that opportunities cannot be evaluated, prioritised and implemented quickly enough to maximise benefits and realise efficiencies. Consequently, the forecast direction of travel is assessed as deteriorating in the immediate to short term future as the gap between the pace of digital change and the organisation's capacity to respond continues to widen.
12	Safeguarding		The overall safeguarding risk position remains static at year end and is forecast to remain static in the first half of 2026/27, reflecting the ongoing and inherently high impact nature of safeguarding responsibilities, with established governance, controls and partnership arrangements continuing to provide appropriate assurance.



LIKELIHOOD

THEMATIC RISK HEAT MAP

This heat map groups risk scores by the themes of political and legislative, resources, service delivery and wellbeing and reputation.

Risk Reference Glossary							
1	Financial Resources	4	Climate Change and Nature Emergency	7	Transition from the Welsh Community	10	Physical Assets

					Care Information System		
2	Workforce and Organisational Change	5	Additional Learning Needs	8	Housing and Homelessness	11	Digital
3	Information and Cyber Security	6	Social Care Demand and Capacity	9	Delivery of Major Regeneration Projects	12	Safeguarding
13	Schools Budget Deficit						

Risk overview

One risk has a score of very high, seven risks score high, two risks score medium/high, and three risks score medium on the Register.

Direction of Travel

All risks on the Register have maintained their static position during the period.

Forecast Direction of Travel

During the quarter 1 period, the forecast direction of travel statuses are as follows:

Risks forecast to diminish

- **CR2 Workforce and Organisational Change**: *This risk has a high-risk score of 12 and is forecast to reduce marginally from this position.*

  Workforce and organisational change pressures remain significant due to ongoing financial constraints, recruitment challenges and service demand. Consequently, the inherent risk associated with workforce capacity and capability remains high, particularly within the Resources and Service Delivery & Well-being categories. Strong governance, performance management and reporting arrangements continue to provide effective control and oversight.

  The Council maintains a mindful to eager risk appetite for workforce investment and organisational change where this supports long-term sustainability, resilience and staff wellbeing. Progress has continued through delivery of the new People Strategy and Strategic Workforce Plan, enhanced workforce planning and skills mapping activity, recruitment process improvements, implementation of a new learning platform and targeted management development linked to Vale 2030.

  Additional focus has also been placed on staff wellbeing, engagement and attendance management to strengthen organisational resilience and support service delivery. Whilst the risk is forecast to reduce marginally, wider financial pressures facing the Council, including those affecting schools, continue to present potential workforce sustainability challenges and given the potential scale and significance of these risks, this will be progressed as part of discussions with SLT as part of forward planning and workforce strategy discussions for 2027/28.

Overall, the Council continues to balance delivery, compliance and workforce resilience appropriately. Further reductions in risk are expected to be gradual and remain dependent on longer-term workforce sustainability and the Council's financial position.

Risks forecast to escalate

There are three risks on the Register that we forecast will increase over the year these are**, Information and Cyber Security (CR3), Climate Change and Nature Emergency (CR4) and Digital (CR11).**

- **CR3 Information and Cyber Security:** *The risk has a high-risk score of 12 and is forecast to increase given the cyberthreat landscape and continued rise in cyber-attacks across the UK public sector.*

  The Council continues to manage Information and Cyber Security as a high inherent risk area, with a clear and well-defined risk appetite guiding decision making and prioritisation. The Council maintains no appetite for statutory or regulatory non-compliance and an opposed stance to risks that could compromise data, service delivery or vulnerable residents. This position continues to be reflected in governance, control arrangements and escalation routes.

  Whilst the external threat landscape has continued to intensify, particularly in relation to ransomware, cyber-attacks against public services and third-party supply-chain risks, the Council has maintained a balanced approach that combines strong controls with targeted investment in resilience, capability and technology. A mixed risk appetite continues to be applied to resources, recognising financial constraints whilst supporting investment in cyber security controls, skills, partnerships and governance arrangements. Key mitigations include annual IT Health Checks, Public Services Network (PSN) compliance, full onboarding to CymruSOC, delivery of the Cyber Resilience Strategy and ongoing implementation of the Cyber Assessment Framework.

  The increasing sophistication and frequency of cyber threats, combined with rising expectations around third-party assurance and cyber maturity, means the forecast direction of travel is assessed as increasing despite the strength of the current control environment.

  Overall, the Council retains confidence in the effectiveness of its control environment and continues to strengthen cyber resilience through partnership working, governance and continuous improvement. Whilst the residual risk remains high, ongoing delivery of the

Cyber Resilience Strategy, Cyber Assessment Framework and CymruSOC arrangements will be critical to managing an increasingly challenging threat environment.

- **CR4 Climate Change and Nature Emergency**: *The risk has a high score of 12 and is expected to increase.*

  The Climate Change and Nature Emergency corporate risk remains high, reflecting the scale, complexity and long-term nature of the 2030 net zero ambition. The Council continues to operate with no appetite for non-compliance in relation to statutory duties, national targets and declared commitments on climate and nature, and this continues to drive governance, reporting and delivery activity through Project Zero, Directorate Plans and scrutiny oversight. A range of controls remain in place, helping to stabilise the risk currently despite ongoing external pressures and long-term delivery challenges.

  Risk appetite continues to be applied in a differentiated and proportionate way across the risk categories. Whilst appetite remains averse in relation to political, legislative and reputational impacts, a more balanced approach is taken in relation to resources and service delivery, enabling the Council to pursue innovation, external funding opportunities and decarbonisation initiatives whilst remaining mindful of affordability and capacity. Progress has continued through delivery of Project Zero activities, including expansion of soft plastics recycling, investment in active travel and EV infrastructure, decarbonisation feasibility studies, renewable energy projects, biodiversity initiatives and implementation of the Local Area Energy Plan.

  Whilst significant progress continues, the recently approved Public Services Board Climate Change Risk Assessment, ongoing resource constraints and the pace of emissions reduction required to meet the 2030 target indicate that some elements of the risk may increase over the longer term if additional capacity, funding and system-wide change are not realised.

- **CR11 Digital:** *The risk has a medium risk score of 6 and is forecast to increase from this position.*

  The Council has continued to progress its digital and data agenda while largely operating within its agreed risk appetite. We have maintained a low tolerance (opposed appetite) for information governance, legislative compliance and data protection risks. Despite a challenging external environment, including increased cyber threat activity, the overall reputational risk position has remained stable due to effective controls, strengthened data governance arrangements and ongoing investment in security and governance.

  Where the Council has a mindful to eager risk appetite, particularly in digital transformation, service redesign, artificial intelligence and data-driven service improvement, pressure has continued to increase. Demand for faster, more responsive digital services continues to grow, while the pace of technological change is accelerating. Progress has continued through AI exploration projects, digital service redesign, automation opportunities, cross-council collaboration and preparation for wider adoption of Microsoft Copilot and other emerging technologies.

Resource capacity remains the key factor influencing the residual risk position, particularly in areas aligned to an eager appetite for innovation. Whilst partnership working, collaboration and increased focus on data governance are helping to extend organisational capability, current transformation capacity remains insufficient to fully exploit emerging AI, automation and data science opportunities at the pace required.

Looking forward, ensuring that risk appetite, capacity and delivery remain aligned will be critical. The Council continues to recognise the risk that technological change and rising expectations may outpace available organisational capacity and resources. Continued investment, collaboration and targeted capability development will therefore remain essential to maximising the benefits of digital transformation whilst operating within the Council's risk appetite.

Risks forecast to remain static

- **CR1 Financial Resources:** *This risk has a high-risk score of 12 and is forecast to remain static.*

  During 2026/27 the Council continues to operate in a highly challenging financial environment, with inherent financial risks remaining very high. Pressures arising from demand-led services, school deficits, inflationary impacts and wider economic uncertainty continue to test the organisation's financial resilience. Despite this, risks continue to be managed within the Council's agreed risk appetite, supported by strong governance, robust financial controls and sustained corporate oversight.

  There remains no appetite for risks that would result in failure to meet statutory, political or legislative requirements, and these continue to be well controlled through established budget setting, scrutiny and procurement arrangements. In areas where a mixed appetite is acknowledged, particularly Resources and Service Delivery, the Council continues to accept measured risk to support financial sustainability and transformation, while closely monitoring delivery to prevent escalation. This includes supporting longer-term transformation, invest-to-save approaches and service reshaping, alongside targeted intervention in areas of greatest financial pressure, particularly schools' deficits.

  Reputational risk remains stable, reflecting the Council's continued commitment to transparency, engagement and effective decision making. Whilst the 2026/27 Welsh Government settlement was more favourable than anticipated, significant underlying pressures remain, with schools' deficits continuing to represent the most significant long-term financial challenge alongside continuing pressures evident within Adult Social Care, Home to School Transport and Environment & Housing services.

Overall, while the residual risk associated with financial resources remains high, the direction of travel remains static. Progress continues through the Reshaping Programme, strengthened financial planning arrangements and enhanced procurement governance, however ongoing demand pressures, structural budget challenges and uncertainty regarding future funding settlements mean financial resilience will continue to require close management.

- **CR5 Additional Learning Needs:** *The risk has a very high-risk score of 16, retaining the risk score from the previous quarter, reflecting the complex and challenging risk environment. It is forecast to remain static at this position.*

The Additional Learning Needs (ALN) corporate risk remains very high, reflecting a sustained and escalating increase in the number and complexity of learners requiring statutory support. The Council continues to operate with no appetite for failing to meet its statutory duties under the Additional Learning Needs and Education Tribunal Act 2018, and this position continues to drive governance, service planning and decision making. Strong oversight arrangements, workforce development, quality assurance of IDPs and targeted use of grant funding continue to support compliance and service continuity despite significant system pressures.

In line with a cautious and clearly defined risk appetite, particularly in relation to service delivery and wellbeing, the Council continues to prioritise protecting the most vulnerable learners whilst taking a long-term view on system sustainability. However, the risk remains above appetite in the Resources and Service Delivery categories, driven by demand continuing to exceed capacity, financial constraints within schools, rising transport costs and increasing tribunal and complaint activity. Progress has continued on the implementation of recommendations arising from the Start Well Scrutiny Task & Finish Review of Resource Bases, alongside wider ALN transformation activity focused on specialist provision, transport costs, inclusion pathways and the development of more sustainable delivery models to meet future demand.

Overall, the position remains controlled but constrained. While mitigating actions are operating effectively and the direction of travel remains static, further risk reduction will depend on longer-term transformation, system-wide change and sustainable funding solutions. Work to review funding models, specialist provision and decision-making processes, informed in part by the Resource Base Review, is expected to support incremental risk reduction over time, although the benefits of these changes are unlikely to be realised in the short term.

- **CR6 Social Care Demand and Capacity:** The risk has a high-risk score of 12 and is forecast to remain static.

The Council continues to operate in a challenging risk environment in relation to growing social care demand and market capacity. The inherent risk remains high, reflecting sustained pressures on resources, workforce capacity and service delivery; however, strong governance, effective controls and active oversight continue to manage these risks. The Council maintains an opposed appetite for risks relating to statutory compliance and the safety and wellbeing of residents, with no tolerance for service failure or unlawful practice.

In line with a cautious to mindful risk appetite, the Directorate continues to balance immediate demand pressures with longer-term service sustainability. Enhanced workforce planning, monthly capacity monitoring, provider engagement and escalation arrangements have strengthened oversight of workforce and market sustainability risks, helping to maintain service resilience and mitigate the risk of provider failure.

Whilst residual risk remains high due to factors largely outside the Council's direct control, including increasing demand, workforce shortages, market fragility and wider financial pressures, current controls continue to operate effectively. The overall forecast direction of travel remains static, with no material change in risk exposure currently anticipated.

- **CR7 Transition from the Welsh Community Care Information System (WCCIS):** *This risk has a medium/high risk score of 9 and is forecast to remain static from this position.*

The corporate risk relating to the transition from WCCIS remains significant but well controlled, reflecting the scale, complexity and national dependency of the Connecting Care programme. The inherent level of risk remains very high due to the statutory nature of social care and safeguarding responsibilities, and the potential consequences of system failure or delay.

Substantial progress continues to be made through robust national, regional and local governance arrangements, supported by strong programme oversight, dedicated project resources and active participation in the WLGA-led Connecting Care programme. Further progress has been made with system testing, data migration, technical readiness and local implementation planning, whilst funding for 2026/27 has been confirmed, although the final allocation remains outstanding.

Despite this progress, the residual risk remains medium/high, reflecting continued reliance on national funding decisions, data migration activity, dual-running arrangements and operation of legacy systems until full transition is achieved. The overall direction of travel remains static, with current controls effectively preventing deterioration whilst external dependencies, implementation timelines and system readiness continue to influence the overall risk profile. A reduction in risk is unlikely until migration, testing, implementation and service stabilisation activities are fully completed and embedded.

- **CR8 Housing and Homelessness:** *The risk has a high score of 12 and is forecast to remain static from this position.*

The Housing and Homelessness corporate risk remains high, reflecting sustained demand pressures, limited housing supply and the anticipated impact of new homelessness legislation. The Council continues to operate with no appetite for failing to meet statutory duties under the Housing (Wales) Act, and this position continues to drive decision making, investment and governance arrangements. Controls, including established governance forums, partnership arrangements and a fully costed Housing Revenue Account Business Plan, remain effective in managing legal and compliance risks and ensuring service continuity.

In line with a mixed and deliberate risk appetite, the Council continues to accept greater exposure in the Resources and Service Delivery categories where controlled risk taking is necessary to prevent statutory breach and protect vulnerable residents. This includes the use of temporary accommodation, investment in homelessness prevention, housing supply initiatives and remodelling of existing housing assets, recognising that these pressures are driven largely by external demand and system constraints rather than internal control weaknesses. Additional Welsh Government funding has been secured to support implementation of the forthcoming Homelessness Act, and two Homelessness Prevention Officers have been appointed to strengthen prevention activity and legislative preparedness.

Overall, while the residual risk position remains above appetite, particularly in relation to resources, this is being explicitly tolerated in recognition of statutory responsibilities, rising demand and the pace of legislative change. The direction of travel remains static, supported by effective mitigations, ongoing partnership working and continued preparation for the implementation of new homelessness legislation. The overall level of risk remains high due to demand increasing faster than housing supply and ongoing capacity and resource pressures, although no significant increase in risk is forecast at this stage.

- **CR9 Delivery of Major Regeneration Projects**: *This risk has a medium risk score of 6 and is forecast to remain static at this level*.

  The Major Regeneration Projects risk remains medium-high, reflecting the scale, complexity and long-term nature of the Council's regeneration ambitions, alongside ongoing funding, capacity and policy uncertainties. However, the residual position remains stable, with risk managed within the Council's appetite through established governance, programme management and oversight arrangements. Placemaking governance arrangements have become embedded through the Vale Place Board and Town Boards, strengthening oversight of delivery, risk and funding compliance.

  There remains no appetite for failure to meet statutory obligations, funding conditions or key delivery commitments associated with major regeneration schemes. The commencement of the Pride in Place programme, agreement of a guiding plan with UK Government, establishment of the Local Growth Fund as the successor to SPF, and the extension of Levelling Up Fund delivery to March 2028 have provided greater certainty for short-term delivery.

Overall, the risk remains static, reflecting effective management of current programmes and partnerships, whilst recognising continuing reliance on external funding, policy direction and organisational capacity to deliver long-term regeneration outcomes.

- **CR10 Physical Assets***: The risk has a medium/high risk score of 9 and is forecast to remain static.*

  The Council continues to manage the Physical Assets corporate risk within its defined risk appetite, with no appetite for failing to meet statutory duties relating to health and safety, building compliance, highways management and school place planning. Strong governance, compliance monitoring and established oversight arrangements continue to provide assurance in these areas.

  Whilst controls remain effective, a mixed appetite is recognised in relation to resources and asset investment, reflecting financial constraints, the scale and condition of the estate, and reliance on external funding. Current highways funding remains below the level required to address long-term maintenance liabilities and asset deterioration, while the Council continues to manage a school maintenance backlog. Longer-term pressures also include the investment required to support decarbonisation of the estate.

  Risk continues to be actively managed through prioritised investment, condition surveys, capital planning, school organisation activity and strengthened corporate oversight. Progress has continued on the school organisation review, delivery of the Sustainable Communities for Learning Programme and development of the Corporate Landlord Model.

  Overall, the residual risk position remains stable and within the Council's risk appetite. Whilst ongoing pressures relating to asset condition, capital funding and statutory compliance remain, current controls and governance arrangements continue to mitigate these risks effectively and support a more strategic approach to asset management

- **CR12 Safeguarding:** *The risk has a medium score of 4 and is forecast to remain static*.

  The Corporate Safeguarding Risk remains static, reflecting the inherently high impact and ongoing nature of safeguarding responsibilities. This position is consistent with the Council’s risk appetite, which is averse to opposed across political, legislative, resource and service delivery dimensions, and cautious in relation to reputational risk.

  While inherent risk remains high due to statutory duties, complexity of safeguarding demand and workforce pressures beyond the Council’s direct control, strong governance, partnership working and well embedded corporate controls continue to provide assurance. During the quarter, governance arrangements have been further strengthened through the ongoing work of the Corporate Safeguarding Group, the development of a Local Operational Safeguarding Group to improve multi-agency oversight, and continued delivery of regional safeguarding priorities. These arrangements keep the residual risk to a level that is within the Council's defined appetite, recognising that there is no tolerance for control failure where the safety and wellbeing of vulnerable residents is concerned.

Looking ahead throughout 2026/27, the forecast static position reflects an appropriate and controlled risk profile, prioritising compliance, prevention and early intervention rather than risk acceptance, while maintaining continued oversight of emerging pressures and assurance from multi-agency arrangements. An audit of corporate safeguarding governance and training has also provided reasonable assurance over the effectiveness of current arrangements.

- **CR13 Schools Budget Deficits:** The Risk has a high score of 12 and is forecast to remain static at this position.

  The Council continues to operate in a risk environment that exceeds its stated risk appetite for financial sustainability and service delivery, reflecting the scale and systemic nature of schools' budget pressures. The inherent risk associated with schools' budget deficits remains very high, driven by factors largely outside the Council's direct control, including national funding levels, inflationary pressures, and increasing ALN and SEMH demand.

  Strong governance, enhanced monitoring, and targeted intervention continue to contain risk and prevent deterioration. The Schools Budget Work Programme has been embedded, with strengthened challenge and support arrangements, enhanced monitoring of recovery plans, and a dedicated resource established to oversee progress. Updated recovery plans across schools previously subject to warning notices are projected to deliver over £10 million of savings over the next three years.

  The Council's approach continues to balance financial recovery with the need to protect educational outcomes. Further mitigation has been supported through procurement and transformation initiatives delivering recurring efficiencies, alongside the School Improvement Partnership Programme, ALN transformation work and strengthened collaborative working with schools and partners. However, despite effective controls, the residual risk remains above appetite, particularly in the Resources and Service Delivery & Well-being categories, reflecting the structural and demand-led nature of the challenge.

  Overall, there is emerging evidence of stabilisation and improved financial discipline within schools, and the Council's actions continue to prevent unmanaged escalation of risk. However, the underlying causes of the challenge remain largely unchanged and a return to appetite-compliant levels of risk will require sustained recovery plan delivery, continued behavioural and cultural change within schools, and longer-term improvements to funding and demand pressures.

Interdependencies within the Corporate Risk Register

A review of Risk Management Plans at Q1 indicates that overall, the corporate risk profile remains broadly stable, with no significant reduction in the Council's highest risks. Existing controls and governance arrangements continue to prevent deterioration and there is evidence of strengthened mitigation activity in several areas. However, there remains limited evidence of risks reducing materially. The key message emerging from the Q1 review is the increasing interdependency between financial sustainability, workforce capacity and rising demand pressures, which are becoming common drivers across a number of corporate risks.

Positive developments since Q4 include:

- **Schools Budget Deficits (CR13):** Governance and intervention arrangements have strengthened through the Team Around the School approach, escalation processes and recovery planning. Early indications suggest improved oversight and some stabilisation of projections, although the overall financial exposure remains significant.
- **Workforce and Organisational Change (CR2):** Greater emphasis being placed on succession planning, leadership development, workforce redesign and future skills, indicating a more strategic approach to workforce resilience.
- **Information and Cyber Security (CR3):** There is continued evidence of strong governance, mature controls and effective oversight arrangements, helping to maintain risk stability despite the evolving threat landscape.

Key interdependencies

The strongest interdependencies identified at Q1 are:

- **Financial Resources (CR1)** underpinning a number of significant risks, particularly Schools Deficits (CR13), ALN (CR5), Social Care Demand and Capacity (CR6), Physical Assets (CR10) and Climate Change (CR4).
- **Workforce Capacity (CR2)** affecting the Council's ability to reduce risks across Social Care, Safeguarding, ALN, Climate Change and Major Regeneration projects (CR9).
- **Education-related pressures**, particularly the interaction between Schools Deficits, increasing ALN demand and school estate requirements, which is creating pressures on both education services and the Council’s wider financial position.

Emerging Challenges

The principal barriers to risk reduction remain largely unchanged from Q4 but are becoming more pronounced:

- Ongoing financial constraints continue to affect almost every corporate risk, limiting the Council's ability to invest in workforce, physical assets, digital transformation, climate action and demand management.

- Recruitment, retention and workforce capacity challenges are increasingly affecting service resilience and delivery of mitigating actions.
- Increasing demand and complexity of need across Social Services, Housing and ALN continue to place pressure on services and budgets.
- External factors including Welsh Government and other funding uncertainty, legislative change and market pressures, remain significant influences across a number of risks.

Overall, Q1 demonstrates strengthened governance and mitigation activity in several areas; however, risks remain closely linked and are increasingly influenced by a small number of systemic factors. Financial sustainability, workforce capacity and demand-led service pressures continue to be the principal barriers to risk reduction and are driving many of the interdependencies across the corporate risk register. As a result, Climate Change, Schools Budget Deficits, Social Care Demand and Capacity, and Financial Sustainability remain among the Council's most significant long-term strategic challenges.

Annex B - Directorate Risk Overview 2026/27

The 2026/27 Directorate Risk review shows stronger alignment between Directorate and Corporate Risks, particularly in relation to financial sustainability, workforce capacity, statutory compliance and organisational resilience. The review also identifies emerging crosscutting issues that may require escalation to the Corporate Risk Register and informs overall assessment of risk.

Key messages from the review:

- Stronger alignment between Directorate and Corporate Risks.
- Financial sustainability remains the most significant cross-cutting risk.
- Workforce capacity and transformation delivery pressures are increasing.
- Asset and infrastructure risks are becoming more prominent.
- Safeguarding and statutory compliance requirements are increasing.
- Review underway of the scope of CR9 to strengthen oversight of major transformation programmes.

Key Changes from 2025/26 to 2026/27
Several important changes are evident as detailed below:

1. Increased focus on financial sustainability

- The number of Directorate Risks aligned to (**CR1) Financial Resources** has increased significantly, particularly within Environment & Housing, Place and Learning & Skills.
- New or expanded risks relate to:
  - implementation of new legislation creating additional service pressures;
  - sustainability of Shared Regulatory Services;
  - reductions in external funding affecting statutory play duties;
  - capacity constraints within Corporate Resources to support organisation-wide transformation.

2. Stronger emphasis on organisational capacity

- The Corporate Resources workforce risk has evolved from a traditional recruitment and capacity issue in 2025/26 to a broader organisational challenge around supporting transformation activity across the Council whilst maintaining service delivery.
- A new reference is also made to responding to changing national policy and regulatory requirements following the 2026 Senedd election.

3. Greater focus on physical assets and infrastructure

- 2026/27 includes additional Environment & Housing risks linked to highways infrastructure, asset maintenance backlogs, environmental cleanliness standards and limited capital investment.
- This strengthens links to **(CR10) Physical Assets** and reflects increasing pressures associated with ageing infrastructure.

4. New safeguarding and compliance considerations

- A new Learning & Skills risk has been added relating to implementation of recommendations from "Our Bravery Bought Justice", highlighting safeguarding, compliance and reputational implications.
- This creates a new alignment with **(CR12) Safeguarding**.

5. New Corporate Risk introduced (February 2026)

- **(CR13) Schools Budget Deficit** has been added to the corporate risk register and is supported by several Learning & Skills Directorate Risks covering grant uncertainty, transformation savings, school leadership capacity, asset investment and workforce sustainability.

How Directorate Risks are affecting Corporate Risks

The Directorate Risk mapping demonstrates that many Corporate Risks are driven by multiple Directorate Risks, indicating that the underlying causes are becoming more systemic and cross-cutting. This reflects the Risk Management Policy's expectation that Directorate Risks provide early warning of issues that may become corporate in nature and require escalation where they have wider cross-cutting consequences.

Corporate Risk	Main Directorate Risk Drivers
CR1 Financial Resources	Grant funding uncertainty, cessation of external funding, transformational savings delivery, asset maintenance pressures, funding for regeneration and schools.
CR2 Workforce & Organisational Change	Recruitment and retention challenges, workforce skills, organisational capacity, increasing policy demands and transformation workload.
CR6 Social Care Demand & Capacity	Rising complexity of cases, hospital discharge pressures, children's placements, fostering sufficiency and care proceedings.
CR9 Major Regeneration Projects	Economic pressures, levelling-up funding uncertainty, planning complexity and RLDP delivery risks.
CR10 Physical Assets	Highway infrastructure deterioration, asset renewal backlogs, community asset transfer challenges and limited capital funding.
CR12 Safeguarding	Hospital discharge risks, multi-agency safeguarding concerns and implementation of safeguarding improvement recommendations.
CR13 Schools Budget Deficit	Continuing grant uncertainty, transformation requirements, increasing school financial pressures and asset funding requirements.

Emerging Trends for 2026/27

The Directorate Risk review identifies five emerging themes:

1. Financial pressures continue to remain the dominant risk driver.

2. Workforce and organisational capacity risks are becoming more strategic and linked to delivery of the reshaping programme
3. Growing statutory and regulatory duties are creating additional service and compliance pressures.
4. There are growing concerns around infrastructure resilience, asset maintenance and limited capital investment.
5. Increased reliance on partnerships and external funding to deliver Vale 2030 outcomes.

Other Observations

The 2026/27 Directorate Risk analysis highlights an emerging strategic issue relating to the Council's capacity to deliver a significant programme of major regeneration and capital projects alongside the wider organisational change required to support long-term financial sustainability and service resilience. Whilst these challenges are currently reflected across a number of corporate risks, particularly Financial Resources (CR1), Workforce & Organisational Change (CR2) and Major Regeneration Projects (CR9), consideration is being given to strengthening the focus of CR1 on the delivery of financial sustainability, revenue budget pressures and the achievement of transformation savings. In parallel, the scope of CR9 could be refined to focus more explicitly on the delivery of major regeneration and capital projects, recognising the scale, complexity and capacity challenges associated with delivering an extensive capital programme. This approach would further strengthen corporate oversight of both financial sustainability and major project delivery whilst maintaining a clear distinction between the risks. Proposals will be brought forward for members consideration as part of the Q3 Corporate Risk Report.