

THE VALE OF GLAMORGAN COUNCIL

CABINET: 7<sup>TH</sup> NOVEMBER, 2024

REFERENCE FROM GOVERNANCE AND AUDIT COMMITTEE: 21<sup>ST</sup> OCTOBER, 2024

“504 CORPORATE RISK REGISTER QUARTER 2 UPDATE (CX) –

The report provided Members with an overview of the Corporate Risk Register for Quarter 2 (April 2024 – March 2025). The report also reflected the Strategic Leadership Team’s consideration of the revised Corporate Risk Register and completed Risk Templates including the response to Cabinet’s resolution following their consideration of the Governance and Audit Committee’s referred comments on the revised Risk Management Policy and Corporate Risk Register.

The Corporate Risk Register had a total of 12 identified risks with six risks scoring high, three risks scoring medium / high and three risks scoring medium on the Register.

Due to the Risk Register undergoing a revision over the summer months, this was the first quarter for reporting on the new Risk Register and as such there had been no changes to direction of travel.

Councillor M. Hooper referred to the Delivery of Major Regeneration Projects and he questioned whether that reflected the imminent budget announcement by U.K. Government. Councillor Hooper also referred to the impact score attributed to the Climate Change and Nature Emergency risk and questioned what was preventing that risk being given a catastrophic status. He also queried the view of the Strategic Leadership Team. In reply, the Director of Corporate Resources stated that in terms of Major Regeneration Projects, the status in the report reflected the position at the end of Quarter 2. The Strategic Leadership Team would be monitoring the impact of major projects following the U.K. Government’s budget announcement. Regarding the Climate Change and Nature Emergency risk, the Director advised that given some of the comments made over the previous months, there would be a redefining of the risks to ensure they reflected the risk to the Council. Risk was forecast to increase overtime because of the likelihood of meeting the 2030 targets. It was considered that currently the controls in place were limited in terms of being able to complete the necessary actions and due to pressures on resources.

Councillor J. Protheroe commented that Welsh Government had advised all Local Authorities to put procurement reform on their risk registers. The reason why was because of the changes of legislation, procedures and processes. The Director provided some reassurance, in that within the Financial Resources risk, there was reference to failure to meet the requirements of the Procurement Act. Although procurement was not a risk, there was a focus of that risk including a monitoring framework.

Mr. N. Ireland (Vice-Chair and Lay Member), also referred to procurement and sought further reassurance given that, later within the agenda, was a report from Internal Audit regarding a contract register. In addition, Mr. Ireland referred to Annex B and asked for some clarity regarding the risk categories. In reply to risk categories, the Director advised that there were four categories of - Political and Legislative, Resources, Service Delivery and Well-Being and Reputation. Each risk on the Register would be considered in detail under each of the four categories in order to identify the likelihood and impact of the risk occurring, which would provide a holistic view. Each of the four categories were interlinked, but it was correct to say that Resources had a particularly pertinent impact on each risk. For example, available resources would have an impact on service delivery and likely the well-being of citizens, and so could have an impact on the Council's reputation. In terms of the contract register, it had been recognised that further work was required. A monitoring mechanism had been established with issues reported to the Strategic Leadership Team. The work that was referenced to later in the agenda papers related to the overall framework of contracts which was a piece of work that Ardal had been doing on behalf of the Council. In response to procurement reform, the development of an action plan to assist the Council to understand its duties and requirements had been slightly delayed. The progress of the action plan would be regularly monitored.

Mr. M. Evans (Lay Member) queried whether there were any risks on the Register that caused immediate concern or worry and were outside of the 'risk appetite'. In reply, the Director stated that he would require more time to provide a full response.

Mr. Evans asked for more clarity regarding the effectiveness of control scores. The Director stated that scores ranged from one being the lowest which was showing that the controls that were in place had a very limited impact. On producing the inherent risk, examples being Housing, Homelessness, Climate Change, there was a lot of activity going on, but may not have an impact of that reducing the overall risk which was inherently very high. In other areas such as the Digital risk, the Council had stronger mitigation actions in place. In terms of reaching overall judgments of the effectiveness of controls, that was undertaken as part of defining each of the risks, with each kept under constant review as new mitigations became controls.

Mr. G. Chapman (Chair and Lay Member) referred to Risk 7 – Transition from the Welsh Community Care Information System (WCCIS) and queried what progress had been made to substantiate the risk score of eight, given that there had been delay to a number of areas, and what work was being carried out on a regional basis. In reply, the Director stated that a report on progress had been provided to Cabinet, and that report would be shared with members of the Committee.

The Chair raised a concern regarding the Financial Resources risk and stated that he supported the separating out of the procurement element and so that should be reconsidered. In addition, the Chair queried whether the risk score of 12 should be raised to 16 given that the Medium Term Financial Plan of the Authority was showing a shortfall in funding. Therefore, significant budget savings were likely. The Chair also commented that the risk score for WCCIS should also be higher. In response to some of the points made, the Director advised that the positions with the report

related to the end of Quarter 2, and a refresh of the Medium-Term Financial Plan would be considered during November.

Councillor. E. Goodjohn reiterated the previous comments made by members of the Committee regarding procurement, and he stated that recommendations of the Scrutiny Task and Finish Group, once finalised, need to be implemented immediately. Councillor Goodjohn added that the Council was facing dramatic challenges around Project Zero (Climate Change and Nature Emergency) and around Financial Resources, so both of those needed to be looked at by Cabinet and the Strategic Leadership Team immediately. Councillor Goodjohn stated that there were dramatic risks to the Council, including reputational damage, if it did not meet its targets such as reducing carbon emissions.

There being no more queries or comments, the Committee

RESOLVED –

(1) T H A T the comments of the Council’s Senior Leadership Team and Cabinet in response to Governance and Audit Committee comments be noted.

(2) T H A T the Quarter 2 position of Corporate Risks (April 2024 – March 2025), as outlined in the Risk Summary Report (Annex A to the report) be noted.

(3) T H A T the comments of the Governance and Audit Committee be referred to Cabinet. The comments being:

- That procurement should be separated from the Financial Resources Risk and be a free standing risk on the Corporate Risk Register;
- That the scoring of the Financial Resources Risk be reconsidered and whether it warranted a higher risk score;
- That the Welsh Community Care Information System Risk and the Climate Change and Nature Emergency Risk be looked at as a matter of urgency by Cabinet and the Council’s Senior Leadership Team.

#### Reasons for decisions

(1&2) Having regard to the contents of the report and discussions at the meeting.

(3) To advise Cabinet of the views of the Governance and Audit Committee.”

Attached as Appendix – Report to Governance and Audit Committee: 21<sup>st</sup> October, 2024

Meeting of:	<b>Governance and Audit Committee</b>
Date of Meeting:	<b>Monday, 21 October 2024</b>
Relevant Scrutiny Committee:	No Relevant Scrutiny Committee
Report Title:	Corporate Risk Register: Quarter 2 Update
Purpose of Report:	To update Governance and Audit Committee on the quarter 2 position of Corporate Risks for April 2024-March 2025 contained within the Corporate Risk Register as outlined in the Corporate Risk Summary Report.
Report Owner:	Tom Bowring, Director of Corporate Resources
Responsible Officer:	Tom Bowring, Director of Corporate Resources
Elected Member and Officer Consultation:	Consultation has been undertaken with designated Corporate Risk Owners, Strategic Insight Board, and the Strategic Leadership Team.
Policy Framework:	The proposals are within the Council's Policy Framework.
<b>Executive Summary:</b>	
<p>This report provides Members with an overview of the Corporate Risk Register for Quarter 2 (April 2024-March 2025). The report also reflects the Strategic Leadership Team's (SLT) SLT's consideration of the revised Corporate Risk Register and completed Risk Templates including the response to Cabinet's resolution following their consideration of the Governance &amp; Audit Committee's referred comments on the revised Risk Management Policy and Corporate Risk Register.</p> <p>The Corporate Risk Register has a total of twelve identified risks with six risks scoring high, three risks scoring medium/high, and three risks scoring medium on the Register.</p> <p>Due to the Risk Register undergoing a revision over the summer months, this is the first quarter for reporting on the new risk register and as such there have been no changes to direction of travel.</p>	

## **Recommendations**

1. That Committee note SLT's consideration of the revised Corporate Risk Register and the responses to Cabinet's resolution following their consideration of the Governance & Audit Committee's referred comments.
2. That Committee note the Quarter 2 position of corporate risks (April 2024-March 2025) outlined in the Risk Summary report (**Annex A**).
3. That Committee refer any other comments to Cabinet for their consideration and endorsement at the meeting when Cabinet will consider this report.

## **Reasons for Recommendations**

1. To identify the actions undertaken in response to Cabinet's resolutions and consider any further action required.
2. To identify the quarter 2 position of corporate risks across the Council and highlight any emerging issues and actions to be taken as outlined in **Annex A**.
3. To ensure Cabinet receives the comments of the Governance & Audit Committee when considering corporate risk.

## **1. Background**

- 1.1 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 more concise way of identifying the headline issues and risk considerations. In presenting the information in this way, it enables officers and Members to be able to have a good overview of the status of risks across the Register as well as the emerging Issues.
- 1.2 It was considered that the corporate risk register required a more thorough update beyond that of the quarterly updating process so that it more accurately reflected the current risk landscape. In response, officers have undertaken a review of the register to ensure that it captures the most pertinent corporate risks facing the Council. This has resulted in a revised risk register being completed over the summer months and is now being reported on for the first time in quarter 2.
- 1.3 While the regular quarterly reporting was postponed as the register underwent an update, the management of corporate risks has continued within the process of updating, with risk owners and corporate resources officers working closely together to evaluate the current inherent risks to the Council and the appropriate mitigating controls.

## **2. Key Issues for Consideration**

**Strategic Leadership Team (SLT) consideration of the revised Corporate Risk Register and completed Risk Templates**

- 2.1** The Strategic Leadership Team (SLT) have reviewed the revised Corporate Risk Register and completed risk templates as part of a moderation exercise to ensure consistency of the risk ratings and to confirm that the right risks are reflected on the Corporate Risk Register. As part of the discussion, consideration has also been given to the referred comments from Governance & Audit Committee to Cabinet on the revised Risk Management Policy and Corporate Risk Register and Cabinet's subsequent resolution on these.
- 2.2** Overall, SLT considered that the risk ratings were appropriate. Upon further discussion, the medium rated CR11: Digital risk (4) was considered appropriate given the comprehensive plans in place and a restructured service to mitigate associated delivery challenges. Similarly, the medium rated CR9: Delivery of major projects (4), was considered appropriate as this reflected existing comprehensive arrangements to support delivery of major projects despite tight funding timescales. However, SLT also noted that this risk is likely to evolve and possibly escalate given the uncertainty with regards to future funding associated with Levelling Up and the Long-Term Plan for Towns and has been reflected in the risk definition and monitoring will continue on the potential future direction of travel.
- 2.3** Detailed in **Annex B** is SLT's response to Cabinet's resolution following their consideration of the Governance & Audit Committee's referred comments on the revised Risk Management Policy and proposed new risks for the Corporate Risk Register. Additionally, following comments from Members of this Committee, the Risk Appetite description of 'Enterprising' has been changed to 'Eager', in line with the Orange Book, the UK Government's Management of Risk Guidance manual. *'Eager - Eager to be innovative and to choose options that suspend previous held assumptions and accept greater uncertainty.'*
- 2.4** Following consideration of the recommendations from this Committee and Cabinet, the Head of Finance/Section 151 Officer has further considered the risks around procurement, and these have been incorporated into the financial resources risk (CR1). This has been discussed and agreed by SLT and the Strategic Insight Board. Further consideration has also been given to the issue of safeguarding and with the agreement of SLT and the Strategic Insight Board this is considered to be a Corporate Risk (CR12) in its own right.

#### **Quarter Two Risk Updates**

- 2.5** The Corporate Risk Summary Report (**Annex A**) provides an overview of all the corporate risks in the Register in terms of their inherent score, effectiveness of control score and residual score and provides an outline of the forecast direction of travel. It also provides a brief analysis of the emerging risk issues associated with risks on the Register.
- 2.6** There are currently 12 corporate risks on the Register. Six risks score high, three risks score medium/high, and three risks score medium on the Register.

**2.7** As this is the first quarter reporting on the new risk register there have been no changes to direction of travel.

**2.8** There are three risks on the Register that we forecast will increase over the year these are: Climate Change and Nature Emergency, Social Care Demand and Capacity & Physical Assets.

**2.9** The Climate Change and Nature Emergency risk has a high-risk score of 12 and is forecasted to increase from this position. The Council faces increased pressure on financial resources and shrinking budgets, impacting its ability to invest in assets and programmes aligned with the Climate Change Challenge Plan, nature recovery activities, and achieving net zero by 2030. Affordability challenges affect key net zero programmes like Sustainable Communities for Learning. Insufficient funding to improve council housing stock could lead to missed targets and increased tenant costs. Limited asset renewal and decarbonisation funding may prevent us meeting CO2 reduction targets. There are also risks of financial penalties for failing to meet energy efficiency and waste reduction targets which together with recruitment difficulties in key roles and insufficient resources to address severe weather impacts or biodiversity initiatives means that this continues to be a one of our most concerning corporate risks.

**2.10** The Social Care Demand and Capacity risk has a high-risk score of 12 and is forecasted to increase from this position. The Council faces significant challenges in social care due to insufficient funding and staff shortages. Critical services like child protection, residential care, and domiciliary care are struggling to manage increasing demand and complexity of needs. A lack of specialist staff is impacting on our ability to meet statutory functions, and limited capacity both internally and among external care providers hinders the ability to transform services for the future. The financial viability of external care providers is at risk, potentially leading to service disruptions and care provider failures. Short-term and unstable grant funding complicates the development of long-term integrated health and social care services. Workforce recruitment and retention issues affect the Council's ability to maintain quality care, safeguard vulnerable groups, and complete timely assessments. Additionally, increased incidences of family abuse, neglect, and domestic violence are placing extra strain on safeguarding services, further risking the well-being of those most vulnerable.

**2.11** The Physical Assets risk has a medium/high risk score of 9 and is forecasted to increase from this position. There is a risk that the Council is unable to manage and utilise assets appropriately to achieve the best value for money and service delivery including schools and highways. Failure to deliver the Sustainable Communities for Learning programme on schedule could jeopardise future Welsh Government funding and the overall School Investment Programme. Additionally, budgetary constraints could undermine Net Zero commitments on Council assets. The ageing highway infrastructure, insufficient funds for resurfacing and repairs, and overspent hedge and bus shelter maintenance budgets further exacerbate resource strain. Moreover, ageing illuminated assets like streetlights are costly to maintain. The Community

Asset Transfer (CAT) process also faces resource and funding challenges, including potential issues with covenants and planning. The Corporate Asset Management Plan highlights that current resources are insufficient to maintain Council assets at the level the Council would prefer, including a school maintenance backlog of £40M and a £50M requirement to achieve net zero for the estate.

**2.12** We anticipate that the Digital risk will diminish over time with a current medium risk score of 4. Failing to effectively grasp the benefits of digital transformation, while also anticipating and mitigating the potential challenges poses a risk to the Council. However, the restructured Digital Team is focusing on transformation and service redesign utilising technology to deliver the best outcomes for residents. Work being undertaken by officers is providing effective controls to mitigate this risk.

### **3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?**

- 3.1** Risk Management is an intrinsic part of corporate governance and integrated business planning which underpins the delivery of the Council's Corporate Plan and its Well-being Outcomes. Our Corporate Plan has been structured around the Well-being of Future Generations (Wales) Act 2015, through the development of four Well-being Outcomes and eight Well-being Objectives. By aligning our Well-being Outcomes in the Corporate Plan with the Well-being Goals of the Act, this will enable us to better evidence our contribution to the Goals.
- 3.2** Corporate Risks are considered in the context of the Well-being of Future Generations 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.
- 3.3** 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.

### **4. Climate Change and Nature Implications**

- 4.1** Within the Risk Register there is a corporate risk referred to as Climate Change and Nature Emergency. This corporate risk is defined as 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 risk identifies a wide range of climate change/nature related risks that are monitored and reviewed every quarter to ensure they reflect any emerging areas of risk/issues. The risk has a Risk Management Plan that contains all risk related actions that will be undertaken during the year in order to further mitigate the associated risks and impact on climate change and the nature emergency. These risk actions are aligned to our Service Plans, and the Annual Delivery Plan, which in turn are aligned to the Council's climate change programme of work known as 'Project Zero' and the associated climate change challenges as outlined in the Climate Change Challenge Plan. Monitoring risk in this way enables us to not only assess progress being made in relation to risk activity, but to also understand its contribution to the wider Project Zero programme.

- 4.2 Monitoring the Climate Change and Nature Emergency risk also provides an opportunity throughout the year for officers to consider any further mitigating actions that will enable us to further minimise the adverse consequences of our activities.

## **5. Resources and Legal Considerations**

### **Financial**

- 5.1 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.

### **Employment**

- 5.2 There are no direct workforce related implications associated with this report. However, there are risks contained within the Register that if not effectively managed has 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.

### **Legal (Including Equalities)**

- 5.3 Identifying, managing and reducing any risk effectively mitigates against potential legal challenge.

## **6. Background Papers**

[Corporate Risk Management Strategy](#)

[Corporate Risk Management Templates Q2 24-25](#)

[Governance and Audit Committee 18<sup>th</sup> July 2024 Q4 Risk Register Update](#)

[Cabinet 5<sup>th</sup> September 2024 Q4 Risk Register Update](#)

## Qtr2 2024/25 - Risk Summary Report Update

### 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:

<b>Possible Impact or Magnitude of Risk</b>	<b>Catastrophic</b>	4 <i>MEDIUM</i>	8 MEDIUM/HIGH	12 HIGH	16 VERY HIGH
	<b>High</b>	3 <i>MEDIUM/LOW</i>	6 <i>MEDIUM</i>	9 MEDIUM/HIGH	12 HIGH
	<b>Medium</b>	2 LOW	4 <i>MEDIUM</i>	6 <i>MEDIUM</i>	8 MEDIUM/HIGH
	<b>Low</b>	1 VERY LOW	2 LOW	3 <i>MEDIUM/LOW</i>	4 <i>MEDIUM</i>
Low 1-2 Low/Medium 3 Medium 4-6 Medium/High 8-10 High 12-16		Very Unlikely	Possible	Probable	Almost Certain
<b>Likelihood/Probability of Risk Occurring</b>					

#### 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

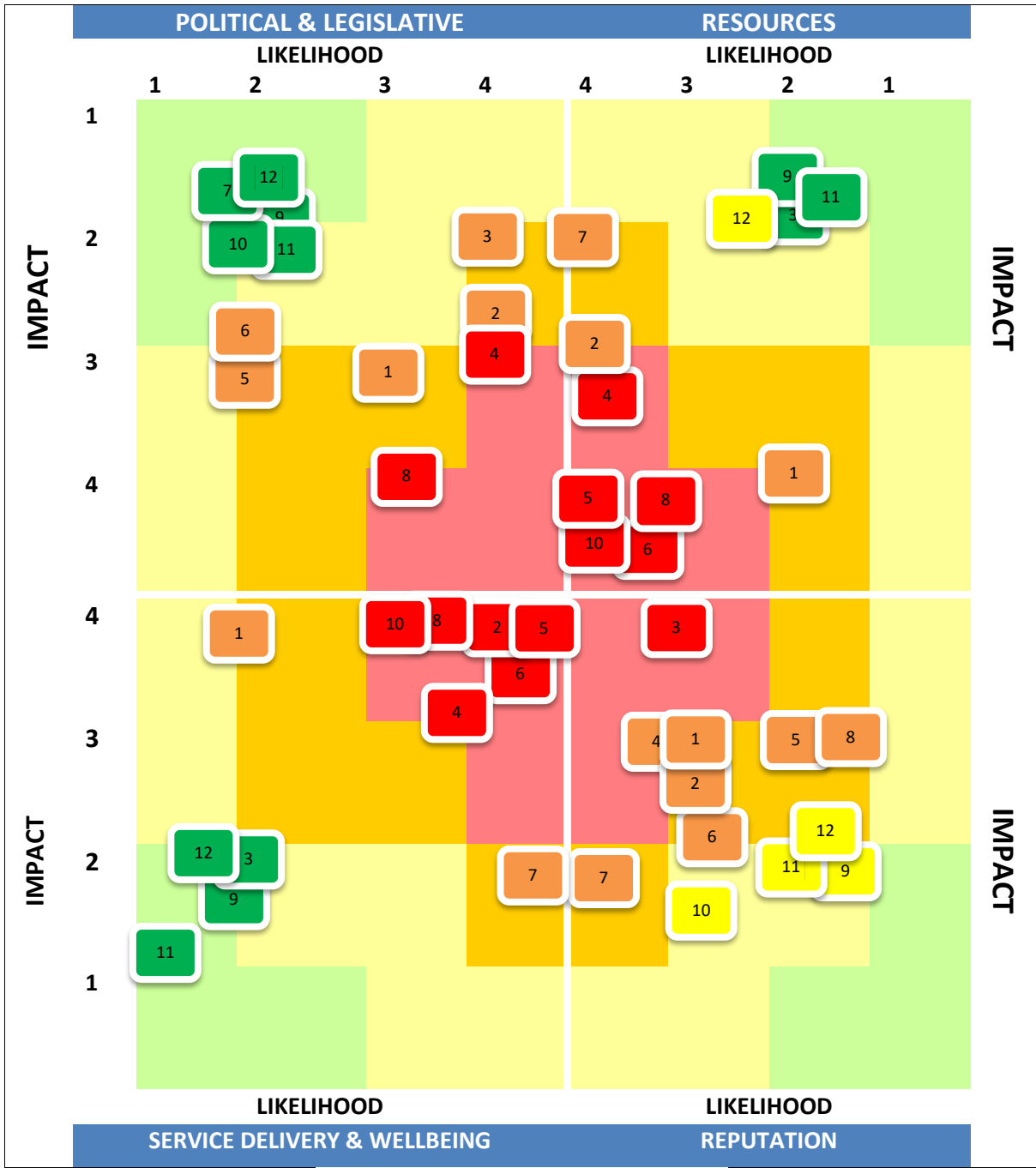
## CORPORATE REGISTER SUMMARY

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 travel, in terms of whether the risk is escalating or reducing as well as forecasting its future direction of travel.

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

## THEMATIC RISK HEAT MAP

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



**LIKELIHOOD**

Risk Reference Glossary					
1	Financial Resources	6	Social Care Demand and Capacity	11	Digital
				12	Safeguarding
2	Workforce and Organisational Change	7	Transition from the Welsh Community Care Information System		
3	Information and Cyber Security	8	Housing and Homelessness		
4	Climate Change and Nature Emergency	9	Delivery of Major Regeneration Projects		

5	Additional Learning Needs	10	Physical Assets
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### **Risk overview**

Six risks score high, three risks score medium/high, and three risks score medium on the Register.

### **Direction of Travel**

As this is the first quarter reporting on the new risk register there have been no changes to direction of travel.

### **Forecast Direction of Travel**

During the quarter 2 period, the forecast direction of travel statuses are as follows:

#### ***Risks forecast to diminish***

- **CR11 Digital:** The risk has a medium risk score of 4 and is forecasted to decrease from this position. Failing to effectively grasp the benefits of digital transformation, while also anticipating and mitigating the potential challenges poses a risk to the Council. Elements of our processes are increasingly requiring digitisation, and failure to develop our connectivity may result in an inability to deliver statutory requirements and reporting. Additionally, digital technology implementation costs can be significant and result in unplanned over-expenditure. The utilisation of data at an advanced level provides the ability to more accurately predict future events and therefore design services accordingly. Failure to do so will result in poor outcomes for long term provision. However, the restructured Digital Team is focusing on transformation and service redesign utilising technology to deliver the best outcomes for residents. Work being undertaken by officers is providing effective controls to mitigate this risk and therefore it is forecast to diminish.

#### ***Risks forecast to escalate***

There are three risks on the Register that we forecast will increase over the year these are:

#### **Climate Change and Nature Emergency, Social Care Demand and Capacity, Physical Assets**

- **CR4 Climate Change and Nature Emergency:** The risk has a high-risk score of 12 and is forecasted to increase from this position. The Council faces increased pressure on financial resources and shrinking budgets, impacting its ability to invest in assets and programmes aligned with the Climate Change Challenge Plan, nature recovery activities, and achieving net zero by 2030. Affordability challenges affect key net zero programmes like Sustainable Communities for Learning. Insufficient funding to improve council housing

stock could lead to missed targets and increased tenant costs. Limited asset renewal and decarbonisation funding may prevent us meeting CO2 reduction targets. There are also risks of financial penalties for failing to meet energy efficiency and waste reduction targets which together with recruitment difficulties in key roles and insufficient resources to address severe weather impacts or biodiversity initiatives means that this continues to be a one of our most concerning corporate risks.

- **CR6 Social Care Demand and Capacity:** The risk has a high-risk score of 12 and is forecasted to increase from this position. The Council faces significant challenges in social care due to insufficient funding and staff shortages. Critical services like child protection, residential care, and domiciliary care are struggling to manage increasing demand and complexity of needs. A lack of specialist staff is impacting on our ability to meet statutory functions, and limited capacity both internally and among external care providers hinders the ability to transform services for the future. The financial viability of external care providers is at risk, potentially leading to service disruptions and care provider failures. Short-term and unstable grant funding complicates the development of long-term integrated health and social care services. Workforce recruitment and retention issues affect the Council's ability to maintain quality care, and complete timely assessments.
- **CR10 Physical Assets:** The risk has a medium/high risk score of 9 and is forecasted to increase from this position. There is a risk that the Council is unable to manage and utilise assets appropriately to achieve the best value for money and service delivery including schools and highways. Failure to deliver the Sustainable Communities for Learning programme on schedule could jeopardise future Welsh Government funding and the overall School Investment Programme. Additionally, budgetary constraints could undermine Net Zero commitments on Council assets. The ageing highway infrastructure, insufficient funds for resurfacing and repairs, and overspent hedge and bus shelter maintenance budgets further exacerbate resource strain. Moreover, ageing illuminated assets like streetlights are costly to maintain. The Community Asset Transfer (CAT) process also faces resource and funding challenges, including potential issues with covenants and planning. The Corporate Asset Management Plan highlights that current resources are insufficient to maintain Council assets at the level the Council would prefer, including a school maintenance backlog of £40M and a £50M requirement to achieve net zero for the estate.

#### ***Risks forecast to remain static***

- **CR1 Financial Resources:** This risk has a high-risk score of 12 and is forecast to remain static from this position. Financial resources are the funds and assets that enable delivery of the organisation's activities. The associated risk is failure to deliver a balanced budget to sustain services both now and into the medium-term, for the reshaping programme to deliver the necessary savings and to secure external funding to support economic development. A lower than expected Welsh Government settlement would exacerbate the funding deficit, and place further pressure on identifying and achieving more savings, while school deficits deplete reserves. Challenges in forecasting future social care demand further strain financial stability and service delivery. Failing to maximise alternative methods of service delivery and mitigate budget reductions risks undermining service

sustainability. Additionally, not adapting to the changing economic landscape and failing to effectively collaborate with key partners, including the Third Sector, could compromise the long-term viability and integration of services.

- **CR2 Workforce and Organisational Change:** This risk has a high-risk score of 12 and is forecast to remain static from this position. Failure to implement the Workforce Plan could harm the Council's efforts to increase apprenticeships, attract younger workers, and support its Equalities Strategy. Without action, the Council may struggle to meet future staffing needs and handle financial challenges. The Council already faces difficulties in recruiting and retaining skilled staff due to market pressures, especially in areas like Social Services and Neighbourhood Services. A lack of a pay strategy to address inflation may worsen these issues. Budget cuts limit workforce development, training, and recruitment efforts, which are vital for organisational change. Relying on temporary staff can cause inconsistencies in service delivery and increase stress on permanent employees. Staff morale is also at risk due to funding uncertainty and changing practices, potentially affecting service delivery and retention. Limited resources for upskilling may also hinder the Council's ability to support new operating models or digital transformation, impacting its ability to achieve long-term goals like the Reshaping Programme.
- **CR3 Information and Cyber Security:** The risk has a medium/high risk score of 9 and is forecast to remain static from this position. The financial impact of data breaches could result in fines from the Information Commissioner's Office, increased insurance costs, and significant expenses related to correcting breaches and compensating affected individuals. Recovering from cyber-attacks could require costly third-party specialists and in-house resources, while the inability to generate revenue during recovery worsens the financial strain. Shrinking budgets and limited funding reduce the Council's ability to invest in necessary cybersecurity assets and programs. Legacy systems with vulnerabilities are at greater risk of exploitation by hackers, criminals, and unfriendly states. Budget constraints also limit access to essential cybersecurity skills, tools, backups, and disaster recovery capabilities, increasing the Council's exposure to attacks. While the Council is committed to managing cyber and information risks, financial and human resource limitations challenge its ability to implement strong controls and address these risks effectively.
- **CR5 Additional Learning Needs:** The risk has a high-risk score of 12 and is forecast to remain static from this position. There is a risk that the local authority may not meet its statutory duties under the Additional Learning Needs and Education Tribunal Act 2018 due to insufficient resources and capacity. This could negatively affect vulnerable children and families who rely on support services. There are also insufficient resources and capacity to deliver a fully bilingual service, leading to unequal provision. Increasing numbers of children presenting with complex neuro diverse needs and social/emotional health difficulties are adding pressure, as is the demand for specialist staff support which impacts the capacity of small specialist teams and affects the wellbeing of school-based staff. The council must prioritise preventative measures and long-term planning to support these vulnerable children.

- **CR7 Transition from the Welsh Community Care Information System (WCCIS):** This risk has a medium/high risk score of 8 and is forecast to remain static from this position. Failing to implement a replacement for CareDirector on time could lead to significant risks. These include inadequate information being available for officers, it could lead to data leaks, causing political instability and loss of credibility. If regional partners do not adopt the new system, key benefits like cost savings and shared care records will be more difficult to achieve. Failure to secure adequate funding from Digital Health and Care Wales (DHCW) or the Welsh Government, coupled with procurement delays, increases the risk of not implementing a replacement for CareDirector on time. Failure to fully develop the replacement digital solution for WCCIS could hinder service users' access to services and lead to data loss, affecting key service delivery. Delays in procurement increase these risks, and running on an unsupported system could create significant safeguarding risks for adults and children. These risks could lead to a loss of public confidence and trust and expose the organisation to criticism from external regulators such as CIW, the Welsh Government, and the Ombudsman.
- **CR8 Housing and Homelessness:** The risk has a high-risk score of 12 and is forecast to remain static. Failing to ensure an adequate supply of affordable housing to meet local needs and support vulnerable residents could result in non-compliance with the Housing (Wales) Act 2014. This could lead to challenges from advocacy agencies, legal actions such as Judicial Review, and potential impacts on funding from the Welsh Government. In severe cases, it could prompt direct intervention from the Welsh Government in service delivery. Inadequate permanent housing solutions will put strain on services and lead to reliance on expensive temporary accommodations.
- **CR9 Delivery of Major Regeneration Projects:** This risk has a medium risk score of 4 and is forecast to remain static. Failing to deliver large-scale regeneration projects on time and within criteria could harm the Council's economic resilience, future job growth potential, and lead to political fallout. Current funding from the UK Government includes £20 million for Barry Making Waves, £20 million for the Long Term Plan for Towns, and approximately £14 million from the Shared Prosperity Fund. Inadequate capacity, resources, and expertise could prevent the Council and its partners from meeting commitments in key schemes and plans, such as the Local Development Plan and Carbon Management Plan. Additionally, changes in government priorities and the closure of the Levelling Up Fund without a replacement could further hinder progress and funding. Failing to deliver large-scale regeneration projects could damage the Council's ability to attract future funding and form partnerships. This, combined with shrinking real-term budgets, increases pressure on financial resources and limits investment in regeneration assets and programmes.
- **CR12 Safeguarding:** The risk has a medium score of 4 and is forecast to remain static from this position. There is a risk that the Council and other organisations may not be able to meet their legal duties to protect people from neglect or abuse. Failure to comply with key legislation, such as the Wales Safeguarding procedures, could lead to legal or political consequences. There is also a risk that the Council's safeguarding procedures may be inadequate or not followed, and that external providers may fail to meet their responsibilities in protecting vulnerable people. There is a risk of failing to protect



vulnerable groups due to challenges in recruiting and retaining enough qualified workers. Additionally, inadequate information-sharing systems may prevent safeguarding concerns from reaching the right people promptly. Additionally, increased incidences of family abuse, neglect and domestic violence, places increased pressure on our safeguarding services.

Governance & Audit comments to Cabinet	Cabinet resolution	SLT /Officer Response
That procurement should be included as a stand-alone risk.	(1) T H A T Officers be asked to scope procurement risk as a stand-alone risk, reflecting forthcoming changes in legislation and would be considered by the Strategic Insight Board, Strategic Leadership Team and if deemed sufficient, to be reflected on the Risk Register.	An initial risk assessment of procurement was undertaken by the Head of Finance and informed the decision to reflect associated risks within the Financial Resources risk (CR1). This was on the basis that there were adequate controls in place including a comprehensive contracts register and forward plan, a monitoring plan to deliver required legislative changes alongside access to necessary skills through our collaboration with Ardal. Additionally, the delay in the implementation of the legislation gives us additional preparation time.
That Cabinet be asked to reconsider the status of Project Zero and whether it warranted a catastrophic status.	(2) T H A T further to previous consideration on the matter, the status of Project Zero and whether it warranted a catastrophic status be kept under review by the Project Zero Board and informed by the Council's data on carbon emissions as the high-risk rating was currently considered to be sufficient.	Given the significant challenges associated with affordability of the Challenge Plan commitments by 2030, the Project Zero risk continues to remain under review by the Project Zero Board. Upon discussion, SLT agreed with Cabinet's view that the current high-risk rating (12) adequately reflected this challenge but acknowledged that this could potentially escalate in future, given ongoing financial pressures.  No further action.
For the Social Care risk to be assessed as to whether one overall risk was appropriate.	(3) T H A T there are two new specific social care specific risks proposed for inclusion on the Risk Register, one relating to demand and capacity and the other to the new social care IT system, which were considered appropriate for the social care specific risks. Members were asked to note that the other proposed risks on the risk register concerning financial resources and workforce also reflected elements of risk for the Directorate.	Following a discussion and review of the completed social care risk template on demand and capacity, SLT have proposed that Safeguarding is reinstated as a standalone risk. Whilst adequate controls were considered to be in place to manage safeguarding, the risks associated with safeguarding were felt to be organisation wide and much broader than social care and this aspect was lost when amalgamated within the social care demand and capacity risk.  It is proposed that the two risks for social services (CR6: Social Care Demand and Capacity and CR7: Welsh Community Care Information System) as approved by Cabinet remain with the safeguarding aspects currently reflected within CR6 being removed and reinstated as the 12 <sup>th</sup> Corporate risk - Safeguarding.

Governance & Audit comments to Cabinet	Cabinet resolution	SLT /Officer Response
		A risk template will now be completed on a standalone Safeguarding risk (CR12).
<p>For further consideration around the definition of risk regarding cause and effect as related to paragraph 2.1 of the new Policy.</p>	<p>(4) T H A T Officers be asked to review the definition of risk regarding cause and effect as related to paragraph 2.1 of the new Policy with some further clarity and simplification of wording.</p>	<p>Section 2.1 'Identifying and Defining Risks' has been simplified and revised as follows:</p> <p>Every activity the Council engages in contributes to achieving one or multiple Corporate Plan well-being objectives, and so any risks that might affect the successful completion of an activity must be taken seriously.</p> <p>The risk assessment approach starts with the identification of any potential issues, challenges or risks that could impact on the achievement of our well-being Objectives, and this can be either negative or positive.</p> <p>The following opportunities enable us to anticipate and identify potential risks.</p> <ul style="list-style-type: none"> <li>• The Strategic Leadership Team's work.</li> <li>• Annual Self-Assessment of the Council's performance involving Departmental Management Teams, the Strategic Leadership Team, Strategic Insight Board, Cabinet members, Scrutiny Chairs, Governance &amp; Audit Committee and elected members.</li> <li>• Performance monitoring and reporting identifies challenges and emerging areas of concern and risks.</li> <li>• Service Planning process undertaken by Heads of Service and their senior managers.</li> <li>• Team Plans present an opportunity for managers to identify and discuss with their teams any emerging risks.</li> <li>• Departmental Team Meetings undertaken by Team Managers where risk should feature as a standing item on agendas.</li> <li>• Programme boards and project teams identify risks associated with the delivery of key council projects.</li> </ul>

Governance & Audit comments to Cabinet	Cabinet resolution	SLT /Officer Response						
		<ul style="list-style-type: none"> <li>Assurance and Risk Assessment processes with external Regulators and Internal Audit identify an annual risk based audit plan.</li> </ul> <p>The Council faces different types of risks and the approach to managing them will differ. Once identified, council risks are categorised using the definitions in <b>Table 1 below</b>, to enable us to understand and analyse what information is required to manage the risks and potential opportunities effectively. Through this process we are better able to understand why the risk is happening and what will happen if the risk realises.</p> <table border="1" data-bbox="895 898 1500 2000"> <thead> <tr> <th data-bbox="903 904 1091 949">Risk Categories</th> <th data-bbox="1096 904 1492 949">Description</th> </tr> </thead> <tbody> <tr> <td data-bbox="903 956 1091 1599">Political and Legislative</td> <td data-bbox="1096 956 1492 1599"> <p>Political risks are those that pose direct threats/ opportunities to council direction, delivery of key council policies, strategic priorities and manifesto commitments.</p> <p>Legislative risks are associated with current and future changes in Law, regulatory requirements and the council's own legal and regulatory powers. These risks can pose a direct threat or present opportunities to the organisation in complying.</p> <p><b>Can we meet our stated objectives and legislative requirements?</b></p> </td> </tr> <tr> <td data-bbox="903 1606 1091 1993">Resources</td> <td data-bbox="1096 1606 1492 1993"> <p>These are risks that pose direct threats /opportunities to our assets as an organisation whether it is in relation to our workforce, technology, property/buildings and /or finance.</p> <p><b>Have we got sufficient resources for the task – is the level of resource required too high?</b></p> </td> </tr> </tbody> </table>	Risk Categories	Description	Political and Legislative	<p>Political risks are those that pose direct threats/ opportunities to council direction, delivery of key council policies, strategic priorities and manifesto commitments.</p> <p>Legislative risks are associated with current and future changes in Law, regulatory requirements and the council's own legal and regulatory powers. These risks can pose a direct threat or present opportunities to the organisation in complying.</p> <p><b>Can we meet our stated objectives and legislative requirements?</b></p>	Resources	<p>These are risks that pose direct threats /opportunities to our assets as an organisation whether it is in relation to our workforce, technology, property/buildings and /or finance.</p> <p><b>Have we got sufficient resources for the task – is the level of resource required too high?</b></p>
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Governance & Audit comments to Cabinet	Cabinet resolution	SLT /Officer Response	
		Service Delivery and Well-being	<p>These are risks that pose direct threats/opportunities to our ability to deliver services as well as impact on our ability to safeguard the well-being and improve outcomes for our citizens.</p> <p><b>Can we deliver the services needed acceptably?</b></p>
		Reputation	<p>These can be defined as risks that pose direct threats/opportunities to the reputation of the Council. These risks could have a damaging/positive impact on the Council's perception by citizens as well as external regulators, partners and public bodies.</p> <p><b>Is there trust and confidence in the Council?</b></p>