



GOVERNANCE AND AUDIT COMMITTEE

Date Written	21 st September 2021
Report Author	Matthew Rivers
Service Area	Corporate Services
Exempt/Non Exempt	Non Exempt
Committee Date	4 th October 2021

To: Chair, Ladies and Gentlemen

CORPORATE RISK REGISTER - HIGHLIGHT REPORT

1.0 SUMMARY OF THE REPORT

- 1.1 It has been resolved by Audit Committee (now Governance and 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 of monitoring Corporate Risks at Governance and Audit Committee.
- 1.2 This highlight report provides further assurance to Cabinet that controls are in place and actions are being implemented as planned.
- 1.3 Further detail is available in Appendix 1 with guidance in appendix 2. This has been created for the Corporate Risk Register between September 2020 and September 2021.

2.0 RECOMMENDATIONS that

- 2.1 Governance and Audit Committee note and debate the content of this report and recommend it progresses to Cabinet for approval
- 2.2 Governance and Audit Committee notes the continued progress made in considering the Risk Management requirements of the Well-being of Future Generations (Wales) Act 2015 and the Socio-economic Duty
- 2.3 Governance and Audit Committee notes the proposals to continue to present highlight reports on the Corporate Risk Register to Cabinet.

3.0 INTRODUCTION AND BACKGROUND

- 3.1 The Council's Corporate Risk Management arrangements including the Corporate Risk Register are essential elements of the Council's corporate governance arrangements.
- 3.2 The Corporate Risk Register allows the Council to focus on managing and mitigating the most significant Corporate Risks that could impact on the Council and/or community.
- 3.3 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.

- 3.4 The Council's Annual Risk Management Progress Report 2020-2021 and Updated Corporate Risk Register was considered by Audit Committee on 19th April 2021 and approved by Cabinet on 19th May 2021. Please note that following changes brought into place resulting from the Local Government and Elections (Wales) Act 2021, the Audit Committee has become the Governance and Audit Committee in 2021.
- 3.5 To provide Council and Cabinet with a level of assurance that the Council's Corporate Risks are being managed, it has been resolved by both the Governance and Audit Committee and Cabinet that:
- Lead Corporate Management Team Officers be invited to attend the Governance and Audit Committee on a rolling programme basis to report on progress in managing their Corporate Risks.
- 3.6 This provides the Governance and Audit Committee with an opportunity to seek assurance that current and/or 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. The Corporate Risk Register is being reviewed twice a year in line with audit recommendations to increase the profile and monitoring together with part of responding to the impacts of the pandemic. This forms part of this highlight report and, as previously, the end of year report. Other corporate risks will also form part of the Governance and Audit Committee forward plan (as included in 2021/22). These include reviewing and challenging performance as part of the annual performance report and self-assessment report, reviewing and challenging the financial position (as has existed previously), a report on cyber security is planned for 2021/22 and governance when reviewing and challenging the annual governance statement.

- 3.7 The year-end position for Corporate Risks for 2020-21 and updated position was presented to Audit Committee on 19th April 2021. These reports will form part of the Governance and Audit Committee forward plan for 2021-2022.

4.0 HIGHLIGHT REPORT

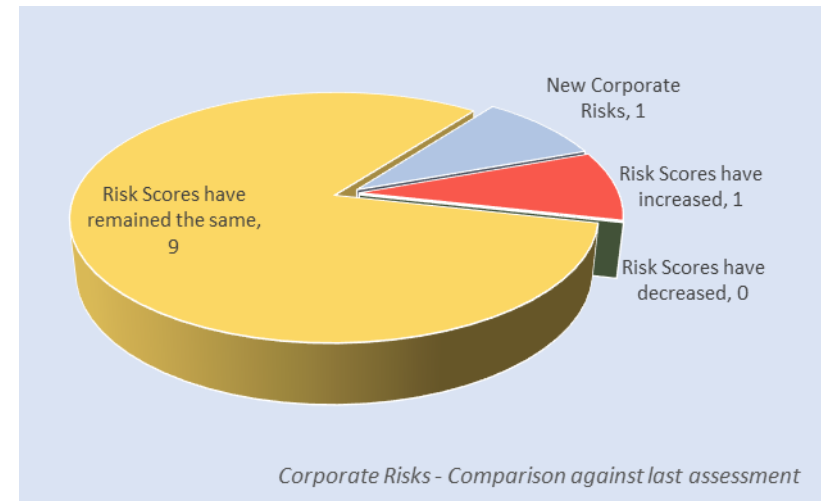
- 4.1 It has also been resolved by Audit Committee and Cabinet that highlight reports on the Council's Corporate Risk Register are presented to Cabinet, as well as continuing the current arrangements with Audit Committee (now Governance and Audit Committee).
- 4.2 The highlight report provides further assurance to Cabinet that controls are in place and further actions are being implemented as planned to manage the Council's Corporate Risks. This will support the delivery of Council priorities together with local and regional objectives and national goals to ensure exposure to risk is reduced.
- 4.3 This highlight report has been developed working with the Corporate Management Team and provides a position of where we were in September 2020 to where we are now, as of the 21st September 2021.
- 4.4 As in previous years, this highlight report captures high-level risk information and mitigation actions taken. Additional detail is included for 2021-2022 due to continued response and recovery from the coronavirus pandemic and delivery of the Council's Recovery, Transformation and Improvement (RTI) Plan. This Corporate Risk Register and the content to the highlight report form a key part of the Council's RTI Plan.
- 4.5 The Council continues to monitor risks in responding to, and recovering from, the coronavirus pandemic. Corporate Management Team (CMT) has met at least weekly (virtual meetings) discussing response and recovery to mitigate risk. The CMT has also met with the Cabinet on a fortnightly basis. The Council has set up a Recovery Sub-Group to address risks and issues at an operational level as outlined below. As well as corporate risk, service risks and business continuity is being monitored.

Where we were - Analysis of Highlight Report for Corporate Risk Register (as at September 2020)

4.6 The table below shows the number of Corporate Risks where the Risk Scores have increased, decreased or remained the same as at September 2020 (more detail can be found in Appendix 1a and 1b):

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	9
Number of new Corporate Risks	1
Total	10*

* - It was approved (Cabinet 29th January 2020) to split the financial risk into in-year risk and longer-term risk; the in-year risk decreased.



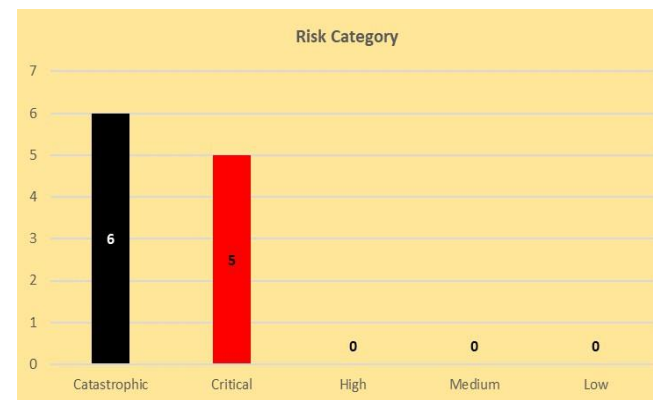
4.7 No risk scores increased during the period leading up to September 2020. The capacity risk score decreased due to investment in posts and the Governance Risk decreased as it was discussed and agreed that the Council will meet it's statutory duties that year. The remaining risks all remained the same.

Risk Map of Council's Corporate Risks (as at September 2020)

4.8 Appendix 1a and Appendix 1b of this report presents a Risk Map of the Council's Corporate Risks (as at September 2020) where the ten Corporate Risks (finance risk being split into in-year and longer-term pressures) have been plotted on the Council's (5 x 5) Risk Matrix.

4.9 The Risk Map provides a visual representation of the Council's risk exposure categorising the Corporate Risks as follows below:

Colour Status	Risk	Risk Score	No. of Corporate Risks
Black	Catastrophic	20 – 25	6
Red	Critical	12 – 16	5
Amber	High	8 – 10	0
Yellow	Medium	4 – 6	0
Green	Low	1 – 3	0

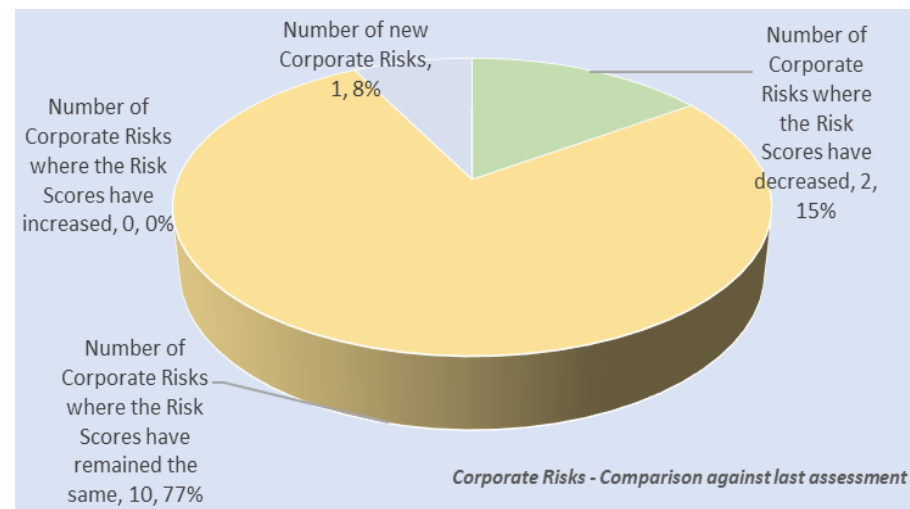


Where we are now - Analysis of Highlight Report for Corporate Risk Register (as at September 2021)

- 4.10 The Council's Risk Management arrangements have been audited over the last year, with positive outcomes. Ten areas of good practice were identified, with zero priority 1 recommendations. There were three priority 2 recommendations and four priority 3 recommendations. All of these are part of an action plan and are being delivered in line with that plan.
- 4.11 Workshops have been carried out with CMT and Cabinet to review progress and the Corporate Risk Register. In summary progress was demonstrated. The importance of integration across plans was reinforced with many mitigation actions contained within the Corporate Risk Register being part of the Council's RTI Plan.
- 4.12 The table below outlines the number of Corporate Risks where, the Risk Scores have increased, decreased or remained the same (more detail can be found in Appendix 1a and 1c). A new corporate risk is being proposed in relation to Housing and Homelessness.

Number of Corporate Risks where the Risk Scores have increased	0
Number of Corporate Risks where the Risk Scores have decreased	2
Number of Corporate Risks where the Risk Scores have remained the same	10
Number of new Corporate Risks	1
Total	10*

* - It was approved (Cabinet 29th January 2020) to split the financial risk into in-year risk and longer-term risk; the in-year risk decreased. Also, capacity has been split into loss of staff from the Council and capacity to deliver services (this decreased).




- 4.13 Following the review of the Corporate Risk Register by Cabinet and CMT on the 11th August 2021 and the 16th August 2021 respectively no risks were proposed to increase in scoring.
- 4.14 The risk scores which remained the same are: Finance 1 (in-year budget) and Finance 2 (longer term financial sustainability), Reputation, Cyber Attack, School Attainment, Capacity 2 (recruit and retain staff - SPODs), EU Transition (Brexit), Safeguarding, Performance, and impacts from the Coronavirus Pandemic. Delivery of the RTI Plan will also act to reduce

these risks. For example, a specific service-based improvement plan (Improving our Education Standards) for mitigation against the School Attainment risk, is a priority for the Council.

4.15 The Risk Scores that have reduced are Capacity 1 (current capacity) and Governance. These scores were reduced on the evidence that there has been significant investment in capacity (Capacity Exercise Phase 1, Financing the RTI Plan, a proposed Capacity Exercise Phase 2 and an apprenticeship scheme supporting the longer term). This extra capacity will support the delivery of mitigation against all corporate risks. Improvement plans are in place and being delivered to improve the Councils governance (this features in the Corporate Well-being Plan especially in the section linking to the Council's RTI Plan). Examples of tis work includes the on-going work to improve the scrutiny function, introduction of quarterly performance and improvement reviews, better use of data (including the appointment of a Data Analytics Officer and an apprentice for data analytics).

4.16 The following Risk Score has been assigned to this new Corporate Risk:

Risk No.	Description of Risk	Risk Score	Comparison against last assessment	Lead Corporate Management Team Officer	Lead Councillor/Cabinet Member
11	<p><u>Homelessness</u> The risk that given the change to Housing legislation on 'priority need', the subsequent exponential rise in Homelessness presentations in the County Borough will impact on Service Delivery and the ability to meet statutory duties in providing a suitable accommodation when it is needed, also the financial budget to cover the high rise in Temporary accommodation costs going forward.</p> <p>Corporate Risk identified for 2021/22</p>	20	<p>New Risk</p>  <p>Impact = 5 Likelihood = 4</p>	Deputy Chief Executive	Cllr Kevin O'Neill

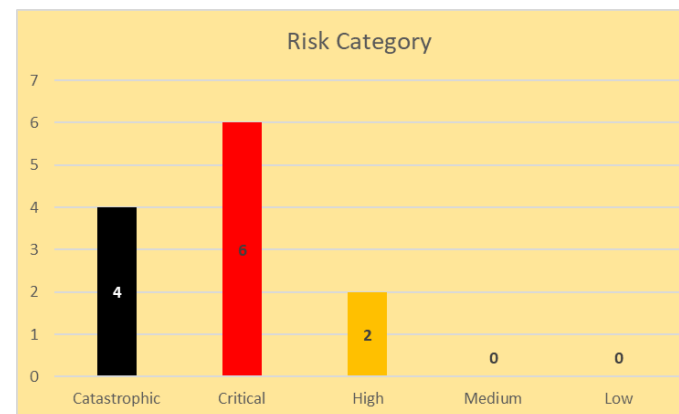
4.17 Mitigation of the new risk (risk number 11): Strategic planning is required to reduce the risk, there are several departments from different Directorates that are required to come together to mitigate the risk. Risk number 11 has been given a risk score of 20 (impact = 5; likelihood = 4) in terms of the Council's operations. Currently there is finance available to cover the costs to house the Cohort, should this funding be withdrawn but the legislation that the Council must provide accommodation remain the finance will fall into core budgets. Some individuals have exhausted the Council Statutory Duty and are not engaging with any support services. Currently there are 158 Homeless individuals being housed in Merthyr Tydfil. Accommodation ranges between Hotels, B&B's and HMO's. This risk was identified and agreed at the Joint Cabinet and CMT meeting on the 8th September 2021.

Risk Map of Council's Corporate Risks (as at September 2021)

4.18 Appendix 1c of this report presents a Risk Map of the Council's Corporate Risks (as at September 2021) where the Corporate Risks (finance risk being split into in-year and longer-term pressures, and Capacity being split) have been plotted on the Council's (5 x 5) Risk Matrix.

4.19 The Risk Map provides a visual representation of the Council's risk exposure, categorising the Corporate Risks as follows below:

Colour Status	Risk	Risk Score	No. of Corporate Risks
Black	Catastrophic	20 – 25	4
Red	Critical	12 – 16	6
Amber	High	8 – 10	2
Yellow	Medium	4 – 6	0
Green	Low	1 – 3	0



5.0 FINANCIAL IMPLICATION(S)

5.1 There are no specific financial implications identified in this report. Any financial implications arising from the report will be reported to Cabinet/Council as appropriate, including potential options for funding

ELLIS COOPER
CHIEF EXECUTIVE

COUNCILLOR ANDREW BARRY
CABINET MEMBER FOR GOVERNANCE
& CORPORATE SERVICES

BACKGROUND PAPERS		
Title of Document(s)	Document(s) Date	Document Location
Does the report contain any issue that may impact the Council's Constitution?		No

Consultation has been undertaken with the Corporate Management Team in respect of each proposal(s) and recommendation(s) set out in this report.

**HIGHLIGHT REPORT FOR CORPORATE RISK REGISTER
(AS AT SEPTEMBER 2021)**

Objective: To manage the Council's Corporate Risks that could impact on delivering the Council's Well-being Objectives and wider Council priorities, together with ensuring that the risk exposure to the Council is reduced over time.

The table below shows the Risk Scores at September 2020, the end of 2020/21 (April 2021) and the updated Risk Scores as at September 2021.

Risk No.	Risk Type	Description of Risk	Risk Score (Sept. 2020)		Risk Score (April 2021)		Risk Score (Sept 2021)	Lead Councillor / Lead Corporate Management Team Officer
1 (i)	Finance	The Council does not balance the budget in-year.	Impact = 5 Likelihood = 3 Risk Score = 15	↓	Impact = 5 Likelihood = 2 Risk Score = 10	→	Impact = 5 Likelihood = 2 Risk Score = 10	Councillor Andrew Barry Chief Finance Officer
1 (ii)		The Council is not financially sustainable going forward.	Impact = 5 Likelihood = 4 Risk Score = 20	↓	Impact = 5 Likelihood = 3 Risk Score = 15	→	Impact = 5 Likelihood = 3 Risk Score = 15	
2	Reputation	The risk that the Council fails to maintain and protect its reputation.	Impact = 5 Likelihood = 4 Risk Score = 20	↓	Impact = 5 Likelihood = 3 Risk Score = 15	→	Impact = 5 Likelihood = 3 Risk Score = 15	Cabinet Head of Corporate Communications, Consultation & Engagement
3	Cyber Attack	The risk that the Council is exposed to a cyber attack that could cause a catastrophic failure.	Impact = 5 Likelihood = 4 Risk Score = 20	→	Impact = 5 Likelihood = 4 Risk Score = 20	→	Impact = 5 Likelihood = 4 Risk Score = 20	Councillor Andrew Barry Chief Finance Officer

4	School Attainment	The risk that all learners do not perform at expected levels.	Impact = 5 Likelihood = 4 Risk Score = 20	→	Impact = 5 Likelihood = 4 Risk Score = 20	→	Impact = 5 Likelihood = 4 Risk Score = 20	Councillor Lisa Mytton Chief Officer (Learning)
5 (i)	Capacity	The risk that the Council loses staff with high skills and experience and are unable to recruit staff to the required ability to fulfil their role.	Impact = 4 Likelihood = 4 Risk Score = 16	↓	Impact = 4 Likelihood = 3 Risk Score = 12	→	Impact = 4 Likelihood = 3 Risk Score = 12	Councillor Andrew Barry Head of HR
5 (ii)		The risk that the Council does not have the general capacity to deliver key outcomes and targets (e.g. the Council has many Single Points Of Dependency (SPODs)).	Impact = 4 Likelihood = 4 Risk Score = 16	→	Impact = 4 Likelihood = 4 Risk Score = 16	↓	Impact = 4 Likelihood = 3 Risk Score = 12	
6	Compliance	The risk that the Council does not meet statutory requirements, laws and regulations.	Impact = 4 Likelihood = 4 Risk Score = 16	→	Impact = 4 Likelihood = 4 Risk Score = 16	↓	Impact = 4 Likelihood = 3 Risk Score = 12	Councillor Andrew Barry Monitoring Officer
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.	Impact = 4 Likelihood = 4 Risk Score = 16	↓	Impact = 3 Likelihood = 3 Risk Score = 9	→	Impact = 3 Likelihood = 3 Risk Score = 9	Councillor Lisa Mytton Deputy Chief Executive
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.	Impact = 5 Likelihood = 3 Risk Score = 15	→	Impact = 5 Likelihood = 3 Risk Score = 15	→	Impact = 5 Likelihood = 3 Risk Score = 15	Councillor Tony Rogers Chief Officer - Social Services (Statutory Director of Social Services)

9	Performance	The risk that the Council's statutory regulators issue a formal recommendation to the Council for improvement.	Impact = 4 Likelihood = 5 Risk Score = 20	→	Impact = 4 Likelihood = 5 Risk Score = 20	→	Impact = 4 Likelihood = 5 Risk Score = 20	Cabinet Corporate Management Team
10	Covid-19	The coronavirus pandemic will have an adverse health and economic impact on Merthyr Tydfil, in turn affecting all functions	Impact = 4 Likelihood = 5 Risk Score = 20	→	Impact = 4 Likelihood = 5 Risk Score = 20	→	Impact = 4 Likelihood = 5 Risk Score = 20	Cabinet Corporate Management Team

APPENDIX 1b




RISK MAP OF COUNCIL'S CORPORATE RISKS
(AS AT SEPTEMBER 2020)

RISK MATRIX						
Catastrophic	5	5	10	15 1(i). Finance 8. Safeguarding	20 1(ii). Finance 2. Reputation 3. Cyber Attack 9. Performance 10. Covid-19	25 4. School Attainment
Critical	4	4	8	12	16 5. Capacity 6. Governance 7. Brexit	20
High	3	3	6	9	12	15
Medium	2	2	4	6	8	10
Low	1	1	2	3	4	5
		1	2	3	4	5
		Very Low/ Rare	Unlikely	Possible	Probable	Certain/ Almost Certain
Likelihood						

RISK MAP OF COUNCIL'S CORPORATE RISKS
(AS AT SEPTEMBER 2021)

RISK MATRIX						
Catastrophic	5	5	10 1(i). Finance	15 1(ii). Finance 2. Reputation 8. Safeguarding	20 3. Cyber Attack 9. Performance 10. Covid-19	25 4. School Attainment
Critical	4	4	8	12 5. Capacity 6. Governance	16	20
High	3	3	6	9 7. EU Transition (Brexit)	12	15
Medium	2	2	4	6	8	10
Low	1	1	2	3	4	5
		1	2	3	4	5
		Very Low/ Rare	Unlikely	Possible	Probable	Certain/ Almost Certain
Likelihood						

Explanation of Columns in Corporate Risk Register Highlight Report

<u>Column</u>	<u>Description</u>
1	Risk No.
2	Description of Risk
3	Risk Score from the current Corporate Risk Register
4	<p>Latest Risk Score at time of reporting Highlight Report.</p> <p><u>Changes to Risk Score Rating:</u> Increase  No Change  Decrease </p>
5	<p>Progress on Actions to Manage Risk (BRAG Status) - Based on the following criteria an overall Blue, Red, Amber or Green status should be given informed by the progress of the actions in the Corporate Risk Register:</p> <p>Green Successful delivery of the mitigating actions to time, cost and quality appears highly likely and there are no major outstanding issues that at this stage appear to threaten delivery significantly.</p> <p>Amber Successful delivery of mitigating actions appear feasible but significant issues already exist requiring management attention. These appear resolvable at this stage and if addressed promptly, should not present a cost/schedule overrun.</p> <p>Red Successful delivery of the mitigating actions appear to be unachievable. There are major issues on mitigating actions definition, schedule, budget required, quality and/or benefits delivery, which at this stage do not appear to be manageable or resolvable. The mitigating actions may need re-baselining and/or overall viability re-assessed and may also require further actions to manage the risk.</p> <p>Blue Complete.</p>
6	<p>Assurance Statement on the Management of Corporate Risks and if any Further Actions are Required.</p> <p>The options for the Assurance Statement are listed below. Any further actions required to manage the Corporate</p>

	<p>Risks should also be summarised in column 6.</p> <ul style="list-style-type: none"> • Controls and further actions assessed as adequate/effective and in proportion to the Corporate Risk. • Some areas of concern over the adequacy/effectiveness of the controls and further actions in proportion to the Corporate Risk. • Significant concerns over the adequacy/effectiveness of the controls and further actions in proportion to the Corporate Risk.
7	Lead Corporate Management Team Officer for each Corporate Risk
8	Lead Councillor/Cabinet Member for each Corporate Risk