



**CYNGOR BWRDEISTREF SIROL
RHONDDA CYNON TAF
COUNTY BOROUGH COUNCIL**

COMMITTEE SUMMONS

C Hanagan
Service Director of Democratic Services & Communication
Rhondda Cynon Taf County Borough Council
The Pavilions
Cambrian Park
Clydach Vale, CF40 2XX

Meeting Contact: Jessica Daniel - Council Business Unit, Democratic Services
(07385401877)

YOU ARE SUMMONED to a **Hybrid** meeting of **GOVERNANCE AND AUDIT COMMITTEE** to be held on **TUESDAY, 9TH NOVEMBER, 2021** at **5.00 PM**.

Non Committee Members and Members of the public may request the facility to address the Committee at their meetings on the business listed although facilitation of this request is at the discretion of the Chair. It is kindly asked that such notification is made to Democratic Services by Friday, 5 November 2021 on the contact details listed above, including stipulating whether the address will be in Welsh or English.

AGENDA

**Page
No's**

1. DECLARATION OF INTEREST

To receive disclosures of personal interest from Members in accordance with the Code of Conduct

Note:

1. Members are requested to identify the item number and subject matter that their interest relates to and signify the nature of the personal interest: and
2. Where Members withdraw from a meeting as a consequence of the disclosure of a prejudicial interest they must notify the Chairman when they leave.

2. MINUTES

To receive the minutes of the previous meeting of the Audit Committee held on

13th September 2021.

3 - 6

3. AUDIT WALES UPDATE

To receive updates on the following:

- Financial Sustainability of Local Government – Covid-19 Impact, Recovery and Future Challenges
- Financial Sustainability Assessment – Rhondda Cynon Taf County Borough Council
- Regulatory Programme Update – Quarter 2

7 - 48

4. STRATEGIC RISK REGISTER UPDATE

49 - 60

5. PROCEDURE RULES UPDATE

An overview presentation of the Council's Financial Procedure Rules

6. URGENT BUSINESS

To consider any items, which the Chairman, by reason of special circumstances, is of the opinion should be considered at the meeting as a matter of urgency

Service Director of Democratic Services & Communication

Circulation:-

County Borough Councillors:

Councillor G Davies, Councillor J Cullwick, Councillor M Adams, Councillor M Norris, Councillor D Owen-Jones, Councillor J Barton, Councillor S Rees, Councillor S Powell, Councillor E Webster, Councillor R Williams, Councillor M Griffiths, Councillor J Edwards and Councillor S Trask

Lay Member: Mr C Jones



RHONDDA CYNON TAF COUNCIL GOVERNANCE AND AUDIT COMMITTEE

Minutes of the meeting of the Governance and Audit Committee held on Monday, 13 September 2021 at 5.00 pm at the Virtual.

County Borough Councillors:

Councillor G Caple	Councillor J Cullwick
Councillor M Adams	Councillor K Jones
Councillor M Norris	Councillor D Owen-Jones
Councillor S Rees	Councillor S Powell
Councillor R Williams	Councillor S Trask

Lay Member: Mr C Jones

Officers in attendance

Mr A Wilkins, Director of Legal Services
Mr P Griffiths, Service Director – Finance & Improvement Services
Mr M Thomas, Head of Regional Audit Service
Ms L Cumpston, Group Audit Manager

15 Declaration of Interest

In accordance with the Council's Code of Conduct, there were no declarations made pertaining to the agenda.

16 Urgent Business

The Chair informed Members of the Committee that County Borough Councillor G Davies had stepped down as Vice-Chair of the Governance and Audit Committee.

The Chair sought nominations for the position of Vice-Chair to the Governance and Audit Committee for the Municipal Year 2021/22. It was **RESOLVED** that County Borough Councillor K Jones be elected as Vice-Chair of the Governance and Audit Committee for the Municipal Year 2021/22.

17 Minutes

It was **RESOLVED** to approve the minutes of the 12th August 2021 as an accurate reflection of the meeting.

18 Matters Arising

Minute No. 9 – The Service Director Finance & Improvement Services updated Members that following the Committee's review and challenge of the draft 2020/21 Annual Governance Statement at the 12th July 2021 meeting, further emphasis of the role undertaken by the Council's scrutiny committees to support effective governance arrangements had been incorporated into the Statement.

19 Audit Wales - verbal update on the progress of the audit of the Draft Statement of Accounts for 2020/21

Mr C Rees, Audit Wales, provided the Governance and Audit Committee with an update in respect of the audit of the Council's draft Statement of Accounts for 2020/21.

Members were informed that the certified draft 2020/21 Statement of Accounts had been received at the start of July as agreed and in line with the Council's revised timescale that took account of the continuing pressures as a result of the Covid-19 pandemic.

Mr Rees informed Members that positive progress had been made in respect of the audit of the Statement of Accounts and, to date, no significant areas of concern had arisen for the Committee to be made aware of. Mr Rees added that it is anticipated that the final Audit Wales 'Audit of Accounts Report' will be presented to the September full Council meeting.

The Chair thanked Mr Rees for his attendance and update, and the Governance and Audit Committee **RESOLVED** to acknowledge the update.

20 Progress Against the Internal Audit Risk Based Plan 2021/22

The Group Audit Manager provided Members of the Governance and Audit Committee with a position statement on progress being made against the audit work included and approved within the Internal Audit Risk Based Plan 2021/22.

Members were informed of the updated audit assurance/opinion categories and the Group Audit Manager discussed the categorisation of each.

Members were referred to Appendix A of the report detailing the progress made against the 2021/22 plan. The Group Audit Manager provided a verbal summary of the individual audit assignments as at 20th August 2021 as outlined in the report.

The Chair thanked the Officer for the report and raised a question regarding reference to the 2 recommendations that have been made to improve the control environment across the 2021/22 audit plan areas reviewed to date. The Chair queried the differential timescales involved in each recommendation. The Group Audit Manager informed Members that each timescale is agreed with the individual service area and emphasised that the goal is to ensure the recommendations are implemented within a reasonable timescale.

The Vice-Chair queried the format of the report and noted the change in how information is reported to Members. The Group Audit Manager noted the report was presented in the agreed revised format to provide Members with a more strategic overview of information. Members were reminded that where further information is required this can be requested and provided.

Members **RESOLVED** to:-

- note the content of the report and the progress made against the Internal Audit Risk Based Plan 2021/22; and
- consider what comments, requests or recommendations, if any,

they wish to make.

21 Governance and Audit Committee Learning & Development

With the aid of a PowerPoint presentation, the Service Director, Finance and Improvement Services and Head of Regional Internal Audit Service provided an overview of the role and functions of the Governance and Audit Committee, this being in line with the Committee's Learning and Development Plan.

The presentation outlined the role of Governance and Audit Committees, including their purpose, statutory basis and what characteristics good Committees should have, and set out the specific responsibilities of Rhondda Cynon Taf Council's Governance and Audit Committee as included within the Terms of Reference, and covering the following areas:

- Governance, risk and control
- Internal Audit
- External Audit
- Financial Reporting
- Accountability arrangements
- Council Performance Arrangements
- Complaints Handling

Members were taken through each Terms of Reference area with specific information provided in respect of 'some key assurance requirements' and 'information reported to the Governance and Audit Committee', the latter setting out the information to be reported to the Committee to enable it to determine whether the necessary assurances are in place across the Terms of Reference.

Members were invited to ask questions following the overview of each Terms of Reference section.

For the Governance, Risk and Control section, a Member noted the future requirements for Governance and Audit Committee Membership to include an increased number of lay members and the challenge it will pose for lay members becoming part of the Committee linked to its wide remit. The Service Director, Finance and Improvement Services fed back the strong track record the Committee has in developing and supporting new and existing Members of the Committee as part of delivering its Terms of Reference and indicated that this approach will continue to be applied for newly appointed lay members. The Service Director added that the learning and development plan in place will inform this process and noted that a flexible approach will be needed to ensure new lay members are provided with appropriate, timely and on-going support.

With regard to the External Audit section of the Terms of Reference, one Member requested clarity on the role of Audit Wales in measuring the performance of the Governance and Audit Committee. Mr Rees, Audit Wales, fed back that Audit Wales officers attend each meeting to observe and report updates to the Committee and the performance of the Committee is considered as part of Audit Wales' annual risk assessment. The Head of Regional Internal Audit Service added that an annual self-assessment of the Governance and Audit Committee is undertaken and the Committee agrees an Annual Report that is presented to full Council setting out its work during the previous year.

One Member questioned whether the information that is presented to Members

relating to complaints would also include compliments received. The Service Director, Finance and Improvement Services confirmed that the updates will include both compliments and complaints with the aim of providing a full as picture as possible for Members to consider.

The Chair thanked Officers for the presentation and Governance and Audit Committee **RESOLVED** to note the content of the presentation.

22 Audit Committee Draft Work Plan 2021/22

The Service Director, Finance and Improvement Services provided the Governance and Audit Committee with the report, which set out a draft work plan for the 2021/22 Municipal Year to enable the Committee to effectively fulfil its Terms of Reference and meet the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) publication 'Audit Committees – Practical Guidance Note for Local Authorities & Police, 2018 Edition'.

Members were referred to Appendix 1 of the report, where the draft work plan was set out for consideration. The Service Director informed Members that the work plan would be subject to ongoing review throughout the year and should further areas be identified and agreed by the Committee, they would be incorporated into the work plan.

The Governance and Audit Committee **RESOLVED**:

1. To consider the report and determine whether there are other areas / themes to incorporate within the work plan to aid the effective discharge of the Governance and Audit Committee's responsibilities; and
2. To approve the work plan for delivery during the 2021/22 Municipal Year.

This meeting closed at 6.35 pm

**Mr C Jones
Chairman.**



Financial Sustainability of Local Government

COVID-19 Impact, Recovery
and Future Challenges

September 2021

This document has been prepared as a summary of work performed in accordance with Section 17 of the Public Audit (Wales) Act 2004.

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

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Councils have received significant extra funding to deal with the pandemic, but the future sustainability of the sector remains challenging against a backdrop of other financial pressures.

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Background

Our work on local government financial sustainability during 2020-21

Over 2020-21 we looked at the financial sustainability of each of the 22 councils in Wales, including:

- the financial impact of the pandemic;
- financial strategies;
- reserves position;
- performance against budget; and
- savings delivery and liquidity (the extent to which current assets are able to cover debt).

This report highlights some key themes and findings from our work, some commentary on funding pressures, and some reflections on how councils' future financial sustainability could be strengthened.

Main report

The bigger picture – borrowing, spending, and demand pressures

Extra short-term funding has helped but longer-term challenges and uncertainties remain

- The UK and Welsh Governments put in place major funding streams and grants in response to the pandemic – but these spending patterns are unlikely to be sustained.
- Our Picture of Public Services report published in September 2021 set out further information and analysis of public sector spending and future projections.
- Local government has a key role in supporting and shaping recovery from the pandemic, both as a provider of a wide range of key local services, and also through its community leadership role, including working with a range of partners.

Local government financial sustainability – how the situation in Wales compares with England

- England – the National Audit Office found that the financial position of local government remains a cause for concern with the outlook looking uncertain, and noted the reliance of many councils on using reserves to balance their 2020-21 budgets¹.
- Wales – councils have not generally relied on their reserves to balance their 2020-21 budgets, largely due to the additional funding made available to them to mitigate the impact of the pandemic. But significant future challenges remain.

1 National Audit Office, [Local government finance in the pandemic](#), March 2021

Exhibit 1: how councils’ usable financial reserves² had changed before the pandemic

All Wales total for unitary authorities, Total usable revenue reserves not protected by law

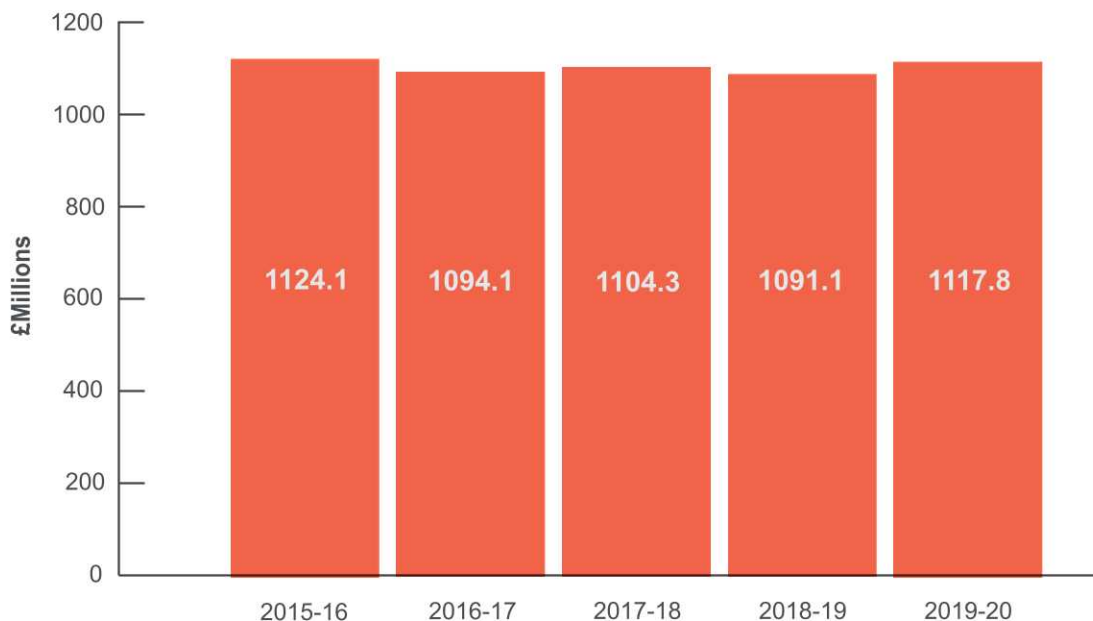
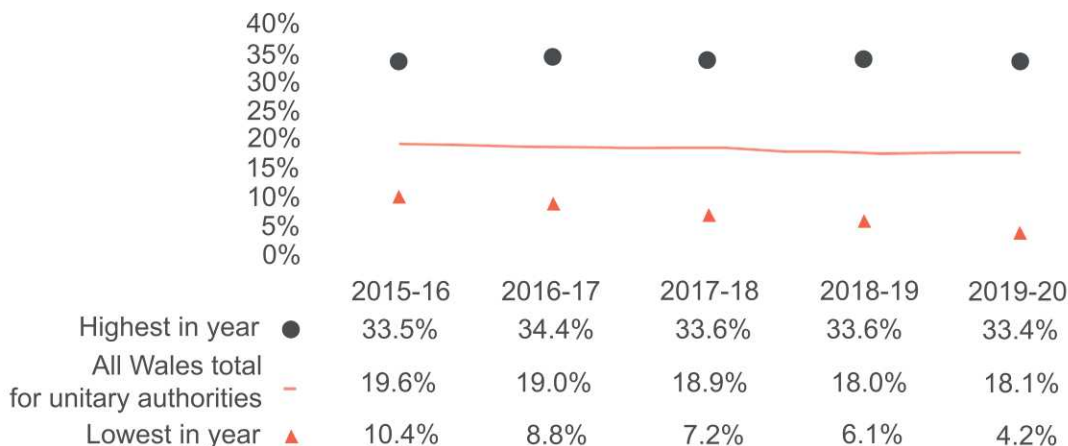


Exhibit 2: amount of usable reserves as a percentage of net cost of services over time

The following exhibit shows the average, highest and lowest values for the principal councils in Wales at the end of each financial year from 2015-16 to 2019-20.

Total Usable Reserves as a % of net cost of services



Lowest and highest refer to the value of an individual council in that particular year.

2 We define usable financial reserves as reserves usable for revenue costs, where the purpose is not protected by law. This is the total of the general fund, earmarked reserves and schools balances. It excludes Housing Revenue Account reserves, capital receipts and capital grants unapplied.

Public sector borrowing has increased during the pandemic and future funding levels are uncertain

- UK government borrowing has increased significantly during the pandemic³.
- Future funding levels remain uncertain, for example, in March 2021 Cardiff University described the outlook for the Welsh budget as ‘highly uncertain’⁴. The Chartered Institute of Public Finance & Accountancy (CIPFA) have also highlighted the uncertainty around public sector funding in the future.
- There is likely to be significant pressure on local government funding, in particular for those service areas that are not prioritised as part of future budget-setting⁵.

Demand for some services is likely to increase

- Our recent report on discretionary services⁶ highlights rising demand for some council services. The infographic on the following page, from that report, summaries some key demand pressures.
- Demand pressures from the pandemic will potentially continue, for example, for additional education provision to catch up on lost time during school closures. The longer-lasting implications of the pandemic on demand for local government services are as yet unknown.

Spending on discretionary local government services had already reduced before the pandemic

- Reductions in funding had already led to some service cuts before the pandemic⁷. Although the pandemic has raised the profile of local government services and in particular the role they play in helping to keep people safe and healthy.

3 CIPFA, [Local authorities face a financial reckoning](#), November 2020

4 Wales Fiscal Analysis, [Welsh Election 2021 Fiscal outlook and challenges for the next Welsh Government Welsh Election Briefing](#), April 2021

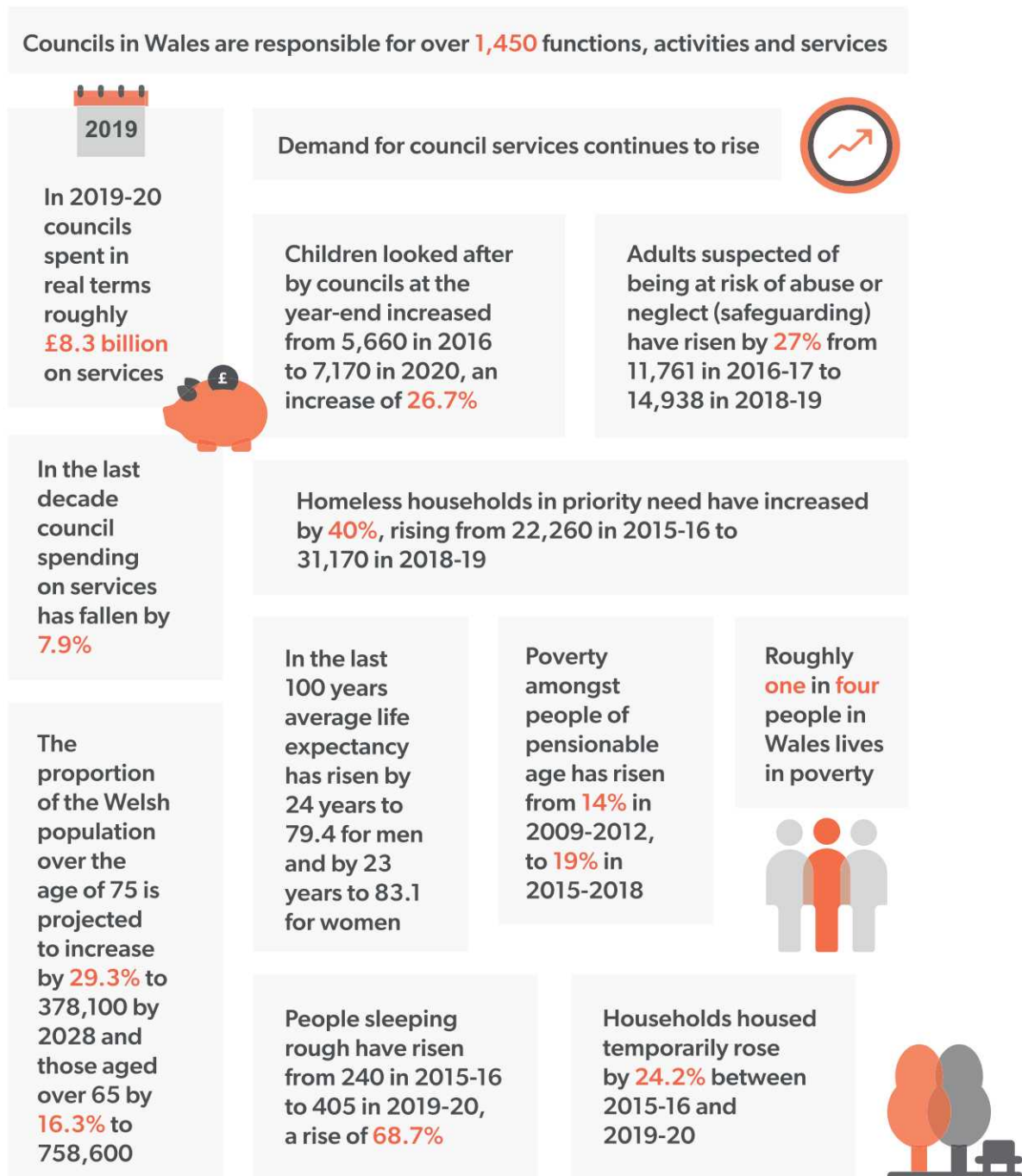
5 Wales Fiscal Analysis, [Local government finance: the state of play in 2021-22](#), March 2021

6 Audit Wales, [At your Discretion - Local Government Discretionary Services](#), April 2021

7 Audit Wales, [At your Discretion - Local Government Discretionary Services](#), April 2021

Exhibit 3: key facts about council services and demand⁸

The following exhibit shows some key facts about council services including some key demand pressures.



Note: The £8.3 billion figure for total council spending covers the total revenue spending on services and includes spending on some non-service areas such as repayment of borrowing, levies pensions and appropriations to reserves. The figure is net of income, such as charges and fees, generated by services. The gross expenditure on services in 2019-20 was £9.2 billion.

Financial sustainability – key findings from our work

Our findings from October 2020

- In October 2020, we said: ‘Councils and the Welsh Government have worked well together to mitigate the impact of the pandemic to date, but the future sustainability of the sector is an ongoing challenge.’ We also noted that ‘some Councils were better placed financially than others to deal with the financial challenges posed by the pandemic⁹.’

Overall findings from our work in 2020-21

- We found that Councils have received significant extra funding to deal with the pandemic, but the future sustainability of the local government sector remains challenging against a backdrop of other financial pressures.
- After publishing our national summary report in October 2020, we then looked at the financial sustainability of each principal council in Wales.
- We produced local reports for each council.
- Due to the extra funding councils have received in response to the pandemic, the financial position has improved for all 22 councils this year.
- But the overall picture of councils’ financial sustainability remains mixed, some councils are still better placed than others to respond to future challenges.
- The next section summarises the key themes we identified through this work, including where relevant from our October 2020 report as well as our previous work on financial sustainability.

9 [Audit Wales, Financial Sustainability of Local Government as a Result of the COVID-19 Pandemic, October 2020](#)

Key themes from our 2020-21 work

The financial impact of COVID-19

- We said in October 2020 that some councils were better placed financially than others to respond to the challenges of the pandemic.
- So far, the costs of COVID-19 have been mitigated at each council by extra funding from the Welsh Government.

Exhibit 4: The cost of COVID-19 over 2020-21

The following exhibit sets out the extra funding provided to councils by Welsh Government over 2020-21 in response to the COVID-19 pandemic.

- £660 million additional funding allocated by the Welsh Government to the Hardship Fund to cover councils' lost income and extra expenditure¹⁰.
- Other funding from the Welsh Government such as extra funding for teachers for catch-up support from education and cleaning materials for schools.
- Personal protective equipment (PPE) has also been provided free of charge to most local government bodies by the Welsh Government through NHS Shared Services.



Source: Welsh Government

Financial strategies

- Several councils have only undertaken limited analysis of the longer-term impact of COVID-19 (even in respect of working assumptions or scenarios) or the longer-term impact of changes to demand.
- Most, but not all councils include some council tax assumptions for the next four or five years in their financial strategies. These range from predicted increases of between 3% and 5%.
- Most, but not all, financial strategies also include Aggregate External Funding (AEF)¹¹ assumptions that vary between 0% and 3%. A few councils plan on the basis of best-to-worst-case scenarios.
- Overall, most of our local reports reflect on the ongoing work needed to develop a more sustainable approach to financial planning in the medium to long term.

¹⁰ Although the Welsh Government allocated £660 million, by the end of the financial year it reports having spent £587 million.

¹¹ Aggregate External Funding data includes Revenue Support Grant from the Welsh Government and Non-Domestic Rates.

Reserves position

Exhibit 5: usable reserves – what we said in our October 2020 report¹²

The following exhibit summaries our key findings on councils' usable reserves¹³ position from our October 2020 report.

In October 2020 we reported:

- the usable reserves held by councils ranged from around £11 million to over £119 million.
- there was a wide range of usable reserves as a proportion of the net cost of services at each council: from 5% to 33%; and
- that Welsh councils in total held over £1 billion of usable reserves at the end of March 2020.



- Some councils have relatively high level of reserves that will support their ability to respond to challenges, and other councils have much lower levels of reserves, which will make meeting future challenges harder.
- After completing our local work we have also found that all councils increased the amount of reserves they held at the end of 2020-21. Councils have reported an increase of over £450 million in reserves during 2020-21. We will report further on this following our audit of 2020-21 accounts.
- Some councils have a good track record in recent years of avoiding using reserves to balance their budget.
- Some councils have relied on unplanned use of reserves to balance budgets. This approach is unlikely to be sustainable, particularly for those councils whose levels of usable reserves were already relatively low.
- A consistent pattern of using reserves, even in a planned way, to balance revenue expenditure is unlikely to be sustainable as it risks depleting reserves to unsustainable levels.

Performance against budget

- After large transfers to reserves, most councils reported either relatively small underspends or overspends overall in 2020-21, a similar pattern to the previous two financial years.

¹² Audit Wales, [Financial Sustainability of Local Government as a Result of the COVID-19 Pandemic, October 2020](#).

¹³ By usable reserves we mean the total general fund balance, together with earmarked reserves that councils are not legally prevented from redirecting to use for another purpose. This is the total of the general fund, earmarked reserves, and schools' balances. It excludes the HRA, Capital receipts and capital grants unapplied.

- Most councils also continued to show significant overspends in some service areas; in many councils, social services were an example of this.
- The pandemic, along with longer-term challenges, means that now more than ever, councils will need to manage budgets effectively and ensure that services or areas of consistent overspends are addressed.

Savings delivery

- Last year we found that most councils delivered the majority of their savings, but very few delivered all of their planned savings in previous years. We found the same pattern over 2020-21, as well as that some councils delivered all of their savings targets, although not as they had planned.
- Savings plans have understandably been affected by the pandemic. Changes in demand for services, workforce re-deployment and other action taken in response to the pandemic are all likely to have had an impact on the achievement of some savings.
- In a number of councils, service areas were still able to deliver their savings targets. Some service areas found it easier to deliver savings because of:
 - additional funding from the Welsh Government;
 - a reduced demand for services during the pandemic and/or;
 - reduced staff costs during the pandemic.
- Delivery of savings is likely to be even more challenging going forward given the scale of the projected funding gaps in some councils in future years, and that the above factors that helped some service areas to deliver savings over 2020-21 are unlikely to be recurring.
- Councils with robust and effective savings planning processes will be better placed to deliver on proposals and fulfil plans within the longer term.

Liquidity¹⁴


- Overall, most councils show a favourable and stable liquidity ratio (the ratio of current assets to its current liabilities) which suggests that those councils are in a good position to meet their current liabilities.
- A few councils show a relatively low liquidity ratio. In itself this is not a particular problem. But if levels of reserves are also relatively low and if savings are not being achieved, taken together this could indicate a lack of resilience.

¹⁴ Liquidity means the ratio of the council's assets to its liabilities



Four steps to help improve councils' financial sustainability

Exhibit 6: four steps to help with councils' financial sustainability

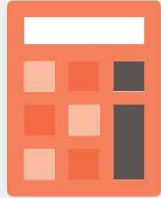
Based on the findings from our local work, together with the themes and challenges reflected on in this paper, the exhibit below summarises some key steps setting out what councils can do to improve financial sustainability.

1	<p>Financial strategies</p> 	<p>Understand short, medium and long-term challenges and clearly set out the overall priorities for the council's finances</p> <ul style="list-style-type: none"> • The Chartered Institute of Public Finance & Accountancy (CIPFA) highlights the uncertainty around public sector funding in the future, urging councils to use a range of data and forecasting work as part of their financial planning over the medium term¹⁵. • A clear and robust financial strategy is important to identify the likely level of funding available to a council, as well as the anticipated level of demand for, and cost of, providing services. • Given the anticipated funding pressures facing all councils, it is important to identify how to respond to those future pressures, and particularly how they will meet projected funding gaps. • Now is more important than ever to have a robust financial strategy that builds a picture of the council's financial situation over the medium to long term including well-evidenced projections around future demand pressures. • Councils should ensure that members are aware of, and understand, where their council's assumptions originate and where the assumptions sit in relation to those made by other councils. • The pandemic has also shown the benefits of building flexibility into financial strategies, and planning for different scenarios. Councillors should be presented with clear choices based on comprehensive and robust information including: <ul style="list-style-type: none"> - the total levels of reserves available to use; - future funding pressures; and - a full range of planning assumptions.
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¹⁵ CIPFA, [Local authorities face a financial reckoning](#), November 2020

2	<p>Reserves</p> 	<p>Plan your approach to, and use of, reserves to ensure that it supports longer-term financial sustainability</p> <ul style="list-style-type: none"> • Healthy levels of usable reserves are an important safety net to support financial sustainability. • As well as being available to meet unexpected funding pressures, usable reserves can also be an important funding source to support ‘invest to save’ initiatives designed to reduce the ongoing cost of providing services or for transformation programmes. • Regularly reviewing the levels of reserves and considering if levels are appropriate will help to set priorities around use of reserves. • Councils should ensure that councillors understand the role of both usable and unusable reserves, and how these link to the overall and longer-term financial strategy for the Council.
3	<p>Performance against budget</p> 	<p>Know what’s realistic for services to achieve and then understand and act on areas of consistent overspends</p> <ul style="list-style-type: none"> • It is important that overspending and underspending are kept under control and that actual expenditure is as close to the levels planned as possible. • A council that is unable to accurately forecast and plan expenditure runs the risk of creating unforeseen financial pressures that may compromise the ability to set a balanced budget. • Significant patterns of underspending may be reducing the ability of a council to deliver its key objectives or meet its statutory responsibilities. • Seek to manage budgets effectively throughout the year, as opposed to one-off budget exercises.

4

Savings delivery

Understand what is realistic for services to deliver on savings or cost reductions and act on areas that do not consistently deliver planned savings

- The ability to identify areas where specific financial savings can be made, and to subsequently make those savings, is a key aspect of ensuring ongoing financial sustainability.
- Where savings plans are not delivered this can result in overspends that require the use of reserves whilst increasing the level of savings required in future years to compensate.
- Where savings plans are not delivered and service areas are required to make unplanned savings, this increases the risk either of savings not being aligned to the Council's priorities, or of 'short-term' solutions that are not sustainable over the medium term.
- Now is more important than ever to get savings plans right, ensure that plans are realistic, and developed in collaboration between councillors, executive management teams and services.

Audit Wales future work on councils' financial sustainability

- For 2021-22, we will continue to monitor the financial position of individual councils through our ongoing audit work.
- Following completion of our audits of 2020-21 accounts we will also publish a financial sustainability data tool, including data on councils' year-end position for 2020-21, and continue to update this annually.
- We may undertake further work at some councils where we identify specific risks.
- We will return to national work in future where we believe the situation merits it and where we could add value.
- We will also consider the possibility of comparing the financial position of local government bodies in Wales with those across the UK as well as potential national work in relation to specific themes.
- In undertaking any potential future work, we will continue to engage with the Society of Welsh Treasurers.



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Financial Sustainability Assessment – Rhondda Cynon Taf County Borough Council

Audit year: 2020-21

Month/Year issued: August 2021

Document reference: 2563A2021-22

This document has been prepared as part of work performed in accordance with section 17 of the Public Audit (Wales) Act 2004 (the 2004 Act) and section 18 of the Local Government (Wales) Measure 2009. It may also inform a study for improving value for money under section 41 of the 2004 Act, and/or an examination undertaken by the Auditor General under section 15 of the Wellbeing of Future Generations Act (Wales) 2015.

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The Council's financial planning has served it well to date, which it can build upon to consider how it manages its budget gap over the medium-term	7
The Council has a healthy level of reserves and uses them to support its financial sustainability	10
The Council has a track record of delivering its services within its overall revenue budget	12
The Council identifies and achieves savings early and builds these into its base budget requirements	13
The Council's liquidity position is less than 1 but the Council does not consider this to be a significant risk as its borrowing is within its capital financing requirement levels	14

What we looked at and why

- 1 We undertook this assessment as financial sustainability continues to be a risk to councils putting in place proper arrangements to secure value for money in the use of resources. In part, this was informed by experiences of some councils in England, our knowledge of the financial situation in councils in Wales, and the general trend of decreasing resources for local government combined with rising demand for some services. We undertook a similar project in 2019-20, before the COVID-19 pandemic.
- 2 Our 2020-21 assessment on councils' financial sustainability was in two phases. Phase 1 was a baseline assessment of the initial impact of COVID-19 on local councils' financial position. Phase 1 drew on: the year-end position for 2019-20; the position at the end of quarter 1 for 2020-21; and projections for quarter 2 for 2020-21. Following Phase 1, in October 2020 we published a national summary report – **Financial Sustainability of Local Government as a result of the COVID-19 Pandemic**¹. We found that councils and the Welsh Government have worked well together to mitigate the impact of the pandemic to date, but the future sustainability of the sector is an ongoing challenge.
- 3 The pandemic has had an immediate and profound effect on public sector finances as a whole and, as a consequence, on councils' financial position. The summary report set a high-level baseline position, including the reserves position of local councils before the pandemic. It also set out the initial financial implications of the pandemic for local councils and the scale of the anticipated challenge going forward.
- 4 This report concludes phase 2 of our financial sustainability assessment work during 2020-21. As part of this we are producing a local report for each of the 22 principal councils in Wales.
- 5 We undertook this assessment February to June 2021.

¹ Audit Wales, [Financial Sustainability of Local Government as a Result of the COVID-19 Pandemic](#), October 2020.

Proposals for improvement

Exhibit 1: proposals for improvement

The table below sets out the proposals for improvement that we have identified following this review.

Proposals for improvement	
Planning assumptions	
P1	The Council needs to be assured that it has contingency plans in place to be able to manage less positive scenarios than it planned for in its medium-term financial planning.
Medium term financial planning	
P2	Discussions are ongoing about the Council's estate, workforce and digital capabilities and these need to be formalised in the Council's financial planning arrangements.

Detailed report

The Council continues to be well placed to manage its financial sustainability

The immediate impact of COVID-19 on the Council's financial sustainability has been assisted by additional Welsh Government funding

This section sets out the impact that COVID-19 has had to date on the Council's financial position and the extent to which this has been mitigated by additional funding from the Welsh Government.

6 We found that:

- the majority of the Council's additional expenditure and income losses as a result of COVID-19 have been covered by Welsh Government funding and so have not destabilised the Council's financial resilience.
- the Council's medium-term financial plan (MTFP), updated in October 2020, assumes that Welsh Government will continue to cover any Covid related expenditure or income losses.
- the Council has taken account of the impact of the pandemic in its budget strategy for 2021-22. For example, it has factored in additional costs in its waste management and public protection services, increased its local NDR scheme and frozen some of its fees and charges. However, it remains reliant on Welsh Government Hardship fund continuing. The Council is very aware that the area has been significantly impacted by the pandemic and that it needs to consider the medium to long term implications in its strategic planning. We expect this to be reflected in its updated MTFP in July 2021.
- as a result of additional Welsh Government funding, the Council has taken the opportunity to make further investments of about £6 million into its capital programme in line with its corporate priorities.

Exhibit 2: Council's figures on the cost of COVID-19 over 2020-21

The table below shows the Council's estimated additional expenditure and lost income over 2020-21 as a result of COVID-19 and how much of this was mitigated by extra funding from the Welsh Government.

The additional amount the Council estimates it will have spent as a result of COVID-19 over 2020-21.	£37 million
The amount of income the Council estimates it will have lost as a result of COVID-19 over 2020-21.	£14 million
The amount of additional funding the Council estimates it will receive from the Welsh Government over 2020-21 to mitigate the impact of COVID-19.	£51 million
The cost to the Council of COVID-19 over 2020-21 after extra funding from the Welsh Government is taken into account.	£2.041 million

The Council's financial planning has served it well to date, which it can build upon to consider how it manages its budget gap over the medium term

Why strategic financial planning is important

- 7 A clear and robust financial strategy is important to identify the likely level of funding available to a council, as well as the anticipated level of demand for, and cost of, providing services. Given the recent and anticipated funding pressures facing all councils it is also important to identify how it intends to respond to those pressures, and particularly how they will meet projected funding gaps.

We found that:

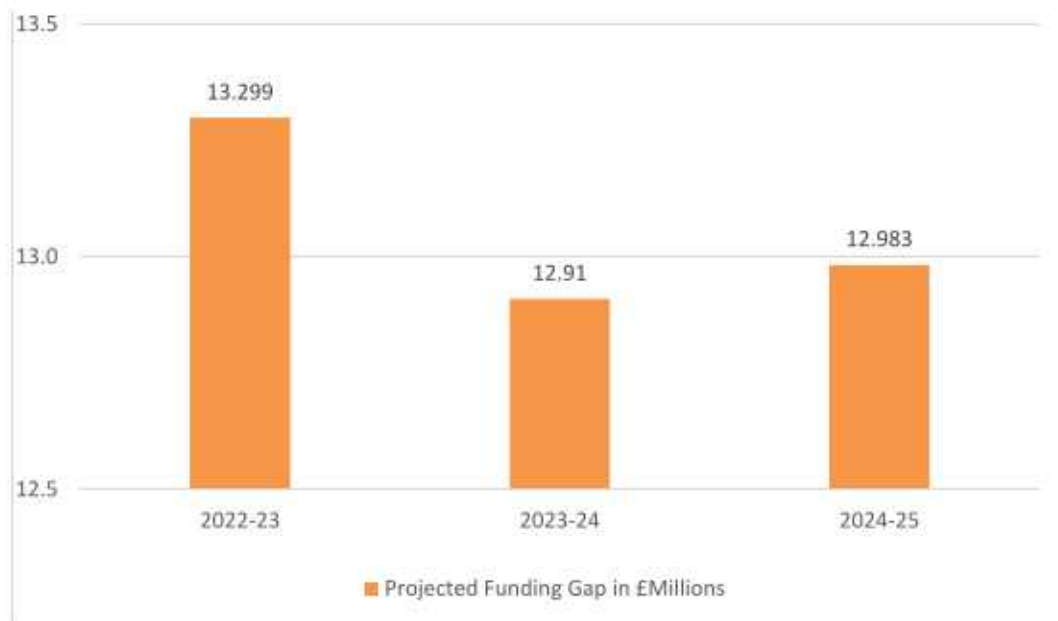
- the Council's approach to its financial planning has served it well to date. It identifies savings early and incorporates these into its base budgets. It has built up a healthy level of reserves.
- the Council reviews its medium-term financial plan (MTFP) annually. An update to the MTFP covering the period 2021-22 to 2024-25 was considered by Cabinet in July 2021. The updated MTFP is due to be considered by Council in September.
- as shown in **Exhibit 3**, the MTFP update in July 2021 identifies that the Council has a total projected funding gap for the three years 2022-23 to

2024-25 of £39.191 million (based on a 3% settlement and 2.65% annual Council Tax increase).

- for 2021-22, the Council has identified efficiencies of £4.6 million, which it has removed from the base budget requirements. After a series of investments agreed as part of the budget for 2021-22, the Council has identified a remaining gap of about £711,000. It intends to use its transition funding to address this gap.
- the Council identifies risks and key demand pressures and reflects its corporate priorities and the sustainability of its services in its financial planning. The Council has identified investment priorities against each of its strategic objectives. Discussions are ongoing about the Council's estate, workforce and digital strategies and we would expect to see these formalised in its financial planning arrangements.
- the Council has set out at a high level how it intends to meet its budget gap over the next three years. This includes its social services transformation programme, continued delivery of efficiency savings, as well as maximising opportunities in areas such as digital and commercialisation.
- whilst the Council has not set out in detail how it will meet the budget gap over the term of the MTFP, it is in a healthy financial position and has a number of options available to it to help it address the gap. The Council has a track record of addressing its previous budget gaps. Consequently, the Council is confident it will be able to manage its budget gap over the medium term. Currently, we do not have any concerns about the Council's financial sustainability.
- the updated MTFP models the budget gap for 2022-23 to 2024-25 against three different revenue support grant scenarios: +2%, +3% and +4%. The updated MTFP also identifies the budget gap if there should be a cash flat (0%) revenue support grant. The Council has modelled its budget gap assuming a 2.65% annual Council Tax increase.
- the Council's final 2021-22 settlement saw an increase of 3.8%, within the range of scenarios it had modelled. Its budget is based on a local government pay freeze with about £1 million provision for increased pay awards for staff on salaries below £24,000. The Council has taken the opportunity to set up an earmarked reserve for pay awards and will need to factor this into its medium-term financial planning.
- historically, the Council's assumptions to date have been realistic. The final settlement for 2021-22 was within the range of assumptions the Council had planned for. We appreciate the levels of uncertainty around assumptions, a 1% difference in the settlement equates to about £3.9 million for the Council. The Council's financial situation is such that it is confident it can cope with fluctuations in settlements in the short-term, but the Council needs to be assured that it has contingency plans in place to be able to manage less positive scenarios than it planned for in its medium-term financial planning.

Exhibit 3: the Council has a total projected funding gap for the three years 2022-23 to 2024-25 of £39.191 million

This graph shows the funding gap that the Council has identified for the following three years.



Source: Medium term financial plan update Cabinet July 2021 (based on a 3% settlement and 2.65% annual Council Tax increase)

The Council has a healthy level of reserves and it uses them to support its financial sustainability

Why sustainable management of reserves is important

- 8 Healthy levels of useable reserves are an important safety net to support financial sustainability. As well as being available to fund unexpected funding pressures, useable reserves can also be an important funding source to support 'invest to save' initiatives designed to reduce the ongoing cost of providing services. Councils that show a pattern of unplanned use of reserves to plug gaps in their revenue budget that result in reductions of reserve balances reduce their resilience to fund unforeseen budget pressures in future years.

We found that:

- in our 2019-20 financial sustainability report, we found that the Council had a reasonable level of useable reserves.
- our more recent review has found that the Council's total useable reserves have increased from £138.9 million in 2016-17 to £171.3 million as at the end of March 2021.
- in February 2020, the Council used £1.5 million from its general fund balance reserves to help it manage the costs of the impact of Storm Dennis. Using its reserves this way demonstrates the Council's willingness and ability to use its reserves to fund unforeseen pressures. This meant that the level of its general fund balances reserves was lower than the £10 million level recommended by the Council's Section 151 Officer. However, the Council has plans in place to replenish this reserve over the course of the next three years.
- the Council has a Medium-Term Financial Planning and Service Transformation Reserve, which it uses as transition funding to support its overall budget strategy. It has increased this reserve during 2020-21 and plans to use £0.711 million from this reserve to help it meet the funding gap in 2021-22, reducing this reserve to about £3.6 million. Again, it is confident that by reviewing its base budget requirement and achieving efficiencies early, it will be able to replenish this reserve during the course of the MTFP.

Exhibit 4: amount of reserves vs annual budget

This exhibit shows the amount of usable reserves the Council had during 2020-21 and the previous four years as a proportion of the net cost of the services the Council delivers.

	2016-17	2017-18	2018-19	2019-20	2020-21
Net Cost of Services in £ millions ²	472.1	477.1	491.5	505.6	505.8
Total Useable Reserves in £ millions ³	138.9	143.5	119.5	119.9	171.3
Total Useable Reserves as a % of net cost of services ⁴	29.4%	30.1%	24.3%	23.7%	33.9%
Comparison with the other councils of Wales	3/22	3/22	6/22	6/22	[2020-21 comparison not yet available]

Sources: statement of accounts

Exhibit 5: total usable reserves as a percentage of net cost of services



Source: Audit Wales analysis

² Value used is the net cost of services charged to the general fund from the Expenditure Funding Analysis, less any Housing Revenue Account cost of services, plus precepts, levies and debt interest. Source: Statement of Accounts.

³ By usable reserves we mean the total general fund balance, together with earmarked reserves that councils are not legally prevented from redirecting to use for another purpose. Source: Statement of Accounts.

⁴ Audit Wales calculation.

The Council has a track record of delivering its services within its overall revenue budget

Why accurately forecasting expenditure is important

- 9 It is important that overspending and underspending are kept under control and that actual expenditure is as close to the levels planned as possible. A council that is unable to accurately forecast and plan expenditure runs the risk of creating unforeseen financial pressures that may compromise the ability to set a balanced budget. Significant patterns of underspending may be reducing the ability of a council to deliver its key objectives or meet its statutory responsibilities.

We found that:

- the Council continues to have a good track record of financial management and generally delivers its services within agreed budgets.
- the Council's draft outturn position for 2020-21 forecasts an overspend of £0.204 million against its revenue budget. This is after the Council has transferred funds to reserves. The Council has delivered a revenue surplus of about £52.2 million, which it has transferred into its useable revenue reserves. Like other councils, it received significant additional funding from Welsh Government at the end of the financial year. The Council has subsequently increased its level of useable reserves by over £60 million in 2020-21. This includes both capital and revenue.
- there are overspends in some key services: £2.464 million in its safeguarding and support services for children and about £1.3 million overspend in adult services. There is also a £0.602 million overspend in waste services. The Council understands the causes of these overspends and highlights the ongoing budget pressures in adults and children services in its quarter 4 budget report and updated MTFP in July. The Council's corporate risk register sets out mitigating actions for managing its adult and social services.

Exhibit 6: amount of overspend/underspend relative to total net revenue budget

The following exhibit shows the amount of overspend or underspend for the Council's overall net revenue budget for the last four years and the year to date as at end of December 2020.

	2016-17	2017-18	2018-19	2019-20	2020-21
Original Net revenue budget £ millions	454.8	458.9	471.6	483.5	508.7
Reported Revenue Outturn	454.6	458.9	471.8	483.8	509.0
Transfers (to)/from reserves	(5.9)	(0.8)	24.7	(0.5)	(52.2)
Amount of overall (surplus)/overspend	(-6.1)	(0.8)	24.9	(0.2)	(52.0)
Percentage difference from net revenue budget	-1.3%	-0.2%	5.3%	-0.0%	-10.2

Source: statement of accounts for 2016-17 – 2019-20 and draft outturn report for 2020-21

The Council identifies and achieves savings early and builds these into its base budget requirements

Why the ability to identify and deliver savings plans is important

- 10 The ability to identify areas where specific financial savings can be made, and to subsequently make those savings, is a key aspect of ensuring ongoing financial sustainability against a backdrop of increasing financial pressures. Where savings plans are not delivered this can result in overspends that require the use of limited reserves whilst increasing the level of savings required in future years to compensate for this. Where savings plans are not delivered and service areas are required to make unplanned savings, this increases the risk either of savings not being aligned to the Council's priorities, or of 'short-term' solutions that are not sustainable over the medium term.

We found that:

- the Council has continued to identify savings early and to only incorporate these into its base budget requirements when they have been secured. This approach has been effective to date and the Council has been able to achieve significant levels of savings and to maintain a healthy level of reserves.
- the Council's 2021-22 budget strategy states that the Council has identified £4.6 million of efficiencies which it has taken out of the base budget requirement for 2021-22.
- since 2017-18, the Council has identified about £42 million efficiencies, which it has taken out of base budget requirements.
- in this budget report, the Council's Section 151 officer highlighted the challenge of continuing to deliver significant efficiencies without impacting

front-line services. However, it is evident that the Council's priority remains to protect its front-line services and that it will continue to explore alternative efficiencies.

The Council's liquidity position is less than 1 but the Council does not consider this to be a significant risk as its borrowing is within its capital financing requirement levels

Why the Council's liquidity position is important

- 11 Why gauging current assets to current liabilities (liquidity) is important:
- an indicator of how a council manages its short-term finances.
 - while it is commonly used to examine whether organisations are able to pay their debts in the short term, this is unlikely to be a risk for councils given their ability to take short-term borrowing. It does also, however, act as an indicator of how a council manages its short-term finances.
 - councils with low liquidity ratios should ensure they have arrangements in place to meet their liabilities.
 - there may be additional costs for councils that rely on short-term borrowing to pay debts.
 - councils with very high liquidity ratios should consider whether they are managing their current assets in the most effective way.

We found that:

- at the end of 2019-20, the Council had a liquidity ratio of 0.8, which has declined from 0.9 in 2015-16. The Council's liquidity ratio for 2020-21 is a slightly improved position, but the trend analysis in **Exhibit 7** below shows that the ratio has always been less than 1.
- a liquidity ratio of below 1 means that the value of its current assets is less than its current liabilities.
- the Council do not consider its liquidity ratio to be a significant risk, which is consistent with its Treasury Management strategy, and it has not experienced any liquidity issues. Its borrowing is below its capital financing requirement level and within its prudential borrowing limits.

Exhibit 7: working capital ratio 2015-16 to 2020-21

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Current Assets ⁵	90.3m	73.0m	79.7m	107.7m	130.4m	164.4m
Current Liabilities ⁶	104.9m	139.5m	174m	193.5m	171m	167.7m
Working Capital Ratio	0.9	0.5	0.5	0.6	0.8	0.98

Sources: Statement of Accounts and draft outturn July report for 2020-21

⁵ Current Assets includes: Short Term Investments; Assets held for sale; Inventories; Short Term Debtors; and Cash and equivalent.

⁶ Current Liabilities, includes Short Term Borrowing; Short Term Creditors; and Provisions due in one year.



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Audit Wales Work Programme and Timetable – Rhondda Cynon Taf County Borough Council

Quarterly Update: 30 September 2021

Financial Audit work

Description	Scope	Timetable	Status
Audit of the Council’s 2020-21 statement of accounts	To confirm whether the statement of accounts provide a true and fair view.	September 21	Reported to Council on 29 September 2021 to be signed by the Auditor General for Wales (AGW) on 5/10/21
Grant Certification	Certification of returns for various grants and subsidies for various bodies including: <ul style="list-style-type: none"> • Department of Work and Pensions • Teachers Pensions Authority • Non-Domestic Rate Pool • Cwm Taf and LA’s involved in Pooled Budgets 	October 21 – Jan 22	Not yet started

Performance Audit work

2020-21 Performance Audit Work	Scope	Timetable	Status
Financial Sustainability	A project common to all local councils that will assess financial sustainability in light of current and anticipated future challenges building on work undertaken during 2019-20.	Spring/Summer 2021	Final local report issued to the Council in August 2021 National Summary Report published September 2021
Review relating to the Cwm Taf Morgannwg health partnership	A review (covering RCT, Bridgend and Merthyr Tydfil councils and Cwm Taf Morgannwg University Health Board) to gain assurance that the health board and the three councils are working together effectively through the aegis of the Transformation Leadership Programme Board to support regional integrated working across the Cwm Taf Morgannwg region.	October/December 2021	Scope agreed with the Council. Fieldwork to be arranged for autumn 2021
Annual Audit Summary	Annual report summarising the performance and financial audit work undertaken in 2020-21 which also includes a summary of the key findings from reports issued by 'relevant regulators'. Also now combined with the Annual Audit Letter	November/December 2021	Not yet started

2021-22 Performance audit work	Scope	Timetable	Status

<p>Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations</p>	<p>We will seek to integrate the delivery of our WFG examinations of steps to deliver wellbeing objectives with our other audit work. We will discuss this with the council as we scope and deliver the audit projects listed in this plan.</p>	<p>N/A</p>	<p>N/A</p>
<p>Improvement reporting audit</p>	<p>Audit of discharge of duty to publish an assessment of performance.</p>	<p>October/November 2021</p>	<p>Not yet started</p>
<p>Assurance and Risk Assessment</p>	<p>Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources.</p> <p>At the Council the project is likely to focus on:</p> <ul style="list-style-type: none"> • financial position • self-assessment arrangements • recovery planning • implications of the Local Government and Elections (Wales) Act • carbon reduction plans 	<p>April 2021-March 2022</p>	<p>Underway</p>
<p>Springing Forward – Examining the building blocks for a sustainable future</p>	<p>As the world moves forward, learning from the global pandemic, this review looks at how effectively councils are strengthening their ability to transform, adapt and maintain the delivery of services, including those</p>	<p>Planned for Autumn 2021 onwards – to be confirmed following scoping.</p>	<p>Project scoping</p>

	delivered in partnership with key stakeholders and communities.		
Digital review	Project to understand the Council's progress and plans around its digital agenda.	September 2021- March 2022	Underway Meeting Director of Finance and Digital services, and Head of ICT monthly.
Review to be determined	Ongoing discussions with the Council about the topic of review.	TBC	Not yet started
Annual Audit Summary	Annual report summarising the performance and financial audit work undertaken in 2020-21 which also includes a summary of the key findings from reports issued by 'relevant regulators'. Also now combined with the Annual Audit Letter	December 2022	Not yet started

Local government national studies planned / in progress

Study	Scope	Timetable	Status	Fieldwork planned at RCT Council
Direct Payments	Review of how local authorities manage and promote the use of Direct payments	Publication Winter 2021-22	Drawing conclusions mid October, drafting and publication early 2022	No – work being delivered via Direct Payment Forum and a selection of follow up interviews

Emergency Services	Review of how well emergency services (blue light) collaborate	Publication winter 2021-22	Drafting report	No
Follow up on People Sleeping Rough	Review of how local authorities responded to the needs of people sleeping rough during the pandemic following up on the AGWs report of July 2020	TBC	Project set up	No – work being delivered via Homelessness and Supporting People Forum
Poverty	Understanding how local authorities ensure they deliver their services to minimise or reduce poverty.	TBC	Project brief issued and contacts at councils being collated	TBC
Social Enterprises	Review of how local authorities are supporting and utilising social enterprises to deliver services	TBC	Project brief issued and contacts at councils being collated	TBC
Community Resilience	Review of how local authorities can build greater resilience in communities	TBC	Project brief issued and contacts at councils being collated	TBC

Estyn

Estyn planned work 2021-22	Scope	Timetable	Status
Local Government Education Services Inspections	Estyn have worked closely with Directors of Education to review their inspection guidance for local government education services to reflect the experiences of the pandemic. The updated guidance (published on 1 July) will be piloted on the first inspection and feedback will be sought on whether any further refinements need to be made.	LGES inspections to resume from late Autumn term	N/A
Curriculum Reform thematic review	Regional consortia and local authority support for curriculum reform.	Evidence collecting in Sept/Oct - publish in early February	N/A

Care Inspectorate Wales (CIW)

CIW planned work 2021-22	Scope	Timetable	Status
Assurance	CIW will be completing its work on Assurance Checks including publication of a national overview report.	Anticipated publication date of overview report - end of October 2021	Assurance checks completed. Drafting the national overview report
National review	Support for disabled children and their families.	Anticipated publication date of overview report - end of November 2021	Review completed. Drafting the national overview report
Follow-up	CIW will be following up on areas for improvement identified in the Assurance Checks or through risk-based inspection activity with individual local authorities where necessary.	December 2021	Annual Director's meetings currently being scheduled
Inspection	Risk based inspection activity will continue where required.	tbc	Planning programme of inspection and review activity

Audit Wales national reports and other outputs published since 1 April 2021

Report title	Publication date and link to report
Financial Sustainability of Local Government	September 2021
NHS summarised accounts infographic	September 2021
Picture of Public Services ¹	September 2021
Town Centre Regeneration	September 2021
Student finances	August 2021
NHS finances data-tool 2020-21	June 2021
Rollout of the COVID-19 vaccination programme in Wales	June 2021
Quality governance arrangements at Cwm Taf UHB – follow up	May 2021
Welsh Health Specialised Services Committee governance arrangements	May 2021
At your Discretion - Local Government Discretionary Services	April 2021
Procuring and Supplying PPE for the COVID-19 Pandemic	April 2021

Audit Wales National reports and other outputs due to be published during 2021-22 (and other work in progress/planned)²

¹ Main report published 15 September. To be followed over the following four to six weeks by short sector commentaries: A picture of local government, A picture of healthcare, A picture of social care, A picture of schools, A picture of higher and further education.

² We will continue to keep our plans under constant review, taking account of the evolving external environment, our audit priorities, the context of our own resourcing and the capacity of audited bodies to

Title	Anticipated publication date
Supporting NHS staff well-being	October 2021
Warm Homes Programme	November 2021
Care home commissioning	November 2021
Welsh Government accounts commentary	November 2021
Unscheduled care – data tool and commentary	By end of 2021
Collaborative arrangements for managing local public health resources	By end of 2021
NHS waiting times data-tool and planned care commentary	By end of 2021
Welsh Government setting of well-being objectives	By end of 2021
Welsh Government workforce	By end of 2021
Orthopaedic services	By end of 2021
Curriculum reform	Spring 2022
Equality impact assessment	Spring 2022
Climate change – baseline review	Spring/summer 2022

engage with us. This includes maintaining some flexibility so that we can respond to developments in Welsh Government policy and areas of possible interest for a new Public Accounts Committee following the Senedd elections.

COVID response & recovery / Welsh Government grants management	TBC
NHS structured assessment 2021 summary commentary	TBC
Affordable housing	TBC
Broadband infrastructure	TBC
Flood risk management	TBC

Forthcoming Good Practice Exchange events and publications

Title	Anticipated publication/event date
Post event resources including session recordings for both the Part 2 Your Town Your Future town centre regeneration event and the Future Workplace lunch and learn session with Dr Luci Attala and Hywel Dda UHB	Early October 2021
Transatlantic Conversations, Wales and Nova Scotia – discussing Housing	28 October 2021 (3pm)
Organisational Resilience	December 2021 (date tbc)

<p>GOVERNANCE AND AUDIT COMMITTEE</p> <p>9th November 2021</p>	<p>AGENDA ITEM NO. 4</p>
<p>REPORT OF THE DIRECTOR OF FINANCE AND DIGITAL SERVICES</p>	<p>GOVERNANCE AND AUDIT COMMITTEE – STRATEGIC RISK REGISTER UPDATE</p>

Authors: Paul Griffiths (Service Director – Finance and Improvement Services)

1. PURPOSE OF THE REPORT

1.1 The purpose of this report is to present the Council’s updated Strategic Risk Register for 2021/22 in line with the Governance and Audit Committee’s Terms of Reference.

2. RECOMMENDATIONS

It is recommended that Members:

2.1 Consider the updated Strategic Risk Register for 2021/22 (**Appendix 1**) and seek assurance, where required, on the arrangements in place.

2.2 Agree to receive Strategic Risk updates in line with the Committee’s Workplan and Terms of Reference.

3. REASONS FOR RECOMMENDATIONS

3.1 To ensure the Governance and Audit Committee is kept up-to-date with the Council’s risk profile and monitors the effectiveness of risk management arrangements in place.

4. BACKGROUND INFORMATION

4.1 The Governance and Audit Committee’s Terms of Reference states its Statement of Purpose is:

The Governance and Audit Committee is a key component of Rhondda Cynon Taf County Borough Council's corporate governance. It provides independent and high level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

The purpose of the Governance and Audit Committee is to provide independent assurance to the Members of Rhondda Cynon Taf County Borough Council of the adequacy of the risk management framework and the internal control environment. It provides independent review of Rhondda Cynon Taf County Borough Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

- 4.2 In addition, Section C of the Committee's Terms of Reference goes on to identify the following responsibility in respect of the Council's Risk Management arrangements:

Review, scrutinise and issue reports and recommendations on the appropriateness of the Authority's risk management, internal control and corporate governance arrangements, and providing the opportunity for direct discussion with the auditor(s) on these.

- 4.3 In line with the Terms of Reference and the CIPFA publication 'Audit Committees – Practical Guidance Note for Local Authorities & Police, 2018 Edition', a range of information is reported to the Governance and Audit Committee to enable the effective discharge of its risk management responsibilities, as set out in Table 1.

Table 1 – Risk Management related information reported to the Governance and Audit Committee

CIPFA Practical Guidance	Information Reported to the Governance and Audit Committee
Having assurance over the governance of risk, including leadership, integration of risk management into wider governance arrangements and the top-level ownership and accountability for risks	<ul style="list-style-type: none"> • The Governance and Audit Committee reviews and oversees the Council's Risk Management Strategy, providing support and challenge. Where the Committee determines changes are required, it approves / recommends updates to the Strategy. • Operational risk management arrangements across the Council have independent oversight through its inclusion within the Internal Audit - Audit Plan, the results of which are reported to the Governance and Audit Committee. • The Governance and Audit Committee considers and comments on the Council's and Pension Fund draft certified Statement of Accounts (SoAs)¹ and

¹ Draft certified Statement of Accounts – the Governance and Audit Committee also considers the draft certified Statement of Accounts for the Central South Consortium Joint Education Services Joint Committee and the Annual

	receives an update from Audit Wales on key issues identified from the external audit of the closure of accounts process prior to a final audited SoAs being
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Return for Llwydcoed Crematorium Joint Committee at the same time as considering the Council's and Pension Fund Statement of Accounts

CIPFA Practical Guidance	Information Reported to the Governance and Audit Committee
Having assurance over the governance of risk, including leadership, integration of risk management into wider governance arrangements and the top level ownership and accountability for risks (CONTINUED)	<p>reported to full Council. Following completion of the audit process, areas for improvement identified by Audit Wales for the Council to address are reported to the Governance and Audit Committee (alongside an update from the Council on how it intends to address the areas for improvement).</p> <ul style="list-style-type: none"> • The Governance and Audit Committee reviews and agrees a recommended version of the Council's Annual Governance Statement (AGS) for inclusion within the Council's SoAs. • The Governance and Audit Committee considers half yearly updates on the progress the Council is making to implement recommendations made within the AGS.
Keeping up to date with the risk profile and the effectiveness of risk management actions	<ul style="list-style-type: none"> • The Governance and Audit Committee receives Strategic Risk updates from designated Lead Officers (for example, delivery of the 21st Century School Programme and Workforce Planning) to ensure the Committee has visibility of the Council's Strategic Risks, the <u>arrangements</u> in place to manage them and enable direct discussion with the relevant officers. • The Governance and Audit Committee receives updates in respect of: <ul style="list-style-type: none"> ○ The conclusions of individual audit assignments undertaken by Internal Audit (to enable the Committee to form an opinion on the standard of internal control in operation across the Council) and the option to receive more detailed information where further assurance is required; ○ Counter fraud updates; ○ Anti-fraud, bribery and corruption and whistle-blowing annual reports; and ○ The Head of Internal Audit Annual Report.
Monitoring the effectiveness of risk management arrangements and supporting the development and embedding of good practice in risk management.	<ul style="list-style-type: none"> • The Governance and Audit Committee receives Audit Wales reports on the Council's governance arrangements that include recommendations for improvement accompanied by the actions the Council is taking to address the recommendations. This enables the Committee to form a view on the extent of progress the Council is making to implement the recommendations. • The Governance and Audit Committee utilises the provision of 'Follow-up Reviews' where the standard of internal control on individual audit assignments is deemed to be insufficient, demonstrating the Committee's recognition of risk and taking pro-active steps to support improvement where deemed appropriate to do so.

4.4 Members will also be aware that:

- The Finance and Performance Scrutiny Committee has responsibility for reviewing and scrutinising the Council's Strategic Risk Register as part of quarterly Performance Reports (and in doing so integrates strategic risk monitoring with Corporate Plan priority reporting); and
- In line with the Local Government and Elections (Wales) Act 2021, the Governance and Audit Committee has responsibility for considering the Council's Annual Performance Self-Assessment

and Independent Panel Performance Assessment, with effect from the 2021/22 financial year.

5. STRATEGIC RISK REGISTER 2021/22

5.1 The Council's Strategic Risk Register has been reviewed and updated to take account of the changing internal and external operating environment and signed off by the Senior Leadership Team. In terms of reporting arrangements, as Members will be aware, Strategic Risk Register updates form part of the Council's quarterly Performance Reports that are presented to Cabinet and thereafter scrutinised by the Finance and Performance Scrutiny Committee.

5.2 For the Committee's information, revisions incorporated into the 2021/22 Strategic Risk Register as part of the review and update process were:

- Updating risk descriptions to ensure they continue to be focussed on the key areas of risk to be managed by the Council, for example, the on-going implications of Covid-19; workforce health and well-being and recruitment and retention; increasing pressures within demand led services; and imminent national reforms in respect of the education curriculum and additional learning needs;
- The removal of the specific Brexit related risk, with this area being incorporated within an existing risk associated with the Council's overall recovery arrangements from the Covid-19 pandemic; and
- A new risk in respect of the physical impacts of climate change as a result of the likelihood of increased frequency of extreme weather events.

5.3 The latest Strategic Risk Register position statement, as included within the Council's Quarter 1 Performance Report, is set out at Appendix 1.

5.4 In line with the Governance and Audit Committee's Terms of Reference, Members are requested to:

- Consider the Strategic Risk Register and seek assurance, where required, on the arrangements in place; and
- Agree to receive Strategic Risk updates in line with the Committee's Workplan and Terms of Reference.

6. EQUALITY AND DIVERSITY IMPLICATIONS AND SOCIO-ECONOMIC DUTY

6.1 There are no equality and diversity or socio-economic duty implications as a result of the recommendations set out in the report.

7. CONSULTATION

7.1 There are no consultation implications as a result of the recommendations set out in the report.

8. FINANCIAL IMPLICATION(S)

8.1 There are no financial implications as a result of the recommendations set out in the report.

9. LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

9.1 The Council's risk management arrangements satisfies the requirements placed upon it as set out within:

- Accounts and Audit (Wales) Regulations 2018 (regulation 4);
- CIPFA/SOLACE Delivering Good Governance in Local Government – Core Principle F - Managing risks and performance through robust internal control and strong public financial management; and
- Well-being of Future Generations (Wales) Act 2015.

10. LINKS TO CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT.

THE COUNCIL'S CORPORATE PLAN PRIORITIES

10.1 The work of the Council's Governance and Audit Committee aims to support the delivery of the priorities contained within the Council's Corporate Plan 2020-2024 'Making a Difference', in particular 'Living Within Our Means' through ensuring that appropriate governance arrangements are in place to effectively manage resources.

WELL-BEING OF FUTURE GENERATIONS ACT

10.2 The Sustainable Development Principles, in particular Prevention, can be applied to the systematic reviews undertaken in order to provide assurance that risks to the achievement of objectives are being managed.

11. CONCLUSION

- 11.1 The Governance and Audit Committee plays a key role in supporting and challenging the Council's risk management arrangements and providing on-going independent assurance around the adequacy of those arrangements.
- 11.2 The on-going reporting of strategic risk updates to the Governance and Audit Committee, alongside other risk management related information, will ensure the Committee continues to effectively discharge its responsibilities as set out within the Terms of Reference.

Other Information:-

Relevant Scrutiny Committee
Not applicable.

Contact Officer – Paul Griffiths

LOCAL GOVERNMENT ACT 1972

AS AMENDED BY

THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

GOVERNANCE AND AUDIT COMMITTEE

9th November 2021

**GOVERNANCE AND AUDIT COMMITTEE – STRATEGIC RISK REGISTER
UPDATE**

REPORT OF THE DIRECTOR OF FINANCE AND DIGITAL SERVICES

Author: Paul Griffiths (Service Director – Finance and Improvement Services)

Item: 4

Background Papers

None.

Officer to contact: Paul Griffiths.

Strategic Risk Register Reference	ALIGNMENT WITH CORPORATE PLAN	RESPONSIBLE OFFICER	RISK DESCRIPTION	CONTROLS & ACTIONS	Risk Rating QTR 1 2021/22			QTR 1 UPDATE 2021/22
					I	L	RATING	
1	LIVING WITHIN OUR MEANS	Barrie Davies	If the Council does not ensure that the investment and financial planning decisions are aimed at long term stability and sustainability (taking account of the impact of the Covid-19 pandemic), then it will be unable to deliver effective services to residents and businesses within the County Borough.	<p>CONTROLS</p> <ul style="list-style-type: none"> Decision making arrangements need to demonstrate links with the Council's Corporate Plan priorities (that are themselves aligned to the Well-being of Future Generations Act); Investment and financial planning decisions are subject to Cabinet approval and where appropriate pre-scrutiny; and A requirement for the Council to forecast its revenue budget over the medium term and set a rolling three year Capital Programme. <p>ACTIONS</p> <ul style="list-style-type: none"> Budget holders and Finance / Performance officers working together to ensure: <ul style="list-style-type: none"> Robust and deliverable annual revenue budgets and 3 year capital programme are set taking into account Corporate Plan priorities. An on-going programme of work to identify and assess budget saving options, and effective and timely implementation arrangements for those that are agreed In year operational performance results are in line with targets and the agreed capital / revenue resources and additional investment funding approved. The Council's year-end Statement of Accounts (SoA) receive an unqualified opinion (i.e. clean bill of health) and General Balances are at (or planned to be at) an appropriate level as determined by the Responsible Finance Office i.e. a minimum of £10M. The public reporting of financial and operational performance information during the year to enable results to be scrutinised and designated elected members and officers held to account; and Applying a medium term financial planning approach to service planning to enable the Council to effectively plan future service delivery taking into account a range of possible funding level scenarios. 	5	4	20	<p>ORIGINAL RISK RATING: 5x4=20</p> <p>During quarter 1:</p> <ul style="list-style-type: none"> The necessary work was undertaken to prepare the Council and Pension Fund draft Statement of Accounts for 2020/21, ensuring that Audit Wales were kept informed of the Council's progress and plans. The draft Statements of Account were certified by the Director of Finance and Digital Services (Section 151 Officer) on 2nd July 2021, in line with planned timescales and also within Welsh Government's expectation for completion of the certification process as a result of the on-going impact of Covid-19 (i.e. by 31st August). The application of robust budget monitoring arrangements, supported by Service and Finance Officers working closely together, to: compile the first full year revenue budget projection for the 2021/22 financial year (a £0.415M overspend, projected at 30th June 2021, against a total budget of £528.3M); identify and claim via the Welsh Government Covid-19 Hardship Fund for all additional costs / income losses incurred by the Council as a direct result of the Covid-19 pandemic (£8.6M during quarter 1); and commencing the early identification of efficiency savings for the 2022/23 financial year. Significant work undertaken to refresh the Council's Medium Term Financial Plan and for an updated document to be reported to Cabinet in July 2021 and Council in September 2021. <p>The focus for Quarter 2 will be progressing the external audit of the Statements of Account; the continuation of robust budget monitoring arrangements and submission of additional expenditure and loss of income claims to the Welsh Government Covid-19 Hardship Fund; on-going support to key service projects; reporting and publication of an updated Medium Term Financial Plan; and progressing work with services to identify efficiency saving proposals to support the 2022/23 budget setting process.</p> <p>No change to risk ratings.</p>
2	PEOPLE	Annabel Lloyd	If the priorities for Children's Services (CIN, CPR & CLA) are not managed effectively, together with staff recruitment and retention, then the ability of the Council to effectively support vulnerable children and families and meet the requirements of the Social Services & Wellbeing (Wales) Act may be compromised.	<p>CONTROLS</p> <ul style="list-style-type: none"> Management priorities : Demand and key features of safe practice are monitored through Children Services Management Team via their bi monthly performance and quality assurance meetings and as part of the Quality Assurance and Learning Framework. Dip sampling and further evaluation or remedial work is carried out in response to early alert of a problem. Recruitment and Retention - A workforce strategy and steering group has been established to address the wider issues in relation to attraction, skills, workforce planning, staff engagement and staff well-being. <p>ACTIONS</p> <ul style="list-style-type: none"> CLA - Following evaluation, an updated Children Looked After Prevention Strategy is in place. The action plan will monitor next steps in developing services and practice that safely prevent looked after numbers. The work under this strategy will maintain systems that challenge decision making at relevant points in process, auditing, monitoring and analysis trends. CP - the quality assurance group have a plan of auditing relevant aspects of practice and decision making by exception Recruitment and Retention - an attraction campaign is in development with a revised website. A pay review has been carried out. Work is in track with agency supplier to provide short term capacity. Two social worker qualification schemes are in place, with increased spaces available this year. 	5	3	15	<p>ORIGINAL RISK RATING: 5x3=15.</p> <p>There have been no changes to the risk rating in quarter 1. The vacancy rate is unchanged and agency supply of suitably qualified social workers is constrained. Competition with other LAs with similar challenges is an issue. Demand for statutory children's services has continued to rise - 10% in year.</p>
3	PEOPLE	Neil Elliott	The changing demographics, uncertainty around on-going external funding, adult social care market pressures, staff recruitment and retention and the potential increase in demand to social services may impact on the ability of the Council to safeguard its vulnerable adults and keep citizens independent for longer. If we do not continue to modernise health and social care services through integrated commissioning and delivery arrangements, there is risk that cost pressures will increase in relation to meeting social care assessed need and outcomes for vulnerable adults do not improve.	<p>CONTROLS</p> <ol style="list-style-type: none"> Multi-agency working in place at a Leadership level through the Cwm Taf Morgannwg Regional Partnership Board and Regional Transformation Groups to oversee delivery of agreed priorities. Current priorities and future strategic intentions for Health and Social Care system identified through Market Position Statements and Commissioning Strategies and regional and local service delivery plans Performance processes in place to provide quality assurance and service improvement across social service system, including contract management oversight and support for the local care market. Escalating Concerns Policy in place to direct action in the event of provider difficulty Regional Social Workforce Development Management Board in place to oversee training and development activity, including development and implementation of Annual social workforce development plan to target funding on key priorities <p>ACTIONS</p> <ol style="list-style-type: none"> Review and redesign work being undertaken to prepare new Regional Care Home Market position statement, Support @Home commissioning intent and Learning Disability commissioning intent and set out the Council's and Regions updated plans and priorities for future delivery of care services. Review and redesign of local integrated community and hospital models underway as part of the agreed Regional Urgent Care Improvement priorities Working with Health to complete redesign of Community mental health services to provide responsive access and effective mental health support Continue to deliver Learning Disability Transformation Programme, including redesign of day services offer Review being undertaken to prepare regional and local sustainability plan to address the financial challenge and transformation work being undertaken on service delivery. Social Care Pay Review underway and Adult Services workforce plan with related activities to support recruitment, retention and succession planning is in development. 	5	3	15	<p>ORIGINAL RISK RATING: 5x3=15</p> <p>Across Adult Services, Quarter 1 has been dominated by our continued response to and recovery from Covid-19. Our priorities have focused on:</p> <ul style="list-style-type: none"> supporting and safeguarding our most vulnerable people and their carers to stay safe and well in the community working with partners to support timely and safe discharge from hospital supporting our care providers to deliver quality and safe services and to respond to COVID-19 risks Reopening more services safely on phased basis as Covid-19 restrictions ease. <p>Notwithstanding this, there continues to be some temporary disruption to services while we continue to prioritise care and support offers, as demand increases, based on assessed need and risk. Workloads remain high and caseloads are becoming increasingly more complex. There is a waiting list of cases awaiting allocation in some areas, and some delays accessing some services. All our care and support services are under regular review with the aim of ensuring people receive the care and support based on their assessed need and risk. During Quarter 1, we have commenced work with partners to review the current regional care home market position statement and develop alternatives approaches to delivering more integrated health and social care provision across community and hospital services, to ensure that going forward that the right services are in place to meet changing needs and services pressures resulting from the Covid-19 pandemic and demographic changes. With regard to the workforce, we consulted with social work qualified staff regarding new pay proposals as part of our ongoing work to improve recruitment and retention.</p>
6	LIVING WITHIN OUR MEANS	Tim Jones	If the Council does not manage its information assets in accordance with requirements set down within legislation then it may be faced with financial penalties and possible sanctions that hinder service delivery.	<p>CONTROLS</p> <ul style="list-style-type: none"> Governance Structures are in place and the Council has a designated SIRO. Policies and Procedures are in place. Designated team in place that provides on-going training and also undertake investigations that involve potential breaches. External Reviews & Accreditation e.g. PSN, PCI, AUDIT WALES. <p>ACTIONS</p> <ul style="list-style-type: none"> Continue to review technology measures and update as necessary. Continue to investigate and report potential events/incidents. Continue with external reviews and maintain accreditations for PSN/PCI. Deliver risk-based training / regular communication, face to face and via e-learning, staffing bulletins, global emails. 	5	2	10	<p>ORIGINAL RISK RATING: 4x3=12</p> <p>The Information Management Team continues to provide specialist advice, information and support to Services during the quarter, ensuring that any new or change to business processes as a result of the COVID-19 pandemic and alternative working arrangements are GDPR compliant - thus minimising the risk of a personal data breach and enforcement action by the Information Commissioner. Operationally a key focus remains to support incident response and investigation.</p> <p>Cyber Security communications have been increased following reports of external attacks to government, local authorities and Schools. The Council is continuing with its proactive approach to mitigate risk around cyber security. Key deliverables during the quarter include:</p> <ul style="list-style-type: none"> PSN Accreditation achieved Cyber Essentials Accreditation preparation underway for completion Schools Cyber Readiness assessment in progress Cyber Security controls for backup/recovery and ransomware attacks deployed to corporate users <p>No change to the risk ratings at this stage.</p>

Strategic Risk Register Reference	ALIGNMENT WITH CORPORATE PLAN	RESPONSIBLE OFFICER	RISK DESCRIPTION	CONTROLS & ACTIONS	Risk Rating QTR 1 2021/22			QTR 1 UPDATE 2021/22
					I	L	RATING	
11	PROSPERITY	Simon Gale	If projects aimed at regenerating the local communities through the Council's investment programme are not planned, procured and managed effectively by the Council, then delivery could be severely compromised and the benefits lost.	<p>CONTROLS and ACTIONS</p> <p>Robust service delivery arrangements and governance structures are in place to ensure the successful delivery of key strategic regeneration projects. This includes:</p> <ul style="list-style-type: none"> Developing effective business cases for individual projects to ensure they are viable and cost effective. Involving stakeholders to support the delivery of key interventions from across the Council, other public Bodies, Welsh Government and the private sector. Establishing project boards responsible for overseeing the delivery of individual projects. A Project Protocol which is made available for project development and implementation that identifies the mechanisms needed to structure successful project delivery. Update reports considered by SLT and the Council's Cabinet <p>ACTIONS</p> <ul style="list-style-type: none"> To ensure that all projects adhere to the project protocol procedures the completion of which is overseen by Officers from Regeneration and Finance. To ensure that all such funding bids are compliant with funding terms and conditions. 	4	3	12	<p>ORIGINAL RISK RATING: 4x3=12</p> <p>Rating lowered from the previous quarter. It was necessary to upgrade the risk rating at the height of the coronavirus pandemic and the real risk it presented to the ability to deliver schemes on time and on budget through contractors ability to work through lockdowns and periods of self isolation and the impacts on supply chains. Nevertheless, the Prosperity and Development Service has continued to deliver/co-ordinate the largest economic investment programme in the Council's history. Despite the coronavirus lockdown, and through working closely with our contractors, significant progress has still been made on the delivery of key regeneration projects as set out in the Service's delivery plan although there have been some inevitable delays. This includes the redevelopment of Taff Vale, the development of light industrial business units at Robertstown and Coed Ely, and the delivery of the objectives set out in the Council's five strategic opportunity areas and town centre masterplans. All projects and programmes have established robust service delivery arrangements and governance structures, which is ensuring the successful management of these schemes. As such, the risk level for ongoing schemes such as the Pontypridd Bingo Hall and Porth Transport Hub has been returned to its original level. In addition, there remains some uncertainty around how previous European Funds which helped support a number of previous regeneration projects in RCT will be replaced - being able to access support from the UK Levelling Up Fund and future UK Government Funds will have an impact on the level of capital available to deliver future regeneration projects (with further updates reported during the year).</p>
13	PEOPLE	Paul Mee	If the resources the Council has available are reduced or not targeted in a coherent way that meets need, then the ability to tackle the root causes of poverty and help build sustainable and resilient communities through an early intervention and preventative approach may be compromised thereby creating greater pressure on statutory services, and thereby reducing the impact on wellbeing priorities.	<p>CONTROLS</p> <p>The following controls have been put in place to manage risk:</p> <ul style="list-style-type: none"> Designated team in place to manage risk. Regular monitoring of tackling poverty grants to ensure compliance, impact and value for money. Regular meetings with Welsh Government as part of the Building Resilient Communities national work programme. Liaising with Cabinet Members to provide regular updates. <p>ACTIONS</p> <p>To develop and deliver services that focus on building more involved and resilient communities to tackle poverty and promote well-being. This includes:</p> <ul style="list-style-type: none"> Implementing the recommendations following a review into all Families First Commissioned services, with a focus on prevention, integration, collaboration and involvement (5 ways of working). Implementation of the Team around the Family review recommendations in order to improve the long term prospects of the family and prevent problems from escalating. 	5	3	15	<p>ORIGINAL RISK RATING: 5x2=10</p> <p>Business and spending plans for Community & Children's Support Grant has been supported by WG with a small increase in financial allocation for this year, which is being used to support children's well-being post Covid. We are awaiting full confirmation of funding through the Early Years Partnership Support Grant, with the well-being element still under discussion but are optimistic that final approval will be received soon. Delivery of the programmes is on target at end of quarter 1. There is an interdependency between CCG and Integrated Care Funding (ICF) in that the resilient families service is supported with £250k of ICF funding.</p> <p>The ICF funding is due to end this financial year and future funding arrangements remain unclear at this point. In relation to Housing Support Grant (HSG) the original expenditure plan was approved and then we resubmitted the plan with the unallocated allocation by the end of quarter 1.</p> <p>At the end of quarter 1 the majority of existing projects were on target but given the additional allocation, the new projects will take time to implement resulting in slippage within year which will be managed within the programme. Two new tenders have been successfully completed - prison leavers project and regional trauma project.</p> <p>There remains a risk of loss of service and redundancy should funding in future years be reduced but at the moment both programmes are stable. Therefore the impact remains high (5) but given additional allocations this year the likelihood is reduced (3), giving a risk rating of 15.</p>
14	PROSPERITY	Gaynor Davies	There have been significant improvements in the financial position of secondary schools during 2020/21 due to the effective delivery of budget recovery plans and the unprecedented set of circumstances created by the pandemic, including additional grant funding streams. The changing educational landscape created by imminent curriculum and additional learning needs reforms, and the impact of the pandemic on learner outcomes are such that schools are facing competing and conflicting pressures. These are likely to have financial implications as schools will need to be well resourced and staffed to ensure effective delivery of these transformational reforms and improved learner outcomes, particularly for the most disadvantaged. There is a risk that the schools that continue to be in a significant deficit position will be delivering budget recovery plans and efficiencies at a time of significant change and transformation in the education system, and this has the potential to adversely impact on their capacity to deliver school improvements and improved learner outcomes. Schools with small 6th forms continue to face challenges but these issues are being addressed, although there have been some delays caused by legal processes.	<p>CONTROLS</p> <ul style="list-style-type: none"> Open and regular communication with Head teachers Termly budget deficit meetings in line with the Council's budget deficit monitoring protocol. Continued support provided by key officers from within the Council. <p>ACTIONS</p> <ul style="list-style-type: none"> Liaise with all Head teachers to communicate the financial pressures that the Council is facing and reinforce their involvement in aiming to realise more efficient working practices. Work with schools in order to identify possible areas to increase efficiency. Ensure that schools comply with budget recovery plans and are supported to make efficiencies that do not have an adverse impact on school improvement and learner outcomes. Ensure strict budget monitoring processes. Proceed with the 21st century schools developments and implement the consulted and approved plans to remove small and financially unviable 6th forms from 3 secondary schools. 	4	3	12	<p>ORIGINAL RISK RATING: 4x3=12</p> <p>Schools have made good progress with their budget deficit recovery plans and progress continues to be closely monitored as part of the Council's Budget Deficit Protocol. Schools have also benefitted from some additional grant funding streams. We now have confirmed dates for the removal of 6th forms in 3 comprehensive schools and this has enabled schools to plan effectively. Other financial pressures are likely in future as the impact of the pandemic on learner outcomes becomes known; in the short term additional Welsh Government funding is in place to assist in meeting this need and the Council and Welsh Government will continue to work closely together to assess impact / financial implications on an on-going basis.</p>
15	PLACES	Roger Waters	The Council has a comprehensive highways infrastructure that relies on many significant structures such as bridges, retaining walls and culverts to ensure constant traffic movement. Many of these structures are of a considerable age and the risk of potential failure, which results in road closures, is significant. If unforeseen road closures occur then these can have a major impact on local communities and the local economy.	<p>CONTROLS</p> <ul style="list-style-type: none"> Routine monitoring of the entire highways network. Regular reports to SLT & Cabinet. We have appointed a additional staff; this means we have appropriate in-house capability to manage this complex and significant asset. <p>ACTIONS</p> <ul style="list-style-type: none"> Invest additional monies in road, highways infrastructure and pavement networks over the next four years, on top of the previous investment since 2011. Provide an up date on the impact of key investment projects through the investment programme Provide an up date to Scrutiny Committee on delivery of the Highways / Transportation infrastructure investment programme. Review and update the Highways Asset Management Plan (HAMP) to ensure that the principal assets have been identified and form part of the Plan, and relevant document and service standards agreed. 	4	2	8	<p>ORIGINAL RISK RATING: 4x2=8</p> <p>The level of risk remains unchanged due to the comprehensive programme of work for structures, retaining walls, bridges and culverts both on the Highway network and in parks. The Highways Project Board (HPB) monitors the investment that is evidencing on-going improvement to the network. Challenges remain in terms of recruiting qualified staff (when competing with the private sector) albeit positive progress has been with the appointment of a Head of Asset Management and Chartered Structures Engineer. The HPB will continue to monitor these issues and ensure the capital programme is delivered and the highway network effectively maintained.</p> <p>No change to risk rating.</p>

Strategic Risk Register Reference	ALIGNMENT WITH CORPORATE PLAN	RESPONSIBLE OFFICER	RISK DESCRIPTION	CONTROLS & ACTIONS	Risk Rating QTR 1 2021/22			QTR 1 UPDATE 2021/22
					I	L	RATING	
18	LIVING WITHIN OUR MEANS	Richard Evans	Given the significant changes to the way in which many staff are now working following the start of the pandemic, if they do not receive appropriate support then this could result in an adverse impact on wellbeing and staff retention.	CONTROLS <ul style="list-style-type: none"> Workforce planning arrangements are in place that enable the Council to ensure appropriate deployment and development of staff Staff consultation and communication is undertaken on a regular basis to ensure that staff have the opportunity to shape people practices in light of on-going changes ACTIONS <ul style="list-style-type: none"> Specific recruitment strategies, such as graduate and apprenticeship programmes are in place to ensure the council is adequately resourced to mitigate risks around wellbeing and attrition. Introduce wellbeing and development initiatives to support staff well-being. 	4	3	12	<p>ORIGINAL RISK RATING 4x3=12</p> <p>The risk description has been updated:</p> <p>Previous: <i>If the Council does not develop and invest in its staff, transforming the way it delivers its services to meet future demographic and financial pressures will be more difficult. It will also have an adverse impact on the retention and recruitment of staff.</i></p> <p>New: <i>Given the significant changes to the ways in which lots of our staff are now working since the pandemic, if they do not receive appropriate support then this could result in their wellbeing being affected and potentially some staff could leave the organisation. This includes staff that have been with us for a long time as well as those who have recently joined.</i></p> <p>Update: Surveys have taken place that aim to capture the thoughts and views of Managers (over GR15 level) and also new starters that have commenced roles with the Council just prior to and during the initial months of the pandemic. Work is now taking place to act upon that feedback and help ensure that staff are supported in the appropriate way. Although the Council is in the early stages in terms of managing the changes associated with the new working arrangements, feedback has been positive to date and the Council is keen to support this hybrid approach moving forward.</p> <p>No changes to the risk rating.</p>
20	LIVING WITHIN OUR MEANS	Tim Jones	If the Council's I.T infrastructure is not continuously reviewed to confirm that it is fit for business use and secure, then access to information and systems could be hindered by for example cyber risk/attack, resulting in interruption to service delivery.	CONTROLS <ul style="list-style-type: none"> Disaster Recovery Plan in place should an interruption be experienced. Cyber Assurance Plan in place to actively improve and monitor risk/mitigations Digital Strategy – Infrastructure Theme/Plan. Governance Structure. Policies and Procedures in place e.g. patch management, change control. External Reviews & Accreditation e.g. PSN, Cyber Essentials, PCI, WAO, 3rd party suppliers. Staff Training / 3rd Party Support Contracts. ACTIONS <ul style="list-style-type: none"> Refresh & upgrade end of life infrastructure & software. Prepare for the PSN & Cyber Essentials inspections. Monitor and measure Infrastructure Availability & Performance. Implement recommendations from external review / accreditation. Monitor Cyber threats and remediate. Establish Cyber Assurance & Support Team Train Staff in order to ensure that they have the appropriate skills to use new systems and software. Support the training and adoption for users in use of the new WCCIS platform 	5	4	20	<p>ORIGINAL RISK RATING: 5x3=15</p> <ul style="list-style-type: none"> The migration to the Data Centre is nearing completion. Work is underway with contractors to add the resilience needed for a local Service Recovery facility. (the additional resilience to be built into Ty Elai for increased local resilience and for faster DR capability). The Ty Elai DR project is progressing, with its target date to finish revised for completion and to decommission the aged Ty Bronwydd facility by the end of the Q2 2021. Schools HWB infrastructure upgrades have been completed in line with the Welsh Government timescales. The all Wales Community Care Information System (WCCIS) experienced a high level of performance issue during Q1. The provider Advanced improved this position in June. There is a requirement to migrate to a new platform based on Dynamics 2016 that was required to be completed early Q2 however the supplier Advanced confirmed it was unable to meet its contracted deadline and a new date proposed of 20th September. During this period the platform remains on a Microsoft unsupported Dynamics 2011 platform. A risk assessment has been completed and accepted. The Council is continuing with its proactive approach to mitigate increased risk around cyber security with a team being recruited by Q2 2021. Cyber Security communications have been increased following reports of external attacks to government, local authorities, and Schools. The Council is continuing with its proactive approach to mitigate risk around cyber security. <p>Key deliverables during the quarter include:</p> <ul style="list-style-type: none"> PSN Accreditation achieved & Cyber Essentials Accreditation preparation underway for completion Anti Ransomware solution "Ransomcare" deployed corporately and a Schools implementation initiated. Council Cyber Security controls for backup/recovery being deployed to schools <p>Performance Information Q1</p> <ul style="list-style-type: none"> Key Applications / Servers Availability 99.72% WAN Availability 99.65% <p>No changes to the risk ratings at this stage.</p>
21	LIVING WITHIN OUR MEANS	Chris Bradshaw	Given the shift in approach to services being delivered on a regional footprint, if services are delivered to citizens and staff of Rhondda Cynon Taf using this method, then appropriate arrangements must be in place to ensure that the interests of all current stakeholders are appropriately represented and that service delivery does not fail / suffer.	CONTROLS <p>Legal agreements between local authorities are in place; Governance and scrutiny functions in place; Regular reporting of performance is available.</p>	5	3	15	<p>ORIGINAL RISK RATING: 5x3=15</p> <p>The Council and its partners continue to collaborate effectively to respond to the pandemic, but also are exploring how we have worked together to respond to the clear health inequalities that prevail in Cwm Taf Morgannwg compared to other regions of Wales. The Welsh Government has also passed legislation to create Corporate Joint Committees, with the CJC for SE Wales on the Cardiff Capital region footprint with effect from 1 April 2021. The model is currently being developed by WG and whilst the initial powers of the CJC are currently being consulted upon, being the Economic Well Being function, developing transport policies under the Transport Act 2000 and preparing a Strategic Development Plan, much of the CJC model has to be decided and consulted upon.</p> <p>The next stage will provide for the regulation of CJC's meetings and proceedings, the roles of certain 'executive officers' to support the work of the CJC, i.e. the Chief Executive, Monitoring Officer and Chief Financial Officer, and for the functions of the CJC to be discharged by other people, for example its staff or sub-committees, as well as some general provision in relation to CJC staff.</p> <p>A third stage, which will be consulted on in Autumn 2021, will put in place further legislation for the operation of the CJC's and their functions including scrutiny and governance and further provision on staffing.</p> <p>A fourth stage will then put in place any remaining provisions which a CJC might need, but which are unlikely to be needed at the point at which they begin to deliver their functions. WG will consult on this stage in Spring 2022.</p> <p>The Council and its SE Wales partners are working through the options to transfer the functions of the Cardiff Capital Region Joint Committee and the associated City Deal into the new proposed CJC in a shadow form in the coming months to facilitate the introduction of CJC's and continue to maintain the effective collaboration of the partners in respect of the CCR City Deal,</p> <p>No changes to the risk rating at this stage.</p>
22	LIVING WITHIN OUR MEANS	Chris Bradshaw	The risk of a No Deal Brexit seems ever more likely and whilst the Council can put contingency arrangements in place to manage some impacts of a No Deal these arrangements are temporary. Therefore, there will be economic and other risks that could materialise that are outside of our control, which will impact on the Council and local community.					<p>Following the UK leaving the European Union the Council will continue to monitor the situation in respect of the 'Post Brexit' arrangements - for 2021/22, associated risks will be monitored as part of the Council's recovery arrangements from the Covid-19 pandemic (Risk 25) and the self-standing 'Brexit' risk removed from the Strategic Risk Register.</p>
23	PROSPERITY	Chris Bradshaw/Gayn or Davies	If projects are not delivered on time and/or on budget then this could impede the delivery and intended (positive) impact of the 21st Century Schools Band B Programme within the Council.	CONTROLS <ul style="list-style-type: none"> A designated project board is in place that oversees the delivery of the Council's 21st Century programme. Regular updates are reported to the Welsh Government. Individual projects are managed using PRINCE2 methodology. ACTIONS <ul style="list-style-type: none"> Submission and approval of all business cases within Band B of the 21st Century Schools Programme. 	5	3	15	<p>ORIGINAL RISK RATING: 5x3=15</p> <p>Significant progress is being made on the second wave of school investments in Band B, including completion of the first phase of works at Flynnon Taf primary school and building work has commenced on site at YGG Aberdar and YG Rhydywaun over the summer period. Projects in the greater Pontypridd area are also underway, with 3 projects out to tender and 2 in the design phase. Revisions to timescales have been necessary for some projects in the greater Pontypridd area, as a result of the Judicial Review, and the removal of 6th forms have been unavoidably delayed to 2024 in two settings and 2023 in one faith setting following Welsh Government approval. The financial implications of Covid-19 on contractor costs / building materials are also being closely monitored and will be assessed and reported on an on-going basis as part of the robust project management arrangements in place.</p>

Strategic Risk Register Reference	ALIGNMENT WITH CORPORATE PLAN	RESPONSIBLE OFFICER	RISK DESCRIPTION	CONTROLS & ACTIONS	Risk Rating QTR 1 2021/22			QTR 1 UPDATE 2021/22
					I	L	RATING	
24	PEOPLE, PLACES & PROSPERITY	Chris Bradshaw	Given the expectations placed upon the Council to become carbon neutral by 2030 in respect of its carbon emissions, if residents and businesses do not actively engage with the Council and Welsh Government to reduce their energy consumption, reduce their use of plastics, and adopt sustainable approaches to travel, then the full benefits will not materialise.	The Council has prepared a Tackling Climate Change Strategy which has been consulted upon and which sets out how the Council will become Carbon Neutral by 2030. CONTROLS Using the information that we have available, and supported by the Carbon Trust, to calculate the Council's baseline carbon footprint. Regular monitoring & reporting arrangements have now been put in place to monitor delivery of the detailed actions outlined within the Strategy noted above.. ACTIONS Understanding the the Council's Carbon and other greenhouse gases will enable the Council to identify short term and long term actions to change the way we work, procure and deliver our services, and highlight those changes that will have the greatest effect on reducing the Council's carbon footprint. Detailed actions are contained within the Tackling Climate Change Strategy and these are not fully replicated in this document. They cover the following main Corporate Plan headings of headings. • People, Places, and Prosperity.	5	4	20	ORIGINAL RISK RATING: 5x4=20 The cross-party Climate Change Cabinet Steering Group is continuing to work to strengthen the planning and monitoring arrangements for meeting the Council's carbon reduction commitments. The Group also includes representatives from community groups. The Council's Corporate Plan 2020-24 - 'Making a Difference' reinforces the Council's commitment to reducing its Carbon footprint and in its Community Leadership role encouraging, supporting and facilitating community action to reduce carbon across the County Borough. More detailed actions and targets continue to emerge through the Steering Group. New officer working groups have been put in place to focus on key decarbonisation projects. These projects will support the work of the Steering Group and inform the Council's Climate Change/Decarbonisation strategy and the detailed plans for its delivery. A draft Climate Change Strategy has been prepared and has been consulted upon with residents, businesses and the wider community to seek views on the Council's commitments to reduce its carbon footprint. The findings from this 'Let's Talk' conversation following the Council's engagement with residents on the Council's Climate Change Strategy and Electric Vehicle charging points together with the Council's first Carbon Footprint calculation were considered by the Climate Change Cabinet Steering group and Cabinet in June 2021. Plans to conduct further face to face engagement with residents and communities are being developed. Welsh Government is due to release its response to the Climate Emergency in October 2021 before the COP26 summit, and therefore the updated version of the Council's Tackling Climate Change Strategy will be released after including the relevant targets and expectations from Welsh Government's response. Further work is being undertaken in respect of Electric Vehicle Charging, Biodiversity, green energy production, carbon sequestration through repairing peat bogs and creating more woodlands, and working with organisations that supply our goods and services to ensure they are focused on reducing their carbon footprint. The Council is also working with the other local authorities in South East Wales on opportunities to test and purchase electric heavy goods vehicles, to create significant green energy production through Fusion, and tidal lagoons working with UK and Welsh Governments. The Chief Executive sits on the Local Government Decarbonisation Strategy Panel convened by Welsh Government to support the implementation of its strategy 'Prosperity for All: A Low Carbon Wales' and its response to the more recent report from the Climate Change Committee, 'The Path to Net Zero' and progress on reducing emissions in Wales. No changes to the risk ratings at this stage.
25	PEOPLE, PLACES & PROSPERITY	Chris Bradshaw/Louise Davies	If the planning arrangements to support on-going recovery from Covid-19, the impact of Brexit (the risks from which are now included in the recovery risks associated with the pandemic) and build resilience in preparation for the possibility of future pandemics are not robust, joined up and prioritised, then the capability of the Council, in collaboration with other partners, to support the required improvements to the health and economic well-being of the County Borough will be diminished	CONTROLS • The Leader and Chief Executive are part of the joint Cwm Taf Morgannwg UHB Health Board and Local Authorities Group which meets fortnightly to consider how we collectively respond to the pandemic. • Director of Public Health, Protection & Community services is a member the Cwm Taf Morgannwg Strategic Regional Oversight Group and is currently the Regional Lead for Contact Tracing and Case Management within the Cwm Taf Morgannwg Regional Prevention and Response Plan. • A specific internal Board, Covid Tactical Group (CTG) has been established, chaired by the Group Director of Community & Children's Services and which comprises representatives from all front line services and also the Emergency Planning, Resilience and Sustainability Adviser. The CTG group reports directly to the Council's Senior Leadership Team, through which it reports to Cabinet. • The Group Director of Prosperity, Development & Frontline Services represents the Council on the South Wales Local Resilience Forum. • Regular updates are reported to the Welsh Government. • Council has put in place Service Recovery and Contingency Plans in the event of a resurgence of the virus. • Monitoring & reporting arrangements have been put in place to monitor delivery of the detailed actions. ACTIONS • Short Term – the Council will continue to work with partners to reduce the spread of the virus and reduce its impact on the Social, Economic, Environmental and Cultural Well-being of the County Borough. This will be monitored through reports to Cabinet, relevant current and future partnership arrangements, the Council's Regulators as required and Welsh Government. • Medium to Long Term – the Council will work with partner organisations and will use the lessons learnt from the local, national and global approaches to the pandemic to strengthen its approach to: - minimise the effect of infectious diseases, - reduce the risk of illness or death, - be better prepared for and respond to future incidents (including supporting local supply chains, on-going availability and use of PPE across Council Services, a flexible and mobile workforce and build on the Public Health and Protection and track, trace and protect expertise in place to inform planning and decision making)	5	5	25	ORIGINAL RISK RATING: 5 x 5 = 25 In quarter 1, the case rates in Rhondda Cynon Taf remained relatively low until the end of the quarter when an upwards trend developed as a consequence of the delta variant becoming the dominant variant of concern across the UK. The vaccination programme continued to be rolled out successfully by the UHB with the support of the Council, with high uptake rates in the majority of priority groups. The consequence of the vaccination programme is that new cases presenting are predominantly in younger age group (under 30) who had not yet been vaccinated, and have not yet resulted in significant increases in hospital admissions or deaths. Restrictions continue to be relaxed with WG looking to move to a new alert level 0 during quarter 2 if conditions permit. It is however anticipated that case rates will continue to rise and the Council will need to remain vigilant to protect those vulnerable people receiving care and support, its workforce and essential services which may experience increased staff absences, and ensure that the regional contact tracing team has the capacity to respond effectively to increasing demand. There remains the possibility that new variants of concern will arise and there is uncertainty over the impact of the relaxation of restrictions on case rates and the consequential implications for hospital admissions and pressure on services. The Council will need to continue to support the regional oversight group for TTP, support the UHB with the ongoing implications of the vaccination programme and booster vaccinations that will be required later in the year as well as maintain the contact tracing response. The upturn in the economy plus the impact of Brexit is also having a negative impact on access to certain supplies and services, in particular steel and other construction materials, labour for the social care market, skilled tradesmen and HGV drivers, which is impacting on the supply of some foods and materials to shops and businesses. This has also had an impact on prices, in particular for materials for capital schemes. The Council is monitoring the position, and as yet it has not significantly created delays in the delivery of key capital schemes. Wider matters associated with the impact of the pandemic will be considered at future iterations of the risk register to establish if they need to be included within this risk or remain separate (issues associated with the work that is taking place with tackling poverty for example).
26	PEOPLE, PLACES & PROSPERITY	Roger Waters	If the Council does not plan and invest resources to mitigate the physical impacts of climate change, then the risk of increased frequency of extreme weather events that will adversely impact residential and business properties; spoil tips; infrastructure; health, safety and well-being; and economic activity will be heightened.	CONTROLS •Routine monitoring of infrastructure including bridges, retaining walls, culverts, highway drainage and former coal tips. •SUDs Regulations introduced to reduce surface water run-off from new developments, RCT has established a SAB to robustly manage the SUDs process. •New Bylaws for Ordinary Watercourses introduced, together with a new enforcement team and an awareness officer to raise the profile of flood risk and to support recovery. •Additional resources for structures, drainage management and maintenance, Regular reports to SLT & Cabinet. •S19 Reports for flood incidents •Work through the multi-agency Flood Board for a joined-up approach to flood risk in RCT. •Work with WG to review our Flood Risk Management Strategy and Flood Risk Action Plan in line with WG's Flood Risk Strategy. •Work with WG Coal Tips Task Force and Coal Tips Safety Working Group to develop updated baseline data on tips, standardised inspection regimes and risk ratings, legislation, risk mitigation and remediation/reclamation. ACTIONS • Invest additional monies in our infrastructure over the next four years to reduce the impact of flooding on our infrastructure, communities and businesses. • Take S19 Reports through Overview and Scrutiny Committee. • Provide an up-date to Scrutiny Committee on delivery of the Highways / Transportation infrastructure investment programme. • Review and update the Highways Asset Management Plan (HAMP) to ensure that the principal assets have been identified and form part of the Plan, and relevant document and service standards agreed. •Work with WG to ensure all repairs to infrastructure arising from Storm Dennis is fully funded and undertaken in a timely manner. •Work with WG to develop our pipeline of Flood Risk Management works to secure grant funding and deliver	5	3	15	NEW RISK (FROM QTR 1 2021/22) - RISK RATING: 5 * 3 = 15 Monitoring and condition surveys were undertaken during the first quarter, as part of a continuous review process and taking account of residents feedback, to inform the Council's flood risk management priorities. In parallel, a number of flood alleviation projects were progressed, supporting via the Council's Capital Programme and Welsh Government, that will help mitigate flood risks identified across the County Borough and forms the basis of an on-going programme of investment. Additional capacity is also being recruited to within the Council's Flood Team to further strengthen resources and support the delivery of key priorities, both from a strategic perspective and operationally. Reporting arrangements have been developed further during the quarter via the RCT Strategic Flood Risk Management Board, where the Council and partners provided updates on their work and plans to respond to extreme weather events, and preparatory work was completed to enable 2 Section 19 reports to be published in Quarter 1 with more to follow in Quarter 2. A major programme of infrastructure repair to bridges, retaining walls, major culverts, landslips, etc has continued through 2021/22 in response to the damage caused by Storm Dennis, this is entirely funded by Welsh Government and should extend into 2022/23/24. WG has continued the new Resilient Roads grant established in 2020/21 into a second year and this has enabled an extended programme to be established to make our transportation network more resilient to the impact of climate change and flooding (e.g raising the level of the A4059 south of Aberdare). Tips; ongoing inspections and routine maintenance continues, together with frequent meetings of the WG Tip Safety Group in developing a common baseline of data on tips across Wales and a common inspection and risk status. Bids have been developed and submitted to WG for ongoing tip management and maintenance through 2021/22, together with proposals for detailed surveys and site investigations and to indicate a pipeline of works and anticipated expenditure for Tylorstown in subsequent years. In respect to Tylorstown; phases 1-3 have been concluded and development of Phases 3A and 4 continue. Engagement is scheduled to take place in July with the Council's Overview and Scrutiny Committee on the Law Commission's consultation on Regulated Coal Tip Safety in Wales with officers heavily engaged with WG and the Law Commission on the practical and legal constraints related to the current legislation.