



Cyngor Bwrdeistref Sirol
MERTHYR TUDFUL
MERTHYR TYDFIL
County Borough Council

**ANNUAL RISK
MANAGEMENT PROGRESS
REPORT FOR 2018-19 AND
CORPORATE RISK
REGISTER FOR 2019-20**

SECTION 1

ROLE OF THE RISK MANAGEMENT SERVICE

1.1 *What do we want to achieve?* - The aim of the Corporate Risk Management Service is to promote and integrate risk management principles across the Council so that threats and opportunities are identified, evaluated, managed and monitored. This will impact on:

- Delivering the Council's Well-being Objectives and wider Council Priorities;
- The well-being of our communities and future generations;
- The organisation Merthyr Tydfil County Borough Council (MTCBC).

1.2 Risk Management is an integral part of MTCBC's governance arrangements and is part of the Corporate Services Strategy on a Page to deliver the service in line with the sustainable development principles.

1.3 Key components of the Strategy on a Page are to:

- Provide an environment, and support a culture, where calculated risks can be taken to deliver change.
- Manage Corporate Risk by effective monitoring and support in the development and delivery of action plans.

1.4 The Tasks for the Risk Management Service are as follows:

Tasks	Support the monitoring and management of the Council's Corporate Risk Register and Chief Officer and Service Risk Registers which are actively used by the Council and each Service in order to prioritise the risks to be managed and the actions required to manage those risks.
Tasks	Progress in managing Corporate Risks is reported to Audit Committee.
Tasks	Present Corporate Risk Register Highlight Reports to Cabinet.
Tasks	Continue to develop a clear understanding and knowledge of Risk Management so that Corporate Management Team and Councillors continue to recognise and incorporate Risk Management as part of their role.
Tasks	Continue to embed Risk Management across the Council through Performance Management and Business Planning, Financial Management, Programme/Project Management, Procurement and Partnerships.
Tasks	Play a key role in the production of the Council's Annual Governance Statement.
Tasks	Continue to consider the Risk Management requirements of the Well-being of Future Generations (Wales) Act 2015.

SECTION 2

WELL-BEING OF FUTURE GENERATIONS (WALES) ACT 2015

PESTLE Model

- 2.1 The Council has a Risk Category Checklist as part of its risk identification process. This aims to ensure that risk identification is undertaken in a structured way to help ensure that all potential categories of risk are considered rather than just the initial risks that come to mind.
- 2.2 The Checklist is based on the widely used PESTLE Model (Political, Economic, Social, Technological, Legal and Environmental).
- 2.3 The PESTLE Model reflects other areas of risk in relation to partnerships, procurement and reputation, and also includes Culture to ensure the Council considers risk from an environmental, social, economic and cultural well-being perspective in line with the requirements of the Well-being of Future Generations (Wales) Act 2015 (the Act).
- 2.4 The five ways of working (Long Term, Integration, Involvement, Collaboration and Prevention) are also included in the PESTLE Model to ensure they are considered when developing risk action plans.
- 2.5 The PESTLE Model also forms part of the Council's Project Management Framework.

Council's (5 x 5) Risk Matrix

- 2.6 The Council uses a (5 x 5) Risk Matrix to assess risks in terms of 'Impact' and 'Likelihood'. This also facilitates the ability to reflect the requirements of the Act in terms of considering potential impacts on the well-being of communities and future generations.

Council's Corporate Risk Register and Chief Officer/Heads of Service Risk Registers

- 2.7 The Council's Corporate Risk Register and Chief Officer/Heads of Service Risk Registers also consider the requirements of the Act as follows:
 - Risks are considered from a community and organisational perspective in terms of assessing the risk impact on:
 - The well-being of our communities and Future Generations (Social, Economic, Environmental and Cultural Well-being)
 - Risk Impact on the Organisation.
 - Considering if risks are short, medium and/or long term.
 - Consideration of the five ways of working (the Sustainable Development Principles) when identifying the controls and further actions to manage the risks and issues.

SECTION 3

4 T'S OF RISK MANAGEMENT

4 T's

- 3.1 To support the Council in taking well managed risks, the Council has adopted the 4 T's best practice process as part of its Corporate Risk Management Framework, which are:
- Tolerate the risk;
 - Treat/Manage the risk;
 - Transfer the risk; and
 - Terminate the risk.
- 3.2 This helps the Council to focus its resources on those risks that need to be managed. For example, it has been agreed that each of the Council's Corporate Risks need to be treated; therefore each Corporate Risk has a dedicated risk action plan to manage the Council's Corporate Risks.
- 3.3 The 4 T's process has also been embedded in the Council's Project Management Framework.
- 3.4 In addition to this, as part of the Council's Project Management Framework, Project Managers are required to identify the benefits (advantages) and consequences or dis-benefits (disadvantages) for each project/change, which further supports the Council in taking well managed risks.

SECTION 4

CHIEF OFFICER AND HEADS OF SERVICE RISK REGISTERS

Risk Registers

- 4.1 Each Chief Officer and Head of Service has a Risk Register associated with their areas of responsibilities. These Risk Registers have been reviewed and updated for 2019-20, in line with the Risk Management requirements of the Well-being of Future Generations (Wales) Act 2015 to consider the following:
- Using the Council's PESTLE Model, risks and issues have been identified, that could impact on:
 - Delivering the Council's Well-being Objectives and wider Council priorities.
 - The well-being of our communities and future generations.
 - The organisation (MTCBC).
 - Consideration of the response to each risk/issue using the 4 T's - Tolerate the risk; Treat/Manage the risk; Transfer the risk; Terminate the risk.
 - Consideration if the risks and issues are short, medium and/or long term.
 - Consideration of the five ways of working (the Sustainable Development Principles) when identifying the controls and further actions to manage the risks and issues.

SECTION 5

CORPORATE RISK REGISTER FOR 2019-20

- 5.1 The Council's Corporate Risk Register is an essential part of the organisation's corporate governance arrangements.
- 5.2 The Corporate Risk Register allows the Council to focus on managing and mitigating the most significant Corporate Risks that could impact on the organisation and/or community.
- 5.3 The Council defines Corporate Risks as follows:
- Significant threats:
 - to the achievement of the Council's Well-being Objectives and wider Council priorities.
 - to the well-being of communities and future generations;
 - that need to be monitored corporately.
 - Potential opportunities that may better enable delivery of:
 - the achievement of the Council's Well-being Objectives and wider Council priorities;
 - outcomes for the well-being of communities and future generations.
- 5.4 The Council's Annual Risk Management Progress Report and the Updated Corporate Risk Register for 2018-19 was presented to Audit Committee on **29th October 2018 and Cabinet on 21st November 2018.**
- 5.5 To provide Cabinet and wider Elected Members with a level of assurance regarding how the Council's Corporate Risks are being managed, it has been resolved by both Audit Committee and Cabinet that:
- Lead Corporate Management Team Officers be invited to attend Audit Committee on a rolling programme basis to report on progress in managing their Corporate Risks.
- 5.6 This provides Audit Committee with an opportunity to seek assurance that current/existing controls are in place and that further planned actions are being implemented by Lead Corporate Management Team Officers to manage the Council's Corporate Risks.
- 5.7 Progress on the management of the Council's Corporate Risks was presented to Audit Committee on 11th February 2019.

Highlight Report

- 5.8 It has also been resolved by Audit Committee and Cabinet that highlight reports on the Council's Corporate Risk Register are presented to Cabinet, as well as continuing the current arrangements with Audit Committee.
- 5.9 The highlight report provides further assurance to Cabinet that controls are in place and further actions are being implemented as planned to manage the Council's Corporate Risks. This is aimed to mitigate any negative impacts on delivery of the Council's Well-being Objectives and wider Council priorities to ensure that the risk exposure to the Council is reduced over time.
- 5.10 A highlight report has been created with input from across the Council. This document reports the Corporate Risk position as at 31st March 2019 and was presented to Cabinet and approved on the 19th June 2019.
- 5.11 The highlight report captures the following high level risk information supported by the more detailed Corporate Risk Register for 2018-19:
- Risk No.
 - Description of Risk.
 - Risk Score in the Corporate Risk Register for 2018-19, latest Risk Score and direction of travel for each Risk.
 - Progress on Actions to Manage Risk (RAG Status).
 - Assurance Statement on the Management of Corporate Risks and if any Further Actions are required.
 - Lead Corporate Management Team Officer.
 - Lead Councillor/Cabinet Member.

Analysis of Highlight Report for Corporate Risk Register 2018-19 (as at 31st March 2019)

- 5.12 The following table below illustrates the Council's position regarding Corporate Risk as at 31st March 2019. Please note that if compared to previous years, there is an additional Corporate Risk considered in this period (i.e. the risk relating to BREXIT). It is of interest to note:
- The number of Corporate Risks where the Risk Scores have increased, decreased or remained the same for 2018-19.
 - The % of the Corporate Risks where the Risk Score has reduced for 2018-19

Number of Corporate Risks where the Risk Scores have increased	1
Number of Corporate Risks where the Risk Scores have decreased.	2
Number of Corporate Risks where the Risk Scores have remained the same.	6
Total	9
The % of the Corporate Risks where the Risk Score has reduced.	22%

5.13 The Risk Score for the following Corporate Risk have increased:

Risk No.	Description of Risk	Lead Corporate Management Team Officer	Lead Councillor/ Cabinet Member
9	<u>Performance</u> The risk that the Council's statutory regulators issue a formal recommendation to the Council for improvement.	Head of Corporate Services and relevant Chief Officer	Councillor Andrew Barry

5.14 The Risk Scores for the following two Corporate Risks decreased:

Risk No.	Description of Risk	Lead Corporate Management Team Officer	Lead Councillor/ Cabinet Member
1	<u>Finance</u> The risk that the Council does not balance the budget and is not financially sustainable.	Chief Finance Officer	Councillor Andrew Barry
4	<u>School Attainment</u> The risk that not all learners perform at expected levels.	Chief Officer (Learning)	Councillor Lisa Mytton

5.15 The Risk Scores for the following six Corporate Risks remained the same:

Risk No.	Description of Risk	Lead Corporate Management Team Officer	Lead Councillor/ Cabinet Member
2	<u>Reputation</u> The risk that the Council fails to maintain and protect its reputation	Corporate Communications, Consultation & Engagement Manager	Cabinet Members
3	<u>Cyber Attack</u> The risk that the Council is exposed to a cyber attack.	Chief Executive	Councillor Andrew Barry
5	<u>Capacity</u> The risk that the Council loses staff with the skills and capacity to deliver on key outcomes and targets.	Head of HR	Councillor Andrew Barry
6	<u>Governance</u> The risk that the Council does not	Monitoring Officer	Councillor Andrew Barry

Risk No.	Description of Risk	Lead Corporate Management Team Officer	Lead Councillor/ Cabinet Member
	meet statutory requirements, laws and regulations.		
7	<p>Brexit The risk that Brexit will have an adverse economic impact at the national and local level that will in turn have a negative financial, strategic and legislative impact on the Council, and subsequently the delivery of public services.</p> <p>New Corporate Risk identified for 2018/19</p>	Chief Officer (Community Regeneration) – Interim Deputy Chief Executive	Councillor Kevin O'Neill
8	<p>Safeguarding The risk that the Council does not fulfil its statutory obligations and the Council's safeguarding arrangements fail to safeguard children, adults and Council staff.</p>	Chief Officer - Social Services (Statutory Director of Social Services)	Councillor Chris Davies

5.16 Seven of the nine Corporate Risks have a likelihood of 4. This means the risk is 'probable' (60% to 90% chance of becoming an issue). The remaining two risks (Finance and Safeguarding) have been deemed to have a likelihood of 3 i.e. 'Possible' (40% to 60% chance of becoming an issue). It will always be possible for these risks to occur, and for this reason, they require constant monitoring and management by Corporate Management Team, particularly during the financial climate the Council is currently operating in and the scale of cuts that are expected in future years.

SECTION 6

CORPORATE RISK REGISTER FOR 2019-20

Corporate Management Team and Cabinet Risk Identification Workshops

- 6.1 As part of the Council's Corporate Risk Management Framework risk identification workshops are held for Corporate Management Team and Cabinet to identify the most significant Corporate Risks that could impact on the Council and/or community. The Corporate Management Team used this opportunity to strengthen treatment actions around the school attainment risk following outcomes from exam results. Corporate and Service Risk will form part of the Corporate Dashboard that is being produced.
- 6.2 Risk identification workshops were held for Corporate Management Team (CMT) on 12th November 2019 and for Cabinet on 27th November 2019. Cabinet and CMT come to the same conclusion and this was fed back to CMT in December 2019.
- 6.3 The objectives of the Corporate Management Team Risk Identification Workshop were as follows:
- To identify and risk score the most significant Corporate Risks that could impact on the Council and/or Community.
 - To agree risk responses for each Corporate Risk using the 4 T's best practice process, which are:
 - Tolerate the risk;
 - Treat/Manage the risk,
 - Transfer the risk; and
 - Terminate the risk.
 - To agree the Lead Corporate Management Team Officer and Lead Councillor / Cabinet Member for each Corporate Risk.
- 6.4 The objectives of the Cabinet Risk Identification Workshop were as follows:
- Consider the Corporate Risks identified by Corporate Management Team.
 - Review the risks identified at the Councillor Risk Workshop in September 2018.
 - Identify any additional risks as per each Portfolio.
- 6.5 The Corporate Risk Register was reviewed in the Risk Workshops by:

- Re-appraising the Corporate Risks in the Council's Corporate Risk Register for the year previous to determine if they were still currently Corporate Risks.
- Agreeing risk responses for each Corporate Risk (4T's).
- Agreeing the Lead Corporate Management Team Officer & Lead Councillor / Cabinet Member for each Corporate Risk.
- Considering if there were any new Corporate Risks facing the Council and/or community.

Analysis of Corporate Risk Register for 2019-20

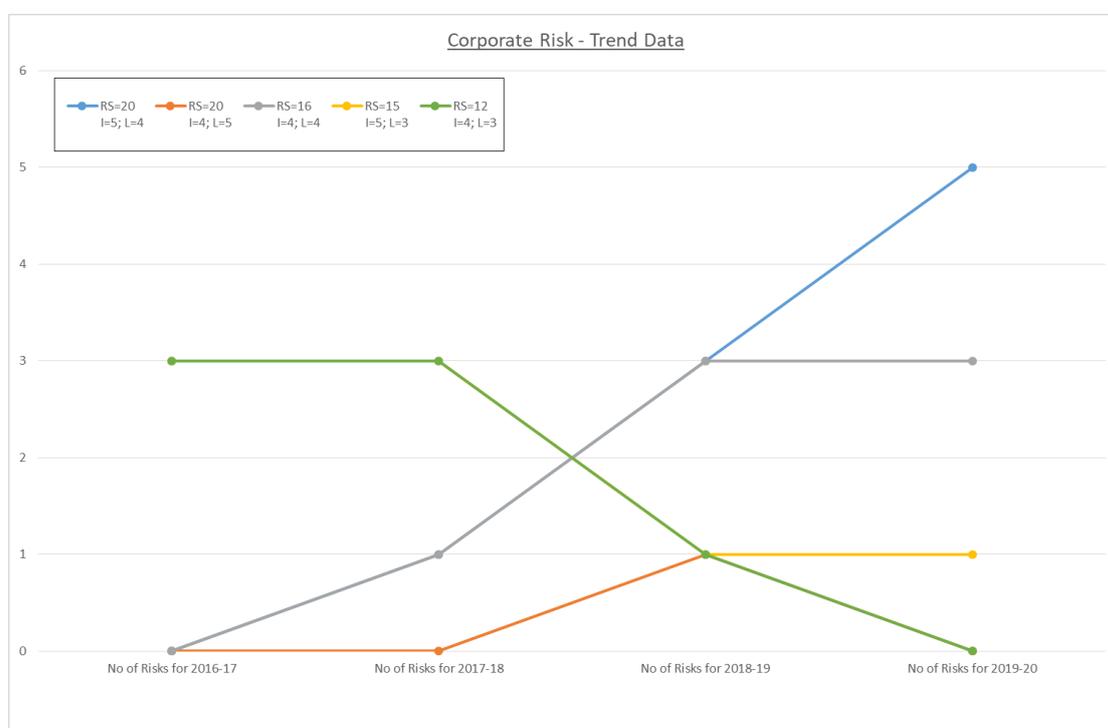
- 6.6 As expected all nine of the Corporate Risks in the Corporate Risk Register for 2018-19 have remained as Corporate Risks for 2019-20. These are common long term cross cutting risks that will face this and other Councils going forward. It was established that this is also likely to be the case for the most recently added Corporate Risk regarding Brexit.
- 6.7 The risks that were reviewed and identified at the Cabinet risk workshop will continue to be managed and monitored as part of the Chief Officers and Heads of Service Risk Registers that are in place across the Council. Any new risks identified that are not currently recorded in a Risk Register will be added to the relevant Chief Officer/Head of Service Risk Register.
- 6.8 Each Corporate Risk in the Corporate Risk Register has been allocated a Risk Type, Lead Corporate Management Team Officer and Lead Councillor/Cabinet Member. The table below provides a summary of the Corporate Risk Register for the nine Corporate Risks, in terms of risk number, type and description. The Corporate Risk Register for 2019-20 is available in Appendix A.

Risk No.	Risk Type	Description of Risk
1	<u>Finance</u>	The risk that the Council does not balance the budget and is not financially sustainable.
2	<u>Reputation</u>	The risk that the Council fails to maintain and protect its reputation.
3	<u>Cyber Attack</u>	The risk that the Council is exposed to a cyber attack that could cause a catastrophic failure.
4	<u>School Attainment</u>	The risk that all learners do not perform at expected levels.
5	<u>Capacity</u>	The risk that the Council loses staff with the skills and capacity to deliver on key outcomes and targets.
6	<u>Governance</u>	The risk that the Council does not meet statutory requirements, laws and regulations.
7	<u>Brexit</u>	The risk that Brexit will have an adverse economic impact at the national and local level that will in turn have a negative financial, strategic and legislative

Risk No.	Risk Type	Description of Risk
		impact on the Council, and subsequently the delivery of public services.
8	<u>Safeguarding</u>	The risk that the Council does not fulfil its statutory obligations and the Council's safeguarding arrangements fail to safeguard children, adults and Council staff.
9	<u>Performance</u>	The risk that the Council's statutory regulators issue a formal recommendation to the Council for improvement.

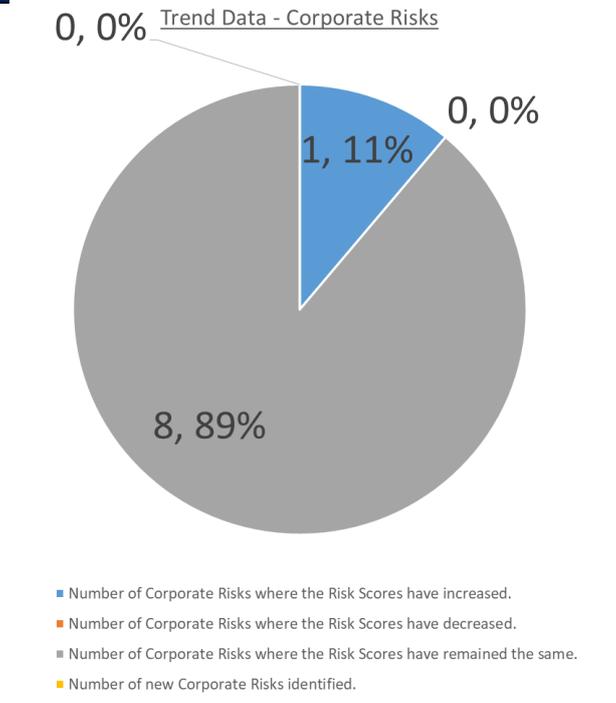
6.9 The Corporate Risks for 2019-20 have been categorised in the table below and compared to the Corporate Risk Registers for the previous 4 years (as at end of quarter 2 or start of quarter 3).

Impact	Likelihood	Risk Score (RS)	No of Risks for 2016-17	No of Risks for 2017-18	No of Risks for 2018-19	No of Risks for 2019-20
5	4	20	0	1	3	5
4	5	20	0	0	1	0
4	4	16	0	1	3	3
5	3	15	3	3	1	1
4	3	12	3	3	1	0
TOTAL			6	8	9	9



6.10 When comparing the Corporate Risks identified for 2018-19 and 2019-20 the following was found:

Number of Corporate Risks where the Risk Scores have increased.	1
Number of Corporate Risks where the Risk Scores have decreased.	0
Number of Corporate Risks where the Risk Scores have remained the same.	8
Number of new Corporate Risks identified.	0
Total	9



6.11 The Corporate Risks that have increased in Risk Score are set below:

Description of Risk	Risk Score for 2018-19	Risk Score for 2019-20
The risk that the Council's statutory regulators issue a formal recommendation to the Council for improvement.	12	20

6.12 As can be seen eight of the nine Corporate Risks have remained the same scores. The finance risk has remained the same as the indicative settlement from Welsh Government (for 2020/21) has not yet been received. However, as recently reported to Cabinet (20th November 2019) revenue monitoring has shown a dramatic decrease regarding in-year forecast overspend. A net revenue deficit of £85,000 was reported. This risk will be monitored regarding forecast overspend trends and the financial settlement from Welsh Government. The impact score for school attainment has increased from 4 to 5. This is due to the results not meeting expectations and the impact this can have on post 16 learning and employment. The impact of intervention needs to be recorded. This was identified as part of the Council's governance arrangements for assessing risk across the Education department and further

impacts. When considering the impact, the likelihood of the impact occurring is less than when considering the risk in light of a lesser impact. Nevertheless this position will be monitored closely and mitigation actions will form part of the Council's Change Programme. The risk concerning Performance has increased from a score of 12 to a score of 20. This reflects the outcome from the school attainment risk together with the outcome from the Annual Improvement Report for the Wales Audit Office and the MTCBC Annual Performance Report where there was a decrease in performance judgements. The impact has increased from a score of 4 to a score of 5 and the likelihood increased to a 4 from a 3.

6.13 In line with the Risk Management requirements of the Well-being of Future Generations (Wales) Act 2015 the Corporate Risk Register for 2019-20 continues to capture:

- The risk impacts on the well-being of our communities and future generations.
- If the risks are short, medium and/or long term.
- Consideration of the five ways of working (the Sustainable Development Principles) when identifying the controls and further actions to manage the risks and issues.

SECTION 7

RISK MANAGEMENT TRAINING

Risk Management e-Learning Module

- 7.1 Staff and Councillors have undertaken refresher Risk Management training through the Council's e-Learning Module that has been developed in partnership with Bob's Business. Along with Risk Management the Council uses Bob's Business to provide e-Learning training to staff and Councillors on information/cyber security and Data Protection. The training is run over the course of a financial year.
- 7.2 The Risk Management e-Learning Module addresses the importance of Risk Management and illustrates how it supports an organisation in achieving its objectives. The Module also helps to further develop a clear understanding and knowledge of Risk Management across the Council so that Councillors and staff recognise and incorporate Risk Management as part of their role.
- 7.3 The Module covers the following areas and at the end of the training session there is a multiple choice quiz:
- An introduction to Risk Management.
 - The benefits of Risk Management.
 - The key elements of the Risk Management Process.
 - The 4 T's of Risk Management (Tolerate, Treat, Transfer and Terminate).
 - Roles and Responsibilities relating to Risk Management.
- 7.4 ICT accounts are disabled at the end of the financial year for those staff and Councillors that do not complete all of the e-Learning modules during the year.

Corporate Management Team and Cabinet Risk Identification Workshops

- 7.5 As part of the Corporate Management Team and Cabinet Risk Identification Workshops Officers and Councillors are provided with Risk Management refresher training to ensure that Corporate Management Team and Councillors continue to develop a clear understanding and knowledge of Risk Management. This aids when recognising and incorporating Risk Management as part of their role.

SECTION 8

INTEGRATED IMPACT ASSESSMENT

Equality Impact Assessments

- 8.1 In line with the requirements of the Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011 and Welsh Language (Wales) Measure 2011 the Council previously had an Equality Impact Assessment (EqIA) process in place. This was a mandatory accompaniment to reports on the Council's Change and Well-being Programme, and for Cabinet and Council.
- 8.2 This demonstrates how Councillors, Report Authors and Project Managers considered Equality and Welsh language as part of their decision making.
- 8.3 The EqIA also enabled report authors to identify any threats (negative impacts) and/or opportunities (positive impacts) that could impact on Protected Groups and the Welsh language, including identifying any related actions to mitigate any negative impacts and/or maximise positive impacts.

Integrated Impact Assessment

- 8.4 In line with the requirements of the Well-being of Future Generations (Wales) Act 2015 (the Act) the Council has developed an Integrated Impact Assessment (IIA). The IIA aims to support the Council in demonstrating how it is planning, delivering and monitoring services in line with the sustainable development principles and how it is seeking to improve the economic, social, environmental and cultural well-being of Merthyr Tydfil, now and for future generations by:
- Thinking about the **long term** impact of our work on people in Merthyr Tydfil;
 - Taking an **integrated** approach to services, looking at the impact our work could have on other services and organisations;
 - **Involving** people in the decisions that affect them;
 - Working with others to find **collaborative** solutions; and
 - Understanding the root causes of issues and **preventing** them from occurring.
- 8.5 The IIA incorporates the Council's Well-being Objectives, the Sustainable Development principles, Equalities, Welsh language and Biodiversity, to support effective decision making and ensuring compliance with the following legislation:
- Well-being of Future Generations (Wales) Act 2015.
 - Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011.
 - Welsh Language (Wales) Measure 2011.
 - Section 6 of Part 1 of the Environment (Wales) Act 2016.

8.6 Implementation of the IIA will:

- Ensure that the sustainable development principles are at the heart of all we do and embedded in the governance processes of the Council.
- Shape what we do, rather than justify what we have decided in the past - the shaping of services rather than the justifying of services.
- Mean a focus up front and throughout the project/policy or decision cycle.
- Mean better decision making that is transparent and based on evidence.
- Ensure that our decisions impact in a fair way.
- Provide a platform for partnership working.
- Ensure that risk is taken into account appropriately by enabling the identification of opportunities (positive impacts) and/or threats (negative impacts). This includes identifying actions that have been/will be taken to better contribute to positive impacts and/or mitigate any negative impacts.

SECTION 9

CHANGE AND WELL-BEING PROGRAMME

- 9.1 The Council's Change and Well-being Programme comprises of programmes and projects that have been identified from across the Council, to meet the Council's Well-being Objectives and pillars of success e.g. ensuring the Council remains sustainable.
- 9.2 The Change and Well-being Programme is governed by the Change and Well-being Programme Board (CWPB). The CWPB is chaired by the Chief Executive. The CWPB reviews change programmes and projects and has the authority to call on service managers and/or programme/projects managers to challenge and support them on the delivery of their programmes/projects.
- 9.3 The Change and Well-being Programme works alongside the Budget Board to address the financial requirements of the Council. The operational delivery of identified change and well-being programmes and projects is monitored via the Council's Change and Well-being Steering Group (CWSG).
- 9.4 The CWSG provides challenge and support to service managers and, in conjunction with the CWPB, hold managers accountable for delivering proposed savings. The group comprises of Council officers and is chaired by the Head of Strategic Support Services and is made up of staff members from Business Change, Legal, Human Resources, Communications, Finance, Equalities, Risk, Welsh language, Performance and Consultation. This approach allows the Change and Well-being Programme to maintain the pace required for delivery in implementing the required change whilst realising financial savings.
- 9.5 The Terms of Reference for the CWSG includes Change Programme Governance, which includes the arrangements for Risk Management as follows:
- The Steering Group owns one or more identified project risks, the management of which it will delegate to appropriate persons (e.g. Heads of Service, Team Leaders, Programme or Project Managers). The Steering Group will monitor risks, and review with the Programme/Project Manager, any change in status and agree any action to be taken to mitigate the risks. These risks are documented as part of each business case within this programme and monitored under identified risk logs.
- 9.6 The CWSG first met on the 7th January 2014 and meet on a fortnightly basis to ensure the required pace of change is maintained. The CWSG receives regular reports from service managers responsible for the delivery of the programmes and projects. These reports update on delivery against timescales, budget, resources, risks and issues. Business cases are presented to the CWSG for challenge prior to being presented to the CWPB.
- 9.7 Change and Well-being Programme risks and issues are logged and reviewed on a quarterly basis through a workshop facilitated by the Corporate Risk and Equalities

Manager. A Risk Sub Group review the Programme risks and issues at the quarterly workshops, which consists of the Head of Corporate Services and members of the CWSG.

- 9.8 Following the Risk Sub Group quarterly workshops, the updated Programme Risk Log is presented to the CWSG for challenge and Scrutiny following which any significant Risks and Issues are escalated to the CWPB for discussion and action.
- 9.9 It's also important to highlight that risks and issues are a standing item on the CWPB and CWSG Agendas and can be reported directly to the Head of Corporate Services as required.

SECTION 10

MEDIUM TERM FINANCIAL PLAN AND STATEMENT OF ACCOUNTS

Revised Medium Term Financial Plan 2019-20 to 2021-22

- 10.1 As part of the Medium Term Financial Plan Corporate Management Team identified service budget reduction proposals for 2020-2021. All proposals were risk assessed by Chief Officers and Service Managers.

Statement of Accounts 2018-19

- 10.2 The Council's Statement of Accounts 2018-19 that were presented to Full Council on 11th September 2019 included a summary of the Council's Corporate Risks as at 31st March 2019.

SECTION 11

PROCUREMENT RISK MANAGEMENT

- 11.1 The Council has a Procurement Toolkit to help service departments and staff when procuring goods and services.
- 11.2 Risk Management is an integral part of this toolkit and will better position the Procurement Team to manage stakeholder expectations and facilitate outcomes that are within the risk tolerance of the Council. Risk Management, when applied effectively, will assist the Procurement Team and services to identify changes to the procurement environment, implement treatment plans and re-engineer cost effective procurement processes to mitigate risk.
- 11.3 The consequence of not managing risk effectively can include:
- Discontinuity in the supply of essential goods or services.
 - Avoidable increases in project costs and in the unit costs of purchases, both immediate and longer term.
 - Loss of power and influence in relationships with essential suppliers.
 - Procurement outcomes that do not support the Councils' needs and objectives.
 - Opportunity for fraud and corruption.
 - Negative impact on reputation in the marketplace.
 - Exposure of officers to litigation.
 - Failure in corporate governance controls.
- 11.4 There are many benefits to ensuring that Risk Management is embedded into the Procurement process, but there are three that would be almost universally achieved:
- Smarter procurement decisions – achieving both financial and non-financial benefits.
 - Fewer surprises; better identification and achievement of stakeholder expectations through acknowledgement of risks.
 - Better procurement outcomes for buyers and suppliers, satisfying the commercial and relationship needs of both parties.

SECTION 12

OTHER RISK MANAGEMENT DEVELOPMENTS

Audit & Risk Management

- 12.1 The Council's Risk Management processes continue to inform Internal Audit work and similarly, Internal Audit work has supported the Risk Management arrangements. An example of this is where Internal Audit has audited a number of Corporate Risks from the Corporate Risk Register in order to provide an independent opinion on the management of these critical risks, including the effectiveness of the internal controls and further actions.
- 12.2 The Annual Internal Audit Report for the financial year 2018-19 incorporating the Audit Manager's opinion was produced and reported to the Council's Audit Committee on the 24th June 2019. Based upon the work undertaken during the year Internal Audit gave a satisfactory opinion on the internal control environment, risk management arrangements and governance arrangements for 2018-19.

SECTION 13

RISK GOVERNANCE

13.1 Finally, it is pleasing to report that the Council's Corporate Risk Management arrangements described within this Annual Progress Report have continued to mature and strengthen the Council's Risk Governance arrangements by:

- Supporting the delivery of the Council's Well-being Objectives and wider Council Priorities through the identification, assessment and management of the Council's Corporate Risks.
- Ensuring that Risk Management remains strategically focused at the Council.
- Illustrating a clear high level commitment to Risk Management from Corporate Management Team and Councillors.
- Adopting the 4 T's best practice process as part of the Council's Corporate Risk Management Framework.
- Embedding Risk Management across the Council.
- Clear accountability and ownership.
- Transparency in the review of risks.
- Continuing to consider the Risk Management requirements of the Well-being of Future Generations (Wales) Act 2015.
- Being visible and used by the Corporate Management Team to update the risk position for the Council, for example outcomes from exam results. Corporate Risk and Service Risk will form part of the Corporate Dashboard that is being developed.

APPENDIX A - SUMMARY OF CORPORATE RISK REGISTER FOR 2019-20 (AS AT NOVEMBER 2019)

Risk No.	Description of Risk	Risk impact on the well-being of our communities and Future Generations (Social, Economic, Environmental and Cultural Well-being)	Current / Existing Controls to Manage the Risk Have you applied the five ways of working when considering the controls?	Assessment of Risk for 2019-20	Response to Risk	Action(s) Required to Manage the Risk (Mitigate/Reduce/Increase Risk to an Acceptable Level) Have you applied the five ways of working when considering the further actions?	Lead Corporate Management Team Officer & Lead Councillor / Cabinet Member
				Risk Score (Impact x Likelihood)			
1	Finance The risk that the Council does not balance the budget and is not financially sustainable.	<p>1. Failing to deliver the Council's Well-being Objectives.</p> <p>2. Adverse impact upon the delivery of all public services that the Council delivers.</p> <p>3. The need to further prioritise spend on Council services.</p> <p>4. Reduction in jobs - The Council is a large employer in the County Borough employing people who live in Merthyr Tydfil. Therefore, this risk would have an adverse economic impact on families in Merthyr Tydfil.</p> <p>5. People moving out of the area due to lack of employment opportunities.</p>	<p>1. The Council is currently in the process of delivering options identified through the Change and Well-being Programme.</p> <p>2. Budget Monitoring processes and Cabinet/Council/Scrutiny reports.</p> <p>3. Budget Board Scrutiny.</p> <p>4. Change and Well-being Board Scrutiny aided by the Change and Well-being Steering Group.</p> <p>5. The continued moratorium on non-essential expenditure.</p> <p>6. A meaningful Medium Term Financial Plan (MTFP) in aligning resources to the Well-being Objectives whilst recognising the long term implications of future generations.</p> <p>7. Options for delivering savings include collaboration and joint working with other Local Authorities in continuing to deliver priority services within affordable resources.</p>	20	Treat	<p>1. Accountancy to further scrutinise budgets through the budget monitoring regime.</p>	<p>Chief Finance Officer</p> <p>Councillor Andrew Barry</p>
			<p>8. Engagement with the community underpins budget reduction decisions.</p> <p>9. Investment in the preventative agenda is considered critical in sustaining high quality services whilst providing value for money.</p> <p>10. Corporate Management Team ownership and resolve.</p>			<p>2. Accountancy to work closely with budget managers to aid financial/operational understanding.</p>	
						<p>3. Portfolio Cabinet Members, Chief Officers, Heads of Service, Service Managers and Service Accountants subject to increased accountability through the Budget Board and the Change and Well-being Programme Board whereby delivery of services is contained within approved budgets and with any projected variances subject to further scrutiny.</p>	
						<p>4. Corporate Management Team supported by the Improvement and Assurance Board in formulating the Transformation Programme in ensuring the Council remains financially sustainable for the long term. Corporate Sustainability a continuing theme throughout the budget setting process for 2020/21 and beyond.</p>	

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2	Reputation The risk that the Council fails to maintain and protect its reputation.	1. Additional barrier to delivering the Council's Well-being Objectives. 2. Adverse impact on inward investment in the County Borough. 3. The public do not engage with the Council to help shape service delivery across the County Borough. 4. Low levels of community and stakeholder participation. 5. Poor public perception and loss of confidence in the Council.	1. To change public perception and improve the reputation of both the Council and Merthyr Tydfil as a whole, the Leader and Chief Executive have agreed an annual campaign plan to work more closely with our community and stakeholders by keeping them more informed and better engaged. 2. A Communication and Consultation Strategy has been developed as a Quality Improvement Theme. 3. Reputation Management Action Plan in development. 4. An annual Resident's Satisfaction Survey will be issued across the County Borough to capture views and satisfaction rates on a wide range of issues and services relevant to Merthyr Tydfil. The results of the survey will help to shape future service delivery across the County Borough.	20	Treat	1. The Communication and Consultation Strategy will deliver the following: • Provide clear leadership, having clarity about what the Council stands for and making sure it is understood by the whole organisation. • Continue to promote the Council's brand which provides a clear sense of purpose and embodies the values. • Build upon our drive to communicate and engage strategically so we have the right skills to improve the reputation.	Corporate Communications, Consultation and Engagement Manager, Corporate Management Team and Cabinet
					Treat	2. Develop a Social Media Strategy to boost visibility and customer engagement.	Corporate Communications, Consultation and Engagement Manager, Corporate Management Team Cabinet
					Treat	3. Develop an Annual Campaign Plan.	Corporate Communications, Consultation and Engagement Manager, Corporate Management Team Cabinet
					Treat	4. Develop an Internal Communication and Engagement strategy, together with action plan.	Corporate Communications, Consultation and Engagement Manager, Corporate Management Team Cabinet
					Treat	5. Develop an Annual Residents Survey.	Corporate Communications, Consultation and Engagement Manager, Corporate Management Team Cabinet

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3	Cyber Attack The risk that the Council is exposed to a cyber attack that could cause a catastrophic failure.	1. Adverse impact on service delivery. 2. Loss of customer information and data. 3. Loss of Council information and data.	1. User training in place. 2. Anti-virus software in place. 3. ISO 27001 compliance. 4. PCI DSS compliance. 5. Patch Management. 6. Annual IT Health Checks carried out. 7. Cyber Essentials. 8. PSN Compliance.	20	Treat	1. Further user awareness required.	Deputy Chief Executive Councillor Andrew Barry
						2. Cyber Essentials compliance.	
						3. WG Cyber Resilience Funding	
						4. Maintain ISO 27001, PSCI DSS and PSN compliance.	

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4	School Attainment The risk that not all learners perform at expected levels.	1. Vulnerable children do not attain or achieve. 2. Reduction in opportunities for young people beyond compulsory education. 3. Negative impact on employment and employability rates. 4. Failing to deliver the Council's Well-being Objectives.	1. Schools are supported and challenged to prepare for the introduction of the new curriculum and qualifications. 2. School improvement capacity transfer from Local Authority and Central South Consortium to schools and between schools. 3. All schools have adopted an appropriate, systematic approach to managing attendance/exclusions. 4. Hold Governing Bodies and Head Teachers to account for effective strategies to address performance - standards/attendance. 5. Schools are supported and challenged to meet the needs of all pupils. 6. Effective arrangements in place to monitor and evaluate systematically all Additional Learning Needs services provided for, or commissioned by the Local Authority.	20	Treat	1a. Corporate performance board for 2 secondary schools and PRU's are taking place (Termly) For 1 other secondary school, there is one half termly board which includes, Welsh Government and ESTYN	Chief Officer (Learning) Councillor Lisa Mytton
			7. School to School Support is being developed to become the effective, efficient and economical vehicle for securing school improvement.			1b. Extensive leadership programme for Senior Middle Leaders and class teachers in place for all secondary schools plus PRU	Chief Officer (Learning) Councillor Lisa Mytton
						2. Continue to Promote 'Miss School Miss Out'.	
						4b. Council Officers together with Headteachers complete a fundamental review of the Enhanced Support process.	
						5. Utilise the Additional Learning Needs Transformation monies to prepare schools and Council staff for the introduction of the ALNET Act (regional basis).	

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5	Capacity The risk that the Council loses staff with the skills and capacity to deliver on key outcomes and targets.	<p>1. Failing to deliver the Council's Well-being Objectives.</p> <p>2. Adverse impact upon the delivery of all public services that the Council delivers.</p> <p>3. Reduction in jobs - The Council is a large employer in the County Borough employing people who live in Merthyr Tydfil. Therefore, this risk would have an adverse economic impact on families in Merthyr Tydfil.</p> <p>4. People moving out of the area due to lack of employment opportunities.</p>	<p>1. Re-structures/redesign to reorganise work-projects for change via the Change and Well-being Programme.</p> <p>2. Succession Planning is integrated into Workforce and Operational Business Planning (aligned to SOAPs).</p> <p>3. Applying the Redundancy Process and Selection Criteria correctly and robustly so that the right behaviours as well as skills are retained.</p> <p>4. Redundancy training undertaken by key Officers.</p> <p>5. Individuals are offered training as part of the Redeployment Process, where required.</p> <p>6. Business cases for voluntary early retirement and voluntary redundancy require managers to have a robust business case where they demonstrate that there is no essential skills loss if the employee leaves.</p>	16	Treat	<p>1. Review our current Performance Management procedures, together with focus groups with a view to re-launching in 2018.</p>	<p>Head of HR</p> <p>Councillor Andrew Barry</p>
						<p>2. Develop Workforce Plans in conjunction with relevant Chief Officers and Heads of Service Operational Plans and Strategies on a Page.</p>	
						<p>3. Implement Apprenticeship Scheme working in partnership with Rhondda Cynon Taf County Borough Council.</p>	
						<p>4. Review and evaluate Managers Academy and Leadership Programme.</p>	
						<p>5. Having robust process to redesign the Council, challenging existing practices of work and exploring new opportunities (i.e. shared resources across directorates).</p>	

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6	Governance The risk that the Council does not meet statutory requirements, laws and regulations.	1. Adverse impact upon the delivery of all public services that the Council delivers.	1. Chief Officers and Heads of Service ensure that staff are fully appraised of their statutory responsibilities and any subsequent changes to their responsibilities. 2. Directorates have identified key individuals who will apprise team members of any changes to policies, procedures, etc and identify key risks. 3. Directorate projects to be managed and evaluated to ensure they comply with statute / case law seeking corporate support where appropriate.	16	Treat	1. Chief Officers and Heads of Service to maintain appropriate links with the Welsh Government, Welsh Local Government Association, All Wales Monitoring Officers Group, Association of Directors of Social Services Cymru, Association of Directors of Education in Wales, Society of Local Authority Chief Executives and Senior Managers, County Surveyors' Society Wales, Chartered Institute of Public Finance and Accountancy, etc., so that there is early awareness of upcoming initiatives so as to allow maximum time for planning. Relevant officers to report on educational improvement activities on a regular basis	Monitoring Officer Councillor Andrew Barry
						2. Chief Officers and Heads of Service to ensure effective reporting to Members and that staff training plans are in place. Such changes to be picked up in individual One to Ones.	

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7	Brexit The risk that Brexit will have an adverse economic impact at the national and local level that will in turn have a negative financial, strategic and legislative impact on the Council, and subsequently the delivery of public services.	<p>1. Failing to deliver the Council's Well-being Objectives.</p> <p>2. Adverse impact upon the delivery of all public services that the Council delivers.</p> <p>3. The need to further prioritise spend on Council services.</p> <p>4. Lack of employment opportunities in the County Borough, potential redundancies linked to a slower economy and a reduction in training opportunities for residents strategically aligned to regeneration programmes.</p>	<p>1. The Council's Deputy Chief Executive and Chief Officer for Regeneration have been identified as the Council's Brexit Leads.</p> <p>2. As part of the management of the Brexit Corporate Risk the Council has established a core working group to identify and address the implications of Brexit. The group is led by the Council's Brexit Leads and consists of team members who are best placed to manage and mitigate this Corporate Risk.</p> <p>3. The Council has developed a Brexit Preparedness Project Plan to manage and mitigate the implications of Brexit in line with the requirements of the Welsh Local Government Association's Brexit Preparedness Toolkit.</p>	16	Treat	<p>1. Apply for the Welsh Local Government Association grant funding to provide the Council with a dedicated resource to undertake the necessary planning, co-ordination and preparation for Brexit.</p>	<p>Chief Officer (Regeneration)</p> <p>Leader of the Council</p>
			<p>4. The Council has used the Toolkit to guide a risk based approach and is preparing as best we can with the information available.</p> <p>5. The Council have fully engaged with the Local Resilience Forum discussions to date and we are checking that Business Continuity Plans would be sufficient in the event of being activated.</p> <p>6. The Council have engaged with its supply chains and looked at issues such as food resilience for Schools and Care Homes. We are also engaging with the local food banks to discuss their Brexit readiness and this work is ongoing.</p> <p>7. The Council have completed the exercise workflow on Data and GDPR/Brexit issues and submitted its response on 15th March 2019.</p>				
			<p>8. The Council's Corporate Management Team and Cabinet Members have received a Welsh Local Government Association Briefing on Brexit that provided guidance on the key implications for Councils and the necessary planning required for all scenarios.</p> <p>9. The Council have attended Brexit Welsh Local Government Association Workshops and participated in a Home Office Briefing teleconference on EU Citizens in the UK.</p> <p>10. Funding has been secured through Welsh Government for the appointment of Community Cohesion Regional Officers. The remit of the Officers will include focusing on the support and delivery of preventative activities that promote social integration and mitigates any negative impacts of Brexit on community cohesion.</p>				
			<p>11. Brexit EU Settlement Scheme Awareness Training have been provided to members of staff across a number of services, including Registrars, Human Resources, Housing and Supporting People, Social Services, Benefits, Revenues, Financial Assessment, Grants and Customer Services.</p> <p>12. A dedicated page for Brexit has been created on the Council's website, which includes links to UK Government Information, the EU Settlement Scheme and Preparing Wales for a No Deal Brexit.</p> <p>13. A risk workshop has been held with the Council's Brexit Working Group to identify the most significant risks caused by Brexit that could impact on:</p> <ul style="list-style-type: none"> • The Council. • Services. • The Community. 				
			<p>14. The Council have undertaken a workforce audit of its staff who are non-UK EU Nationals.</p>				

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8	Safeguarding The risk that the Council does not fulfil its statutory obligations and the Council's safeguarding arrangements fail to safeguard children, adults and Council staff.	1. Harm to / or death of children and adults caused by abuse or neglect. 2. That we do not meet the outcomes set for children and adults we work with. 3. Failing to deliver the Council's Priorities in respect of 'vulnerable children in Merthyr Tydfil living healthy, safe and fulfilled lives' and 'people in Merthyr Tydfil being free from poverty, being independent and healthy'. 4. Adverse impact on preventative services. 5. Well-being impact for staff working in safeguarding environment.	1. Safeguarding is a Priority for the Council – A Corporate Safeguarding Policy has been developed across Cwm Taf and a local Corporate Safeguarding Policy was agreed at Council in September 2015. Safeguarding reference group has been set up by the Directorate and a Corporate Safeguarding Plan has been developed. Safeguarding is also a standing agenda item on Corporate Management Team Meetings and within Education Meetings. 2. Joint lead agency within the Cwm Taf Safeguarding Children Board (CTSCB) and the Cwm Taf Safeguarding Adult Board (CTSAB) demonstrates leadership in accountability for safeguarding. We are also engaged well in the domestic abuse and Channel Panel fora.	15	Treat	1. Continue reporting arrangements during 2018-19.	Chief Officer - Social Services (Statutory Director of Social Services) Councillor David Hughes
			3. Active engagement in the sub groups of the Cwm Taf Safeguarding boards by relevant officers means that we have in place: • Strong partnership working to share information and act to protect – Multi Agency Safeguarding Hub is an example of this. • Robust arrangements for safeguarding training. • Quality assurance, performance management and practice review processes that allow us to learn and improve practice. • Policies and procedures that guide high standards in practice.			2. Report to Council on Practice Reviews undertaken for Merthyr Tydfil.	
			4. Governance is via Safeguarding Boards, reporting of safeguarding activity to Council within the Annual Council Reporting Framework (ACRF) and performance monitoring systems including reports being discussed at Scrutiny and Cabinet. 5. Increased reporting to Scrutiny Committee allows for questioning and challenge. 6. Education Safeguarding Team in place and actions taken to provide guidance and advice and hold schools to account e.g. through audits of policies and practice schools. 7. Via partnership with Voluntary Action Merthyr Tydfil (VAMT) and robust contract management we have influenced and improved the practice of third sector and providers for those working with children and young people.			3. Continue to review and monitor relevant performance and quality functions.	
			8. Strong safeguarding practice underpins commissioned service provision. 9. The development of the Multi Agency Safeguarding Hub has ensured excellent multi agency working at the 'front door'. Merthyr Tydfil provides a safe and robust partnership response to new safeguarding concerns at Multi Agency Safeguarding Hub.			4. Continue work under the Corporate Safeguarding Policy which will include ensuring that safeguarding training is provided to all Council employees who have contact with the public. This will continue to be developed as part of the Safeguarding Reference Group which will consider the communication strategy to raise awareness of safeguarding.	
						5. Continue the work of both Safeguarding Boards and the Corporate Safeguarding Reference Group.	
						6. Ensure that despite budgetary restrictions we can continue to deliver our duty to safeguard children and adults at risk, and continue to work with colleagues and partners to ensure that there is effective prevention provision.	
						7. Continue the work streams across Cwm Taf (under the Social Services and Wellbeing (Wales)) Act 2014 to review and monitor safeguarding procedures.	

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9	Performance The risk that the Council's statutory regulators issue a formal recommendation to the Council for improvement.	1. Failing to deliver the Council's Well-being Objectives. 2. Adverse impact upon the delivery of public services that the Council delivers.	External Regulatory Reports - Reporting and Monitoring Procedures 1. The Council's Internal Audit Department has a working procedure in place for the reporting and monitoring of recommendations from external regulatory reports. 2. Internal Audit record all recommendations from external regulatory reports on the Council's Audit and Inspection Action Plan (AAP) system. 3. The implementation of the report recommendations are then monitored by Audit Committee and Corporate Management Team.	20	Treat	1. Continue internal peer challenge and improvement e.g. Estyn Report Findings.	Head of Strategic Support Services and relevant Chief Officer Councillor Andrew Barry
						2. Continue scrutiny challenge and working with the Wales Audit Office and Future Generations Commissioner to test rollout of the Well-being of Future Generations (Wales) Act 2015.	
						3. Continue to review internal governance and challenge mechanisms e.g. Budget Board.	
						4. Continue to re-inforce awareness of how the Council's vision and Well-being of Future Generations are linked.	
						5. Continue to publish the Statement of Well-being, Focus on the Future: Well-being in our Community and Annual Performance Report.	
						6. Review and update the Council's Performance Management Framework.	
						7. Rollout business planning monitoring approach.	
						8. Ensure that the reporting of the Council's updated Well-being Objectives continue to form part of Scrutiny Committees, and the Council's Senior Leadership Team and Future State meeting agendas.	
						9. Ensure that the reporting of the Council's updated Well-being Objectives form part of meetings at the Council.	
						10. Embed Integrated Impact Assessment across the Council.	
						11. Finalise and sign off the latest version of the Council's Project Management Framework.	
						12. Roll out the revised Project Management Framework for implementation.	