



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: Hannah Williams - Council Business Unit (07385401954)

YOU ARE SUMMONED to a hybrid meeting of the **GOVERNANCE AND AUDIT COMMITTEE** to be held on **TUESDAY, 14TH FEBRUARY, 2023** 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, 10 February 2023 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 7th December 2022.

3. 2022/2023 MID YEAR TREASURY MANAGEMENT STEWARDSHIP REPORT	15 - 34
4. PROGRESS AGAINST THE INTERNAL AUDIT RISK BASED PLAN 2022/23	35 - 56
5. STRATEGIC RISK REGISTER UPDATE	57 - 90
6. LEARNING AND DEVELOPMENT PLAN	91 - 98
7. 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	

Circulation: -

County Borough Councillors:

Councillor G Hopkins, Councillor M Maohoub, Councillor S Rees,
Councillor B Stephens, Councillor L A Tomkinson, Councillor P Evans

Lay Members:

Mr C Jones
Mr M Jehu
Mr J Roszkowski



RHONDDA CYNON TAF COUNCIL GOVERNANCE AND AUDIT COMMITTEE

Minutes of the virtual meeting of the Governance and Audit Committee held on Wednesday, 7 December 2022 at 5.00 pm.

This meeting was recorded, details of which can be accessed [here](#)

County Borough Councillors – The following Councillors were present:

Mr C Jones (Chair)

Councillor G Hopkins	Councillor M Maohoub
Councillor S Rees	Councillor B Stephens
Councillor L A Tomkinson	Councillor P Evans
Mr M Jehu	Mr J Roszkowski

Officers in attendance

Mr P Mee, Chief Executive
Mr A Wilkins, Director of Legal and Democratic Services
Mr P Griffiths, Service Director – Finance & Improvement Services
Ms L Cumpston, Group Audit Manager
Mr I Traylor, Service Director – Pensions, Procurement & Transactional Services
Audit Wales

13 Welcome and Apologies

The Chair welcomed Members to the virtual Governance and Audit Committee; County Borough Councillor M Maohoub extended his welcome to new Member, County Borough Councillor P Evans.

14 Declaration of Interest

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

15 Minutes

It was **RESOLVED** to approve the minutes of the 7th September 2022 as an accurate reflection of the meeting.

16 Audit Wales Assurance and Risk Assessment Summary Report

The Audit Manager, Audit Wales presented a report to Members; The document was prepared as part of work performed in accordance with Section 17 of the

Public Audit (Wales) Act 2004 and Section 15 of the Well-being of Future Generations (Wales) Act 2015. It was noted that the project was undertaken 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. The Report summarised the findings where Audit Wales have undertaken more detailed assurance and risk assessment work that covered:

1. Financial Position
2. Implication of Local Government and Elections (Wales) Act 2021
3. Self-Assessment arrangements
4. Carbon Reduction plan

The Audit Manager advised Members that in terms of the Council's financial position, the Council is well-placed to respond to significant financial pressures it faces and that no major concerns were found in respect of the Council's management of reserves.

It was noted that in terms of savings delivery, the Council's approach to date has continued to be effective and the Council's Medium Term Financial Plan highlighted that this approach will be increasingly challenging without impacting on frontline services. In relation to performance against budget, it was noted that the Council has a good track record of delivering its services within the budget.

The Audit Manager continued by covering the Implications of the Local Government and Elections (Wales) Act 2021, noting that the Council is making good progress in developing its arrangements to meet the requirements of the Act, but has not yet agreed its approach for engaging with the public via a public participation strategy.

Context was provided for Members in that in July 2022, the Auditor General published Public Sector readiness for the Net Zero Carbon by 2030, which looked at decarbonisation action in 48 public bodies, including all Local Councils. The Audit Manager noted that the Council is progressing its carbon reduction plan; however further work is needed to identify resources to deliver its plans over the long term.

Lastly, the Audit Manager commented on the Council's Digital Strategy and Members were advised that the Council agreed its new digital strategy in March 2022. Overall, it was noted that the Council has invested in its digital team and processes and has built on its previous digital strategy and the progress made during the pandemic to develop its new strategy and was developing arrangements to support its implementation.

Service Director, Finance and Improvement Services noted the recommendation made by Audit Wales in respect of meeting its net zero ambition and the need to fully cost its action plan and ensure alignment with the Medium-Term Financial Plan. The Service Director advised Members that the Council's updated Medium-Term Financial Plan, reported in September 2022, sets out Climate Change as a key component of the Council's financial planning arrangements and an on-going programme of work is in place to plan for and resource the work in this area.

The Governance and Audit Committee **RESOLVED** to:

- Note the content in the report.

17 AUDIT WALES - TRANSFORMATIONAL LEADERSHIP PROGRAMME BOARD - BASELINE GOVERNANCE REVIEW - CWM TAF MORGANNWG REGIONAL PARTNERSHIP BOARD

The Audit Manager, Audit Wales presented the report to Members and noted that the review aimed to gain assurance that the health board and the three Councils are working together effectively through aegis of the TLPB to support regional integrated working across Cwm Taf Morgannwg region.

The Audit Manager informed Members that the report focuses on the 3 key areas: Strategic planning; Governance arrangements; and Resources, that found overall that the Transformational Leadership Programme Board is well-placed to develop stronger regional working building on the productive relationships over the past 18 months, However, it needs to ensure its planning is more integrated and longer term, strengthen aspects of its governance arrangements and be more ambitious in using its combined core resources to have a greater impact on the Cwm Taf Morgannwg region.

Members were directed to Appendix 1 of the report which presents the findings in more detail based on the 3 key areas.

The Chief Executive provided an overview of the management responses to the Audit Wales recommendations, noting that all had been agreed. The Chief Executive fed back to Members that relation to the planning process, the Regional Partnership Board (RPB) has a development session planned for the 8th December 2022 that will, amongst other things, focus on strengthening its purpose and resetting the integration agenda. The Chief Executive indicated that in respect of governance, the arrangements beneath the RPB will be reviewed to further strengthen this area.

Members were also informed that since the publication of the Audit Wales report, a paper in respect of a new integrated community services model has been agreed, noting that this will be subject to on-going review including use of resources and funding.

A Member commented on the challenges faced within the Board in relation to composition, governance and the financial eco system, and noted that a key element of on-going success will be stability of its structure.

The Governance and Audit Committee **RESOLVED** to:

- Note the content in the report.

18 Council Progress Update - Implementation of recommendations reported by Audit Wales

The Service Director, Finance and Improvement Services presented the report to provide Members with a progress update on the implementation of proposals for improvement reported in the Audit Wales 'Annual Audit Summary 2021' and the three stand-alone reports subsequently reported to Governance and Audit Committee on the 7th September.

The Service Director provided an overview of the report and noted the

Governance and Audit Committee's role in considering Audit Wales reports, as set out at Section 3, and Members were directed to section 4.2 of the report that highlighted the progress updates that have been reported in 2022 to date to the Governance and Audit Committee and also the Overview And scrutiny Committee, namely:

- Audit Wales Annual Audit Summary 2021 (AAS) - progress update reported to the Governance and Audit Committee on 23 March 2022; and
- Audit Wales Springing Forward Reports (Strategic Asset Management and Workforce Planning) – the reports presented by Audit Wales to the Governance and Audit Committee on 7th September 2022 and a progress update reported to the 10th October 2022 Overview and Scrutiny Committee.

Members were directed to Appendix 1 of the report, that provided further progress updates on the AAS and Springing Forward reports, and were requested to review the updates and to consider, along with their own lines of enquiry, whether there were any matters of a governance, internal control or risk management nature that required further action or attention and also whether there were any matters of a performance nature that required review by the Council's Scrutiny Committees.

With regard to the Direct Payments for Adult Social Care report, a Member recognised the challenges faced to increase service user take-up of direct payments and requested information on how the Council's position compared across Wales. The Service Director, Finance and Improvement Services fed back that further enquiries will be made around comparative information and will be fed back to Committee Members. The Service Director added that the report was also presented to the Community Services Committee in October 2022, and for Rhondda Cynon Taf, the direct payment option for Adult Services is a key part of the overall support arrangements, with service users being advised of the benefits of receiving direct payments, with support also in place from Dewis Cymru to assist service users who wish to take-up the Direct Payment option.

A Member also commented on the work being taken to progress the recommendations within the Care Inspectorate Report, noting the positive progress in respect of a workforce steering group being set up and that the Council is committed to the apprenticeship scheme. The Committee requested further information on the benefit that this scheme provides.

The Service Director, Finance and Improvement Services informed Members that workforce development, that includes the apprenticeship scheme, is a medium to long term programme of work that provides learning and development pathways to support new starters develop their careers within the Council and improve staff retention.

Following discussion, the Governance and Audit Committee **RESOLVED** to:

- Consider whether there were any matters of a governance, internal control or risk management nature that require further action or attention by the Governance and Audit Committee.
- Consider whether there were any matters of a performance nature that

require review by the Council's Scrutiny Committees.

19 2021/22 Annual Governance Statement Recommendations - Progress Update

The Service Director, Finance and Improvement Services presented the report that provided the Governance and Audit Committee with an update on the status of the recommendations included within the 2021/22 Annual Governance Statement (AGS).

The Service Director fed back that the Council's 2021/22 AGS was reported to and approved by the Governance and Audit Committee at its meeting held on the 18th July 2022, with the AGS being a key component of the Council's overall governance arrangements with agreed recommendations being built into service delivery planning and monitoring arrangements.

Members were directed to Appendix 1 that set out progress updates for the 7 recommendations included in the 2021/22 AGS. The Service Director noted that 4 of the recommendations have been completed; 2 were on-going by the nature, that is, in respect of supporting ongoing development of an online library of learning and development material and the delivery of a programme of learning and development to Members; and 1 is on target to be delivered by the delivery date of January 2023 in respect of reviewing and updating the Council's Local Code of Corporate Governance.

The Service Director fed back that overall good progress can be demonstrated, with no recommendations which are overdue or not on target to be delivered.

The Governance and Audit Committee **RESOLVED** to:

- Seek clarity and explanation where there were areas of concern.
- Confirm satisfaction with the progress made to date.

20 Draft Annual Self-Assessment (incorporating the Council's Corporate Performance Report)

The Performance Manager presented the report, the purpose of which was for the Governance and Audit Committee to review the Council's draft Self-Assessment for 2021/22 in advance of consideration at a meeting of the Council in January 2023, in accordance with the requirements of the Local Government and Elections (Wales) Act 2021. The Performance Manager informed Members that further to approval of the Self-Assessment, the document must be subsequently published within 4 weeks.

The Performance Manager provided an overview of the report and noted that the Council has a strong record of self-awareness / self-reflection within a culture of continuous improvement and meeting statutory requirements.

The Performance Manager advised Members of the areas of improvement that were identified from the Self-Assessment, namely:

1. Financial Planning and Resilience;
2. Workforce Planning;
3. Cost of Living;
4. Making RCT Resilient to the challenges of Climate Change;

5. Narrowing the Attainment gap for pupils living in poverty;
6. School Attendance;
7. Modernising and integrating health and social care services and transforming the Council's residential services for children;
8. Continuing to regenerate the town centres and supporting local businesses; and
9. Supporting those in housing need.

The Performance Manager went on to inform Members that the Self-Assessment seeks to challenge the status quo and to deliver an open and honest assessment of the Council's functions and governance. The Performance Manager advised Members that this culture of constructive challenge and support, continual organisation self-awareness and the pursuit of excellence across the Council aims to ensure services are delivered efficiently and effectively.

To conclude, the Performance Manager fed back that the Self-Assessment demonstrates the Council meets the performance requirements of the Local Government and Elections (Wales) Act 2021.

A Member requested further information on the key challenges facing the Council.

The Chief Executive commended the Self-Assessment and indicated that it represented an excellent summary of the Council's position, supported by robust performance management arrangements and good governance throughout the course of the year. The Chief Executive referred Members to the 9 areas for improvement, these providing an overview of the key challenges facing the Council, and noted that actions to address these areas are built into service planning and delivery arrangements.

Mr M Jehu requested reassurance from the Chief Executive that the 9 priority areas are not dealt with in isolation but as a collective with partner organisations.

The Chief Executive emphasised the importance of working collaboratively to tackle these areas and advised that with regard to the Council's strategic partnership landscape, there are developments being progressed, for example, bringing Public Services Boards together across the region into a single arrangement to support more effective and efficient arrangements; the Regional Partnership Board that is taking forward the integration of Health and Social Care agenda; and on-going work with the Health Board, noting the very challenging operating environment and current pressures currently being experienced. The Chief Executive added that there is a clear commitment from partners across agencies to work together and deliver the required improvements.

Following discussion, the Governance and Audit Committee **RESOLVED** to:

- Note the significant amount of detail contained within the Self-Assessment and the mature and robust governance and performance processes in place which enabled its production.
- Declared themselves satisfied with the Chief Executive's responses to questions in respect of organisational capacity to deliver the bigger challenges within the nine themes emerging from the Self-Assessment

and also the value of collaboration with partners to seek and deliver improvements in these areas of work.

- Make no recommendations for change prior to consideration by full Council.
- Noted that the Self-Assessment would be published within four weeks of a version being approved by full Council.

21 Progress against the Internal Audit Risk Based Plan 2022/23

The Audit Manager presented the report to provide the Governance and Audit Committee with a position statement on progress made against the audit work included and approved within the Internal Audit Risk Based Plan 2022/23. The Audit Manager noted that the Internal Audit Risk Based Plan for 2022/23 was submitted to the Governance and Audit Committee for consideration and approved on the 18th July 2022. The Plan outlined the audit assignments to be carried out in order to provide adequate coverage to enable an overall opinion at the end of 2022/23.

The Audit Manager directed Members to Appendix A of the report, this detailing the status of each planned review, the audit opinion (where the audit is complete or has reached final report stage) and the number of recommendations made to improve the internal control, governance and risk management environment.

As of 23rd November 2022, 21 audit assignments have been completed, including 17 audits where a final report and audit opinion have been issued. The remaining 4 completed assignments relate to work where no audit opinion is provided, for example Annual Governance Statement (AGS), Annual Opinion Report (Head of Internal Audit) and Internal Audit Planning 2022/23. This is because the audit work carried out in respect of these items was planned but the nature of the work does not lead to testing and the formation of an audit opinion. A further 4 draft reports have been issued and 2 audit assignments are awaiting management review. There are 4 audit assignments currently in progress and a further 10 assignments are at the scoping stage.

Based on the assessment of the strengths and weaknesses of the areas examined through testing of the effectiveness of the internal control, governance and risk management arrangements, the following audit opinions have been given to the 17 audit assignments completed to final report stage to date:

Audit Opinion	No. Of Audits
Substantial Assurance	12
Reasonable Assurance	5
Limited Assurance	0
No Assurance	0

The Audit Manager confirmed that there have been no audit assignments completed across the 2022/23 planned areas to date where an audit opinion of limited assurance or no assurance has been placed on the current systems of internal control, governance and risk management.

Members were advised that Appendix A also illustrates that 2 planned audit assignments across the 2022/23 plan have been cancelled as follows: -

- Local Authority Education Grant (LAEG)
- RCT Pupil Development Grant (PDG)

These audits have been undertaken annually in recent years; however no issues have been identified as part of the Internal Audit process for the past 2 years. Therefore, it has been determined that there is no requirement for these 2 areas to be subject to an audit, either from an Internal Audit or Management perspective as no significant changes/issues or risks were identified. Both audits will continue to be included on the schedule for discussion in the audit planning process going forward in case circumstances change and material risks are identified.

Lastly, the Audit Manager advised Members that a further 1 audit assignment relating to an audit included within the 2021/22 plan of work has been finalised during 2022/23 as follows:

Welsh Community Care Information System (WCCIS)

This audit assignment was finalised on 18th August 2022 and an audit opinion of reasonable assurance was provided, with 2 medium priority recommendations made. The scope of this audit was to provide assurance on the process in place for identifying data omissions/errors, and where patterns of data inaccuracies are identified determine whether guidance and training is given to prevent any instances of reoccurrence. This audit also examined the processes in place for collating the information required for Welsh Government statutory returns and ensuring the veracity of information for submission.

Lay Member Mr Roszkowski requested for future reports provided to include a traffic light system to highlight the progress of all planned audit assignments, for instance: Green, in progress and where we want to be; Amber, behind in progress; and Red, not completed. This will allow the Committee to identify areas to focus on.

The Audit Manager advised that the system can be inserted in future reports in respect of progress of work once its finalised. To add, the Head of Regional Internal Audit Service advised Members that a colour coding system could be applied to specific audits which are encountering delays and some form of colour coding could be incorporated when the next report was produced.

A Member requested further information on the progress of WCCIS. The Audit Manager advised Members the audit report covered a limited scope rather than a whole overview of WCCIS. To add, the Chief Executive advised Members of discussions with providers of WCCIS and it was noted that performance and stability of the system has improved. The Chief Executive informed Members that a national review of WCCIS was underway and will be reported back in due course.

Lay Member Mr Jehu requested further detail on the order of priority of the 97 recommendations made within the report. The Audit Manager advised Members that in respect on the order of information, this is extracted from the internal audit software system. The order in which the data is presented is a hierarchy of how its organised within the system and not in priority format.

To add, the Head of Regional Internal Audit Service advised Members of the process undertaken in respect of the development of the Internal Audit Annual Plan, noting that the process includes discussions with senior officers at each Authority around areas of risk and comments made by Governance and Audit Committee, this informing an assessment of risk in terms of the highest priorities. The report aimed to highlight to Members the Council's control environment in relation to governance, risk management and internal control and to inform the Governance and Audit Committee of the work and performance of Internal Audit for the financial year 2022/23.

The Head of Regional Internal Audit Service advised Members that in future the reports will include further information on audits that were delayed.

The Service Director, Finance and Improvement Services also noted that Members can request further reports to provide additional clarification on progress of recommendations.

Following discussions, the Governance and Audit Committee RESOLVED to:

- Note the content of the report and the progress made against the Internal Audit Risk Based Plan 2022/23.

22 Internal Audit Recommendations

The Audit Manager presented a report to provide Members of the Governance and Audit Committee with a position statement on internal audit recommendations made, implemented and outstanding. It was noted the recommendations are made at the conclusion of each audit review to identify improvements to be made to mitigate risk and strengthen controls. These recommendations are then included in the final audit reports and recipients are asked to provide a management response to indicate whether they agree with the recommendation, how they plan to implement them and target dates. Those priorities are organised as high, medium or low priority.

Members were directed to Table 1 of the report that highlighted the different priority ratings which are used and the recommendation categorisation. Once the target date for implementation has been reached the relevant Officers are contacted and asked to provide feedback on the status of each agreed recommendation. The implementation of these recommendations is monitored using MK Insight internal audit software to ensure that improvements are being made.

As this was the first recommendation monitoring report brought to the Committee, the report at Appendix A provides Members with a summary of the status, at as 18th November 2022, of all recommendations made by Internal Audit since the implementation of the MK Insight internal audit software on 1st April 2021. Moving forward it is suggested that only outstanding recommendations from previous years be included together with the recommendations made in the current year.

The Audit Manager noted that a total of 142 recommendations were made to improve the control environment of the areas reviewed during 2021/22 and to date 35 have been made in 2022/23. There was 1 recommendation made during 2021/22 which was not accepted by the service area as Management considered that they complied with the recommendation around staff signing their timesheets in most instances but there were occasions when it was not

possible to comply due to staff being absent; therefore, Management did not consider it was appropriate to remind staff of this requirement.

The Audit Manager advised Members that as of 18th November 2022, 127 recommendations made in 2021/22 have been implemented, while 14 have target dates in the future. There were no overdue recommendations to report to date in respect of 2021/22.

Of the 35 recommendations made to date in 2022/23, Appendix A illustrates that 24 have been implemented, and 11 have a future target date. All have been accepted by Management. The information contained in Appendix A has been compiled from the internal audit software system. Views from the Committee are sought in respect of the content and details provided. Similar reports have been presented to the other 3 Governance and Audit Committees that comprise the Regional Service footprint and once feedback from all is obtained a standard report will be commissioned.

The Governance and Audit Committee **RESOLVED** to:

- Consider the information provided in respect of the status of internal audit recommendations made.
- Review the information contained within the report and provide feedback on the content and format of the information provided.

23 Governance and Audit Committee - Learning and Development Update

With the aid of a PowerPoint presentation, the Service Director, Finance and Improvement Services provide Members with an update on the work which has been undertaken to date to support the learning and development of the Committee. The presentation aimed to inform Members of the results of the training needs analysis exercise survey undertaken.

The presentation covered the following areas:

- Context;
- Training Needs Analysis;
- Committee Member Feedback; and
- Proposed Learning and Development Plan Areas.

Following the presentation, the Governance and Audit Committee **RESOLVED** to:

Note the content of the presentation.

24 TO CONSIDER PASSING THE FOLLOWING UNDER-MENTIONED RESOLUTION:

It was **RESOLVED** that the press and public be excluded from the meeting under Section 100A(4) of the Local Government Act (as amended) for Item 12 of business on the grounds that it involves the likely disclosure of the exempt information as defined in paragraph 14 of Part 4 of the Schedule 12A of the Act.

25 Progress update against the Anti-fraud, Bribery and Corruption Work Programme for 2022/23

The Service Director for Pensions, Procurement and Transactional Services outlined to Members the progress made to date against the Anti-Fraud, Bribery and Corruption work programme for 2022/23. Following discussions, it was **RESOLVED** to:

Note and review the outcome of the anti-fraud work progress during 2022/23.

This meeting closed at 7.00 pm

**Mr C Jones
Chair.**

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RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2022 / 2023

GOVERNANCE AND AUDIT COMMITTEE 14th FEBRUARY 2023	AGENDA ITEM NO. 3
REPORT OF THE DIRECTOR OF FINANCE & DIGITAL SERVICES	2022/2023 MID YEAR TREASURY MANAGEMENT STEWARDSHIP REPORT

Author : Barrie Davies (01443) 424026

1.0 PURPOSE OF REPORT

1.1 This report provides Members with the opportunity to scrutinise Treasury Management information presented to Council on 23rd November 2022. The Council report is attached at Appendix 1 and details:

- The Council's Treasury Management activity during the first six months of 2022/23; and
- Prudential and Treasury Indicators for the same period.

2.0 RECOMMENDATIONS

It is recommended that Members:

2.1 Scrutinise and comment on the information provided.

- 2.2 Consider whether they wish to receive further detail on any matters contained in the report.

3.0 BACKGROUND INFORMATION

- 3.1 The 2022/23 Mid Year Treasury Management Stewardship Report was presented to Council on 23rd November 2022.
- 3.2 The Governance and Audit Committee has responsibility for scrutinising the Council's treasury management activity, as set out in its Terms of Reference, this being consistent with the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code of Practice and Prudential Code Guidance Notes.
- 3.3 For Members information, the Treasury Management Code of Practice sets out that *"The treasury management strategy should be supplemented by the provision of monitoring information and regular review by board members/councillors in both executive and scrutiny functions. CIPFA considers clearly defined responsibilities for the approval and scrutiny of treasury management activities to be an essential element of a public service organisation's treasury management arrangements."*

4.0 EQUALITY AND DIVERSITY IMPLICATIONS AND SOCIO-ECONOMIC DUTY

- 4.1 The report provides an overview of the Council's Treasury Management activities during the first six months of 2022/23 in line with the Treasury Management and Capital Strategies approved by Council in March 2022. As a result, there are no equality and diversity or socio-economic duty implications to report.

5.0 WELSH LANGUAGE IMPLICATIONS

- 5.1 There are no Welsh language implications as a result of the recommendations in this report.

6.0 CONSULTATION

- 6.1 Following consideration by Council, this report (Appendix 1) is subject to review by the Governance and Audit Committee, in line with the laid down code of practice "CIPFA Treasury Management in the Public Services 2017" and also the Terms of Reference for this Committee.

7.0 FINANCIAL IMPLICATION(S)

- 7.1 The financial results / implications of the Council's Treasury Management arrangements during the first six months of 2022/23 have been incorporated into quarterly Performance Reports during the year.

8.0 LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

8.1 The report ensures the Council complies with its legal duty under the Local Government Act 2003 and in doing so is in line with the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities.

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

9.1 This report evidences the progress made in delivering the Council's Corporate Plan 2020-24 – 'Making a Difference' in particular through supporting the 'Living Within Our Means' theme by pursuing optimum treasury management performance or return at the same time as managing associated risk.

9.2 The report also supports the Well-being of Future Generations Act in particular 'a globally responsible Wales' through responsible management and investment of the Council's resources.

10.0 CONCLUSION

10.1 This report, together with Appendix 1, provides Members with the opportunity to scrutinise the activities of Treasury Management for the first six months of financial year 2022/23.

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RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2022/23

COUNCIL

23rd November 2022

2022/23 MID YEAR TREASURY MANAGEMENT STEWARDSHIP REPORT

**REPORT OF THE DIRECTOR OF FINANCE AND DIGITAL SERVICES : Barrie
Davies (01443) 424026**

1.0 PURPOSE OF REPORT

1.1 The CIPFA Code of Practice on Treasury Management requires a Mid Year Review to be presented to Council. This report provides Members with information on:-

- The Council's Treasury Management activity during the first six months of 2022/23; and
- Prudential and Treasury Indicators for the same period.

2.0 RECOMMENDATIONS

2.1 It is recommended that Members note the content of this report.

3.0 REASON FOR RECOMMENDATION

3.1 To report to Council the Treasury Management Mid-Year Review in line with the requirements of the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities.

4.0 INTRODUCTION

- 4.1 The Treasury Management function operates within the Treasury Management Strategy and Capital Strategy, both approved by Council on the 9th March 2022.
- 4.2 Treasury Management is defined as:
“The management of the organisation’s borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”
- 4.3 The Council sets a balanced budget to ensure that all planned expenditure is financed by various sources of income / reserves. Treasury Management is concerned with monitoring the cash flows of such income and expenditure and planning investments and borrowing prudently.
- 4.4 This report includes the following areas of treasury activity during the first six months of 2022/23:
- Economic background;
 - Borrowing activity and results;
 - Estimated and actual treasury position, treasury management and prudential indicators;
 - Investments;
 - Treasury management advisors;
 - Training;
 - Minimum Revenue Provision; and
 - Sustainable Communities for Learning.

5.0 ECONOMIC BACKGROUND

- 5.1 General Economic Background
- 5.2 The United Kingdom economic backdrop during April to September 2022 has continued to be characterised by high oil, gas and commodity prices, primarily due to the conflict in Ukraine, and is driving high levels of inflation, supply chain pressures and placing significant strain on household budgets through the on-going cost of living crisis. The economic climate is also impacting globally, through rising inflation levels, and the outlook for both United Kingdom and world growth remains weak.
- 5.3 GDP growth increased by 0.8% for the quarter ending 30th June 2022 and by 0.2% for the quarter ending 30th September 2022, driven by household and government spending, and year-on-year GDP growth to the 30th September 2022 was 8.7%. In the 3 months June to August 2022, the

unemployment rate fell to 3.5% (3.8% March to May 2022) and although wage growth picked up it continued to be outstripped by inflation.

- 5.4 The Consumer Prices Index inflation increased by 10.1% over the course of the previous 12 months to September 2022, up from 9.9% in August and 7% in March. From April 2020, the beginning of the first Covid 19 lockdown, until March 2021, the annual rate was less than 1.2%.
- 5.5 The Council's investment income is subject to changes in short term interest rates. The level of the Bank Base Rate or 'Bank Rate' is one of the main determinants of the rate of interest the Council receives on its short-term investments. The Bank Rate has changed as follows for the year to date:

	% Increase	Interest Rate
May 22	0.25%	1.00%
June 22	0.25%	1.25%
August 22	0.50%	1.75%
September 22	0.50%	2.25%
November 22	0.75%	3.00%

The Bank of England Monetary Policy Committee confirmed it will take the actions necessary to return inflation to the 2% target sustainably in the medium term, in line with its remit.

- 5.6 The majority of the Council's borrowing is from the PWLB (Public Works Loans Board). Long-term borrowing rates are influenced by gilt yields and these have risen sharply due to energy price caps and international energy markets priced in dollars. Further rises are expected in the short term due to lower confidence in the UK fiscal policy, higher inflation expectations and asset sales by the Bank of England. Over the longer term, gilt yields are forecast to fall slightly in the next 2-3 years.
- 5.7 PWLB maturity rates (certainty rate) during the first half of the financial year were as follows:

	5 years	10 years	20 years	50 years
Average	2.93%	3.16%	3.47%	3.17%
Highest	5.43%	5.36%	5.75%	5.51%
Lowest	2.21%	2.38%	2.55%	2.25%

- 5.8 Estimates of future rates are as follows:

	Base Rate	PWLB Maturity Rates			
		5 years	10 years	20 years	50 years
2022/23 (current as at 7 th Nov 2022)	3.00%	4.16%	4.26%	4.68%	4.04%
31/03/23	4.00%	4.70%	4.55%	4.80%	4.20%
31/03/24	4.25%	4.60%	4.50%	4.70%	4.10%

6.0 BORROWING ACTIVITY AND RESULTS

- 6.1 The borrowing strategy for 2022/23, approved by Council in March 2022, reported that the Director of Finance and Digital Services, as Section 151 Officer (or in his absence the Deputy Section 151 Officer), under delegated powers, will take the most appropriate form of borrowing depending upon the prevailing interest rates at the time, and taking into account advice provided by our advisors.
- 6.2 In March, the borrowing requirement was estimated to be £18.4m based on the Capital Programme at that time. The borrowing requirement has increased for 2022/23 mainly due to the addition of schemes under the Sustainable Communities for Learning programme, and is now £24.3m as at 30th September 2022. Details of this funding is provided in section 16.
- 6.3 It was also reported that the Council would monitor prevailing PWLB rates for any opportunities to reschedule debt to generate savings. I can report that to the 30th September this financial year, the Council has not had a viable option to reschedule debt. Affordability and the cost of carry remained important influences on the Council's borrowing strategy. No short-term or long-term borrowing was taken during the first half of 2022/23.
- 6.4 In line with the above strategy, this Council has not borrowed in advance of need during the first 6 months of the year and has no current intention to borrow in advance during the remainder of 2022/23.
- 6.5 No variance is being reported for net capital charges which have a budget for 2022/23 of £21.308m.

7.0 CERTAINTY RATE

- 7.1 The "certainty rate", whereby local authorities are able to access borrowing at 0.2% below published PWLB rates is available from HM Treasury again for this year. Authorities were required to provide an indication of their potential borrowing requirements for the next 3 years. This Council provided such information to HM Treasury and will continue to be able to access the discounted rate up to 31st March 2023.

8.0 ESTIMATED AND ACTUAL TREASURY POSITION AND PRUDENTIAL AND TREASURY MANAGEMENT INDICATORS

8.1 During the six months to 30th September 2022, the Council operated within its prudential limits set out in the Prudential Code report approved by Council in March 2022. Details of limits and actual performance are as follows:

8.2 Capital Expenditure and the Capital Financing Requirement

8.2.1 The Capital Expenditure plans of the Council are primarily financed by capital receipts and capital grants. The remaining element which cannot be immediately financed from other resources will constitute our borrowing requirement. The estimated level of available capital resources is provided in summary as the Capital Expenditure Indicator below.

Indicator: Capital Expenditure

	2022/23 Original Estimate £M	2022/23 Projected Outturn £M	2023/24 Revised Estimate £M	2024/25 Revised Estimate £M
Supported spend	82.498	154.672	60.506	25.484
Unsupported spend	11.502	17.448	9.112	8.692
Total spend	94.000	172.120	69.618	34.176
Financed by:-				
Borrowing	18.369	24.315	15.979	15.559
Other Capital Resources (Grants, Capital Receipts)	75.631	147.805	53.639	18.617

8.2.2 The Capital Financing Requirement (CFR) represents the Council's underlying need to borrow for capital purposes. The CFR is capital expenditure that has not yet been paid for from either revenue or capital resources.

8.2.3 The Council's expectation for the CFR for the next three years is shown below.

Indicator: Capital Financing Requirement (CFR)

	2022/23 31/03/23 Original Estimate £M	31/03/23 Projected Outturn £M	2023/24 31/03/24 Revised Estimate £M	2024/25 31/03/25 Revised Estimate £M
CFR	509.293	511.964	512.461	513.381
Net movement in CFR			0.497	0.920

8.2.4 The expected external debt for each year is as detailed below.

	30/09/22 Actuals £M	2022/23 31/03/23 Original Estimate £M ¹	2022/23 31/03/23 Revised Estimate £M	2023/24 31/03/24 Revised Estimate £M	2024/25 31/03/25 Revised Estimate £M
Borrowing	381.451	440.242	411.242	378.423	427.004
Other long term liabilities ²	0.453	2.458	0.582	0.581	1.829
Total External Debt	381.904	442.700	411.824	379.004	428.833

Indicator: External Debt

8.2.5 Other Long Term Liabilities represents the Council's obligation under its finance leases.

9.0 LIMITS TO BORROWING ACTIVITY

9.1 The first key control over the Council's activity is to ensure that, over the medium term, borrowing will only be for a capital purpose. The Council needs to ensure that external borrowing does not exceed the total of the capital financing requirement in the preceding year plus the estimate of the additional capital financing requirement for the next three financial years. This allows some flexibility within a three-year period to deliver an effective Treasury Management strategy.

¹ The indicators and limits have been updated (for 2022/23) in line with the Council approval of 9th March 2022 detailing the funding arrangements for Transport (Rail) Infrastructure works.

² The indicators as set out in '2022/23 Capital Strategy Report Incorporating Prudential Indicators' approved by Council on 9th March 2022, included figures for future lease liabilities, as required by the prevailing Code of Practice on Local Authority Accounting at that time. Since that point, CIPFA has delayed the implementation of proposals until April 2024.

	2022/23 30/09/22 Actuals £M	2022/23 31/03/23 Original Estimate £M	2022/23 31/03/23 Revised Estimate £M	2023/24 31/03/24 Revised Estimate £M	2024/25 31/03/25 Revised Estimate £M
Gross Borrowing (inc. Other Long Term Liabilities)	381.904	442.700	411.824	379.004	428.833
Capital Financing Requirement		509.293	511.964	512.461	513.381

Borrowing Activity (Gross Borrowing)

- 9.2 The Authorised Limit represents the limit beyond which borrowing is prohibited, and needs to be set, monitored and revised by Members. It reflects the maximum level of borrowing to fund existing capital commitments, which could be afforded in the short term, but is not sustainable. It is the expected maximum borrowing need, with some added headroom for unexpected movements. It is proposed that these limits be amended in line with increases to the underlying need to borrow, that is, the Capital Financing Requirement.

Indicator: The Authorised Limit

	2022/23 30/09/22 Actuals £M	2022/23 Limit £M	2023/24 Limit £M	2024/25 Limit £M
Gross Borrowing	381.451	607.400	525.000	525.000
Other long term liabilities	0.453	5.000	5.000	5.000
Authorised Limit	381.904	612.400	530.000	530.000

- 9.3 The Operational Boundary is based on the probable external debt during the course of the year; actual borrowing could vary around this boundary, for short times, during the year. It should act as an indicator to ensure the Authorised Limit is not breached.

Indicator: The Operational Boundary

	2022/23 30/09/22 Actuals £M	2022/23 Estimate £M	2023/24 Estimate £M	2024/25 Estimate £M
Gross Borrowing Limit	381.451	452.400	370.000	370.000
Other long term liabilities	0.453	3.000	3.000	3.000
Operational Boundary	381.904	455.400	373.000	373.000

10.0 **AFFORDABILITY PRUDENTIAL INDICATORS**

- 10.1 Previous sections have covered overall capital and control of borrowing indicators, but there is also a requirement to assess the affordability of capital investment plans. This provides an indication of the impact of the capital investment plans on the overall Council finances.
- 10.2 The Ratio of Financing Costs to Net Revenue Stream identifies the trend in the cost of capital (borrowing costs net of interest and investment income) against the "net revenue stream". The net revenue stream for the General Fund is the amount collectable from Council Tax payers added to the Council's Revenue Support Grant (RSG) and Non Domestic Rates (NDR). The key use of this indicator is to compare trends in the ratio of financing costs to the net revenue stream, over time.

Indicator: Ratio of Financing Costs to Net Revenue Stream

	2022/23 Original Estimate	2022/23 Revised Estimate	2023/24 Revised Estimate	2024/25 Revised Estimate
General Fund	4.76%	4.57%	4.87%	5.35%

- 10.3 The Ratio of Net Income from Commercial and Service Investments to Net Revenue Stream is a new indicator introduced in the 2021 Prudential Code update. It identifies the net income from financial and commercial investments (other than treasury management investments) and is intended to show the financial exposure of the Council to the loss of income. Direct costs of the investment may be netted off.

Indicator: Ratio of Net Income from Commercial and Service Investments Financing Costs to Net Revenue Stream

	2022/23 Original Estimate	2022/23 Revised Estimate	2023/24 Revised Estimate	2024/25 Revised Estimate
General Fund	0.28%	0.30%	0.29%	0.28%

- 10.4 A LOBO is a financial instrument called a “Lender’s Option Borrower’s Option”. It provides a lower rate of interest for the initial period and a higher rate for the rest of its term (reversionary period), albeit that the higher rate was comparable with interest rates prevailing at the time the loans were taken. At the end of the initial period and at six monthly intervals, the lender has the option to increase the interest rate payable. This provides the Council with the option to repay the loan if the terms are not acceptable. No banks exercised their option during the six months to September.
- 10.5 The amount of LOBO debt held in 2022/23 is £31m, 8% of total debt as at 30th September. Although not a requirement of the Prudential Code, an internal limit of LOBO debt is set as follows:

	£M	% of Debt Portfolio
LOBO Limits	50	20

- 10.6 The maturity structure indicator sets gross limits to reduce the Council’s exposure to large fixed rate sums falling due for refinancing annually. The Code of Practice requires LOBO’s to be represented in the maturity structure at the next option date, hence the table below demonstrates a high maturity within 12 months.

Indicator: Maturity Structure

	2022/23 Actuals as at 30/09/22	Upper Limit	Lower Limit
Under 12 months	31%	70%	0%
12 months to 2 years	3%	70%	0%
2 years to 5 years	8%	60%	0%
5 years to 10 years	12%	70%	0%
10 years to 20 years	4%	90%	0%
20 years to 30 years	0%	90%	0%
30 years to 40 years	42%	90%	0%
40 years to 50 years	0%	90%	0%

- 10.7 In order to maximise investment returns there could be opportunities for sums to be invested for longer than one year. This would only be undertaken with a prudent view of the primary considerations of security and liquidity.

11.0 FINANCIAL INVESTMENTS

- 11.1 The Investment Strategy enables lending to organisations upon which we undertake appropriate due diligence and put in place appropriate security arrangements. Such loans could result in the Council being able to achieve better investment returns at an acceptable level of risk and to secure base budget savings over the short to medium term to protect frontline services.
- 11.2 These investment decisions are classed as “Financial Investments” and are subject to S151 officer determination, following appropriate due diligence and subject to appropriate and acceptable security arrangements being in place as part of the commercial agreement.
- 11.3 The maximum exposure for this type of investment is set at £25m with a maximum maturity limit of 30 years.
- 11.4 Such transactions will be included in the indicators reported as part of the quarterly performance reports and statutory Treasury Management Reports.

Indicator: Total principal funds invested for periods longer than 1 year:

	Limit	30/09/22 Actual
Maximum principal sums invested over 1 year	£25m	£2.20m

- 11.5 The £2.20m represents a 25-year loan to Cynon Taf Housing Community Group (£2.30m outstanding in total, £0.10m of which to be repaid within 12 months).
- 11.6 For measuring the Council's exposure to interest rate risk, the following table shows the revenue impact of a 1% rise or fall in interest rates (based on borrowing and investments as at 30th September 2022):

Interest Rate Risk	Impact £M
One year revenue impact of a 1% rise/fall in interest rates	0.644

12.0 INVESTMENT STRATEGY, ACTIVITY & RESULTS

- 12.1 The Council manages its investments in-house, investing in line with the Council's approved lender criteria as approved by Council on the 9th March 2022.
- 12.2 Members will recall that following the onset of the unprecedented national and international economic crisis in 2008, all of this Council's cash flows are

currently being invested in the Debt Management Account Deposit Facility and other Government backed public sector bodies, in line with the aforementioned approved strategy. This strategy ensures we prioritise **Security** (protecting monies invested), then **Liquidity** (cashflow) and finally **Yield** (return on investment). The order of these “SLY” priorities are detailed in Investment Guidance produced by the Welsh Government.

12.3 I have kept this under constant review subsequently with a view to returning to market investment activity at an appropriate time. To date, the Council has not returned to market investments. Members will be kept informed of any changes as part of the Council’s quarterly performance reports.

12.4 The following table shows the overall result of the investment activities undertaken by the Council:

	Interest Received £M	Average Cash Balance £M	Return on Investments %	Benchmark Return %
General Balances	0.460	46.556	0.99	1.277

The benchmark for Local Authority internally managed funds is the average 7-day Sterling Overnight rate (SONIA) rate.

12.5 The Council also holds non-specified investments in Cynon Valley Waste Disposal Company Ltd, trading as Amgen Cymru Ltd and Amgen Rhondda Ltd. These are shown in the Council’s 2021/22 balance sheet as £3.032m, under “Investments in Subsidiaries”.

12.6 The Council also holds non-financial investments.

- Non-financial commercial investment in Ty Dysgu, Cefn Coed Business Park, Nantgarw. The building and site have a fair value of £3.0m, with an annual rental of £322k.
- The Council has investments it categorises as non-financial and other investments relevant to Council functions. These buildings have a fair value of £19.9m, with an annual rental of £1.4m. They relate to 50-53 Taff St, Pontypridd; Unit 1 Cambrian Industrial Estate, Clydach Vale; Rhos Surgery, Mountain Ash; Llys Cadwyn, Pontypridd; Coed Ely Units; 103-110 Taff Street, Pontypridd; and 13-17 Sardis Road, Pontypridd.

12.7 Decision making on commercial activities will be regeneration led in line with Council’s Constitution, approved strategies and policies and will in all instances be with the express approval of the Council’s Section 151 Officer and the Director of Legal Services.

13.0 TREASURY MANAGEMENT ADVISORS

- 13.1 The Council appointed Arlingclose as its Treasury Management Advisors from 1st April 2019 for the 3 year period up to 31st March 2022, with the option to extend for up to 2 years. Following a review of the service provision, the option to extend for a further two years was agreed.

14.0 TRAINING

- 14.1 Officers regularly attend webinars hosted by Arlingclose which provide an overview of the economic environment, investment advice, updates on Codes of Practice and technical guidance. A virtual online strategy meeting has also been held between Arlingclose and officers in August. Officers continue to receive interest rate information, economic data, credit ratings and general market environment information on a regular basis. All Elected Members were invited to a virtual training event facilitated by Arlingclose on 7th September 2022.

15.0 MINIMUM REVENUE PROVISION (MRP)

- 15.1 In accordance with legislative requirements applicable to local government (Local Government Act 2003), there is a requirement to charge an amount to revenue each year in respect of capital expenditure that is funded by borrowing. This charge is known as Minimum Revenue Provision (MRP) and must be a prudent amount in accordance with Welsh Government Statutory Guidance.
- 15.2 The method of charging MRP for Supported Borrowing is a straight line policy over 40 years. With regard to finance leases MRP is equivalent to the principal value of repayments. With regard to the method of charging MRP to Council Fund Balances in respect of Unsupported Borrowing only, the method used is dependent upon the type of asset being created as set out in the approved MRP Policy statement approved by Council on the 9th March 2022.

16.0 FUNDING OF PROJECTS SUPPORTED BY THE SUSTAINABLE COMMUNITIES FOR LEARNING PROGRAMME (FORMERLY, 21ST CENTURY SCHOOLS AND COLLEGES PROGRAMME)

- 16.1 This Council continues to successfully deliver new, improved and modern schools to make a significant improvement to the learning environment for our young people.
- 16.2 On the 4th October 2021, Cabinet considered a report which detailed a significant increase in the approved Strategic Outline Programme (SOP) for Band B of the programme from £167M to £252M. The individual school

projects were reported as part of that update, which are being funded by a combination of WG Grant Funding (at 65%) and the WG Mutual Investment Model (MIM) Funding (at 81%, subsequently updated to 82.3%). The Council is also responsible for funding fit out costs at 35% for the MIM projects. The Council's contributions are funded using prudential borrowing and revenue funding respectively.

- 16.3 The individual schemes continue to evolve through the Welsh Government's five case business model and approval process, with procurement processes running alongside to enable the delivery of timetabled on-site development.
- 16.4 Whilst absolute costs are not known until the completion of procurement processes and WG approvals, the overall envelope has previously been agreed by WG and accordingly the Council's contributions in line with the agreed envelope likewise need to be secured to avoid unnecessary delays to the programme.
- 16.5 The Council's contributions to the respective funding packages are and will continue to be built into the Council's Medium Term Financial Plan and Capital Programme accordingly. On the 6th July via the 2021/22 Annual Treasury Management Review report, Council agreed the overall level of contribution of £43.2M borrowing to fund the full programme in line with the detail set out above and up to and within the overall envelope. Set against this, current borrowing amounts to £30.0M.

17.0 EQUALITY AND DIVERSITY IMPLICATIONS AND SOCIO-ECONOMIC DUTY

- 17.1 The report provides an overview of the Council's Treasury Management activities during the first six months of 2022/23 in line with the Treasury Management and Capital Strategies approved by Council in March 2022. As a result, there are no equality and diversity or socio-economic duty implications to report.

18.0 WELSH LANGUAGE IMPLICATIONS

- 18.1 There are no Welsh language implications as a result of the recommendations in this report.

19.0 CONSULTATION

- 19.1 Following consideration by Council, this report will be presented to the Governance and Audit Committee in line with the laid down code of practice "CIPFA Treasury management in the Public Services 2017" and also the Terms of Reference for this Committee.

20.0 FINANCIAL IMPLICATION(S)

- 20.1 The financial results / implications of the Council's Treasury Management arrangements during the first six months of 2022/23 have been incorporated into quarterly Performance Reports during the year.

21.0 LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

- 21.1 The report ensures the Council complies with its legal duty under the Local Government Act 2003 and in doing so is in line with the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities.

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

- 22.1 This report evidences the progress made in delivering the Council's Corporate Plan 2020-24 – 'Making a Difference' in particular through supporting the 'Living Within Our Means' theme by pursuing optimum treasury management performance or return at the same time as managing associated risk.
- 22.2 The report also supports the Well-being of Future Generations Act in particular 'a globally responsible Wales' through responsible management and investment of the Council's resources.

23.0 CONCLUSION

- 23.1 The 2022/23 financial year continues to be a challenging period for Treasury Management and this report highlights for Members the Treasury Management activities that have been undertaken between April and September 2022.

**Other information:
Relevant Committee – Governance and Audit Committee**

LOCAL GOVERNMENT ACT 1972

AS AMENDED BY

THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

COUNCIL 23rd NOVEMBER 2022

REPORT OF THE DIRECTOR OF FINANCE AND DIGITAL SERVICES

**Item: 2022/23 MID YEAR TREASURY MANAGEMENT STEWARDSHIP
REPORT**

Background Papers

- 9th March 2022 Council meeting – Reports:
 - Treasury Management Strategy Incorporating Investment Strategy, Treasury Management Indicators and Minimum Revenue Provision Statement for 2022/23.
<https://rctcbc.moderngov.co.uk/documents/s34286/Report.pdf?LLL=0>
 - 2022/23 Capital Strategy Report Incorporating Prudential Indicators.
<https://rctcbc.moderngov.co.uk/documents/s34291/Report.pdf?LLL=0>

Officer to contact: Barrie Davies (Director of Finance and Digital Services)

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RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2022/23

GOVERNANCE AND AUDIT COMMITTEE 14 th February 2023	AGENDA ITEM NO. 4
REPORT OF THE DIRECTOR OF FINANCE & DIGITAL SERVICES	PROGRESS AGAINST THE INTERNAL AUDIT RISK BASED PLAN 2022/23

Author: Mark Thomas (Head of Regional Internal Audit Service) &
Lisa Cumpston (Audit Manager)

1. PURPOSE OF THE REPORT

- 1.1 The purpose of the report is to provide members of the Governance and Audit Committee with a position statement on progress made against the audit work approved within the Internal Audit Risk Based Plan 2022/23.

2. RECOMMENDATIONS

It is recommended that Members:

- 2.1 Note the content of the report and the progress made against the Internal Audit Risk Based Plan 2022/23.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To help ensure that the Governance and Audit Committee monitors the performance of the Council's Internal Audit Service, in accordance with its Terms of Reference.

4. BACKGROUND

- 4.1 In accordance with the Public Sector Internal Audit Standards, the Head of the Regional Internal Audit Service is responsible for developing a risk-based annual audit plan which takes into account the Council's risk management framework. Within the Public Sector Internal Audit Standards (PSIAS) there is also a requirement for the Head of the Regional Internal Audit Service to review and adjust the

plan, as necessary, in response to changes in the Council’s business, risks, operations, programs, systems, controls and resources. The Head of the Regional Internal Audit Service must also ensure that Internal Audit resources are appropriate, sufficient and effectively deployed to achieve the approved plan.

4.2 The Internal Audit Risk Based Plan for 2022/23 was submitted to the Governance & Audit Committee for consideration and approval on 18th July 2022. The Plan outlined the audit assignments to be carried out which will provide adequate coverage to enable an overall opinion at the end of 2022/23.

4.3 Progress made against the 2022/23 plan for the period 1st April 2022 – 27th January 2023 is attached as **Appendix A** and a summary of the individual audit assignments as at 27th January 2023 is as follows:

Status	No. Of Audits
Final Reports Issued / Complete Assignments	24
Draft Reports Issued	4
Awaiting Management Review / Under Review	1
Fieldwork in Progress	7
Audit Fieldwork being Scoped	6

4.4 **Appendix A** details the status of each planned review, the audit opinion (where the audit is complete or has reached final report stage) and the number of recommendations made to improve the internal control, governance and risk management environment.

4.5 As at 27th January 2023, 24 audit assignments have been completed, including 20 audits where a final report and audit opinion have been issued. The remaining 4 completed assignments relate to work where no audit opinion is provided, for example Annual Governance Statement (AGS), Annual Opinion Report (Head of Internal Audit) and Internal Audit Planning 2022/23. This is because the audit work carried out in respect of these items was planned but the nature of the work does not lead to testing and the formation of an audit opinion. A further 4 draft reports have been issued and 1 audit assignment is awaiting management review. There are 7 audit assignments currently in progress and a further 6 assignments are at the scoping stage.

4.6 Based on the assessment of the strengths and weaknesses of the areas examined through testing of the effectiveness of the internal control, governance and risk management arrangements, the following audit opinions have been given to the 20 audit assignments completed to final report stage to date:

Audit Opinion	No. Of Audits
Substantial Assurance	15
Reasonable Assurance	5
Limited Assurance	0
No Assurance	0

- 4.7 There have been no audit assignments completed across the 2022/23 planned areas to date where an audit opinion of limited assurance or no assurance has been placed on the current systems of internal control, governance and risk management.
- 4.8 For reference, the audit assurance/opinion categories are:

AUDIT ASSURANCE CATEGORY CODE	
Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

- 4.9 **Appendix A** illustrates that a total of 37 recommendations have been made to improve the internal control, governance and risk management arrangements across the 2022/23 audit plan areas reviewed to date. The implementation of these recommendations is monitored to ensure that improvements are being made.

4.10 Again for reference, Internal Audit recommendations are categorised/prioritised as follows:

RECOMMENDATION CATEGORISATION	
Risk may be viewed as the chance, or probability, of one or more of the organisation's objectives not being met. It refers both to unwanted outcomes which might arise, and to the potential failure to realise desired results. The criticality of each recommendation is as follows:	
High Priority	Action that is considered imperative to ensure that the organisation is not exposed to high risks.
Medium Priority	Action that is considered necessary to avoid exposure to significant risks.
Low Priority	Action that is considered desirable and should result in enhanced control.

4.11 While performance to date is lower than anticipated for 2022/23 to date, this can be partly attributed to long term sickness, some audits taking longer than planned and vacancies in the wider service which although now filled, have impacted on the delivery of the audit plan to date. Internal Audit have also responded accordingly to any requests to undertake specific additional work. Internal Audit management will ensure that sufficient coverage is given during QTR4 to appropriate areas to allow for the Head of Audit Annual Report and to provide an opinion on the Council's arrangements for internal control, governance and risk management arrangements throughout 2022/23.

4.12 Following a request received at the last Governance and Audit Committee meeting on 7th December 2022, **Appendix A** has also been updated with a colour coding system to indicate which audits have been completed during 2022/23 to date, those which are anticipated to be completed by the end of 2022/23 and those which will not receive an Internal Audit review during the year, however these audits will be scheduled for discussion with Management as part of the Internal Audit planning process for 2023/24. The categories are as follows:

	Completed Assignments. 24 assignments
	Audit assignments that are at draft report stage, waiting for review or are in progress and we are confident they will be completed in QTR 4. 20 assignments
	Audit assignments which are being scoped or are planned to be completed during QTR 4 but there is less certainty over their completion. 27 assignments

Audit assignments that will not be undertaken or have been cancelled during 2022/23 but will be scheduled for discussion as part of the Internal Audit planning process for 2023/24. **26 assignments**

5. EQUALITY AND DIVERSITY IMPLICATIONS AND SOCIO-ECONOMIC DUTY

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

6. CONSULTATION

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

7. FINANCIAL IMPLICATION(S)

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

8. LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

8.1 The provision of regular information in respect of the Council's Internal Audit Service supports the Council in demonstrating compliance with the Accounts and Audit (Wales) (Amendment) Regulations 2018.

8.2 Regulation 7 (Internal Audit) of Part 3 of the 2018 Regulations directs that: "*A relevant body must maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control.*"

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

THE COUNCIL'S CORPORATE PLAN PRIORITIES

9.1 The work of Internal Audit 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 internal controls are in place to effectively manage resources.

WELL-BEING OF FUTURE GENERATIONS ACT

9.2 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.

10. CONCLUSION

- 10.1 Monitoring the performance of Internal Audit is a key responsibility for the Governance and Audit Committee. This report provides the Governance and Audit Committee with detailed information with which the performance of the Service can be reviewed and scrutinised.

Other Information:-

Relevant Scrutiny Committee

Not applicable.

Contact Officers – Mark Thomas & Lisa Cumpston

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

14th February 2023

**PROGRESS AGAINST THE INTERNAL AUDIT RISK BASED INTERNAL
AUDIT PLAN 2022/23**

REPORT OF THE DIRECTOR OF FINANCE & DIGITAL SERVICES

Author:

Mark Thomas (Head of Regional Internal Audit Service) & Lisa
Cumpston (Group Audit Manager)

Item: 4

Background Papers

None.

Officer to contact: Mark Thomas / Lisa Cumpston

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Appendix A - RCTCBC

Ref	Directorate	Area	Audit Scope /	Priority	Status	Audit Opinion / Assurance				Recommendations		
						Substantial	Reasonable	Limited	No	High	Medium	Low
1	Chief Executive	Contract Variations/Payments in Advance	To undertake a review of contract variations and payments in advance made by the Council linked to the pandemic. Review the arrangements in place for authorisation, monitoring and budgetary control and provide assurance of a managed	High	In Progress							
2	Chief Executive	Purchase Cards - Review of Cash Withdrawals	To undertake a review of cash withdrawals made using the Purchasing Card across the Council and establish whether the process for identifying needs, setting spending limits, authorisation of spend and monitoring of expenditure	High	Under Review							
3	Chief Executive	Attendance & Sickness Recording	To review the accuracy, timeliness of recording and reporting of sickness absence information, and to ensure that processes are complaint with Council Policy and are being consistently	High	Planned							
4	Chief Executive	Cost of Living Payments - Administration of the	To give assurance that a robust administrative control	High	Complete	√				0	0	0
5	Chief Executive	Administration of Trust Funds	To undertake a review of the Trust Funds administered by the Council and annual certification / sign off process	Low	Complete	√				0	0	0
6	Chief Executive	Cyber Security Arrangements	To give assurance that a Cyber Security Strategy has been developed, changes in threats are regularly reviewed and monitored, Cyber Security reporting and governance arrangements are in place and that awareness is disseminated effectively within the	High	Complete	√				0	1	0

7	Chief Executive	Payroll - Review of the Midlands System	To provide assurance that the new controls and reporting arrangements in place for the recently implemented Midlands Payroll system are	High
8	Chief Executive	Sundry Debtors	To review the processes and procedures in place in respect of the identification and pursuit of outstanding debts to the Council, and identify the measures in place to support and manage bad debt provision where families are experiencing financial	High
9	Chief Executive	Review of Grant Schemes Administered on behalf of Welsh Government	To review the arrangements for administering grant payments made on behalf of Welsh Government for a sample of grant schemes and provide assurance that these have been effectively administered	High
10	Chief Executive	Housing Benefits	To undertake a review of Housing Benefits system and provide assurance to Management of the controls in place	High
11	Chief Executive	Bank Reconciliation	To undertake a review of the Bank Reconciliation system and provide assurance to Management of the controls in place	High
12	Chief Executive	Council Tax	To undertake a review of the Council Tax system and provide assurance to Management of the controls in place	High
13	Chief Executive	Non Domestic	To undertake a review of the NDR system and provide assurance to Management of the controls in place	High

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14	Chief Executive	Treasury Management	To undertake a review of the Treasury Management system and provide assurance to Management of the controls in place, with particular reference to the new treasury codes and strategy requirements	High
15	Chief Executive	Asset Management	To review the current	High
16	Chief Executive	Climate Change	To review and provide	High
17	Chief Executive	Scheme of Delegation	To verify whether	High
18	Prosperity & Development	Capital Projects	To provide assurance for a sample of Capital Projects that appropriate arrangements to procure and manage projects are in place and that any slippage is appropriately accounted for, monitored and reported	High
19	Prosperity & Development	School Transport	To review the arrangements in place for awarding contracts and monitoring costs, and provide assurance of the arrangements in place for the provision of School	High
20	Prosperity & Development	Recycling & Waste	To review the processes in place within RCT for the provision of recycling bags and recycling bins, and undertake a comparable exercise with other Welsh Councils for information purposes. To ensure there are robust procedures in place for any charges relating to the purchase of bags and to undertake a review of the collection and banking of income	Medium
21	Prosperity & Development	Highways - Transfer of Waste	To review the process for the receipt of waste, management of waste and contractual arrangements for the transfer of waste at Council	High

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22	Prosperity & Development	Parking Enforcement	To undertake a review of the administrative back office functions for providing parking within the Council, and on behalf of other Council's and provide assurance to Management that the internal controls and processes in place are effective	Medium
23	Community & Children's Services	Carers Assessments	To review the support available to carers to enable them to fulfil their caring duties and review the provisions in place to support those who have a caring role and the assessment / payments	Medium
24	Community & Children's Services	Deputyship & Appointments	To provide assurance that the systems and controls surrounding the management of Deputyship accounts are robust and that they are operated in line with regulations/guidance/policy in order to protect the individual and Council	High
25	Community & Children's Services	Respite Services	To undertake a review of Respite Services and provide assurance that the internal controls and financial procedures in place are effective	High
26	Community & Children's Services	Adaption & Community Equipment (ACE)	To review the processes in place and provide assurance on the internal controls and arrangements for the management of caseloads, assessment process and prioritisation of referrals	Medium
27	Community & Children's Services	Adult Care & Support Services	To review the arrangements for waiting lists, referrals, long term planning and reporting arrangements in respect of Adult Care and Support	High

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28	Community & Children's Services	Contract Management Placements	To undertake a review of the controls and process in place in respect of Contract Management Placements and provide assurance to Management that these are effective and subject to regular review	High
29	Community & Children's Services	Adoption Support & Foster Carer Payments Follow Up	To undertake a follow up review and provide assurance that all recommendations contained within the previous audit report have been fully	High
30	Community & Children's Services	Referrals to Children's Social Care	To review the process in place for referrals to children's social care and provide assurance that arrangements are in place for management of the prioritisation of referrals, assessment of need, waiting lists and escalation/reporting arrangements	High
31	Community & Children's Services	Llwydcoed Crematorium	To provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in place. This annual review also informs the Annual Governance Statement and certification of the Small Bodies	Low
32	Community & Children's Services	Temporary Housing Solutions	To determine compliance with the Statutory Duty and provide assurance on the procedures in place to identify, allocate and prioritise cases linked to the availability of housing solutions	High

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33	Education & Inclusion Services	Education Safeguarding Arrangements - Capita One	To undertake a follow up audit and provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in place following the previously issued consultancy audit report	High
34	Education & Inclusion Services	Evolve - Compliance with Procedures for Recording School Visits	To provide assurance that consistent and accurate procedures are being followed within schools and these are compliant with requirements for recording off site visits in schools	High
35	Education & Inclusion Services	Sickness Absence Protocols & Recording in Schools	To assess compliance with the new system requirements and provide assurance that absences are being recorded accurately, timely and in accordance with Council Policy	High
36	Education & Inclusion Services	Attendance	To review the processes in place for recording, reporting and monitoring sixth form attendance	High
37	Education & Inclusion Services	School Admissions	To provide assurance there are effective arrangements in place to manage school admissions and there is a clear and transparent trail in the decision making process	High
38	Education & Inclusion Services	Step 4 Provisions	To review the bidding and awarding process in place for obtaining alternative curriculum funding and review the termly monitoring arrangements in place	Medium
39	Education & Inclusion Services	Additional Learning Needs - Implementation of the Reduced Timetable Policy	To provide assurance that effective arrangements are in place to monitor and evaluate additional learning needs services, with specific reference to the implementation of the Reduced Timetable Policy	High

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40	Education & Inclusion Services	Ty Gwyn Pupil Referral Unit - Follow Up	To undertake a follow up review and ensure that all recommendations contained within the previous audit report have been fully implemented	High
41	Education & Inclusion Services	Park Lane Special School - Follow Up	To undertake a follow up review and ensure that all recommendations contained within the previous audit report have been fully implemented	Medium
42	Education & Inclusion Services	Ysgol Ty Coch	To provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in place at the school	Medium
43	Education & Inclusion Services	Special School Self Assessment Programme & Annual Report	To collate information and prepare the annual information report relating to the self assessment process	Medium
44	Education & Inclusion Services	Ffynon Taf Primary School	To provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in place at the school	Medium
45	Education & Inclusion Services	Cymmer Primary School	To provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in place at the school	Medium
46	Education & Inclusion Services	Maesybryn Primary School	To provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in place at the school	Medium
47	Education & Inclusion Services	Penywaun Community Primary School	To provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in place at the school	Medium
48	Education & Inclusion Services	St Margaret's Primary School	To provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in place at the school	Medium

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49	Education & Inclusion Services	YGG Evan James	To provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in place at the school	Medium
50	Education & Inclusion	YGG Llyn y Forwyn	To provide assurance	Medium
51	Education & Inclusion	YGG Pontsionnort	To provide assurance	Medium
52	Education & Inclusion Services	YGG Ynyswen	To provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in place at the school	Medium
53	Education & Inclusion Services	Abercynon Community Primary	To provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in place at the school	Medium
54	Education & Inclusion Services	Aberdare Park Primary	To provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in place at the school	Medium
55	Education & Inclusion	Abernant Primary	To provide assurance	Medium
56	Education & Inclusion Services	Blaengwawr Community Primary	To provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in place at	Medium
57	Education & Inclusion	Coed Y Lan Primary	To provide assurance	Medium
58	Education & Inclusion Services	Primary School Self Assessment Programme & Annual Report	To collate information and prepare the annual information report relating to the self assessment	Medium
59	Education & Inclusion Services	Hawthorn High School Follow Up	To provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in place at the school	High

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60	Education & Inclusion Services	Ferndale Community School	To provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in place at the school	High
61	Education & Inclusion Services	Ysgol Gyfun Rhydywaun	To provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in place at the school	High
62	Education & Inclusion Services	Comprehensive/All Through School Self Assessment Programme & Annual Report	To collate information and prepare the annual information report relating to the self assessment process	Medium
63	Education & Inclusion Services	RCT - Regional Consortia School Improvement Grant (RCSIG)	Under the conditions of the specific grant determination, the Head of Audit must certify that the conditions of the grant have been complied with	High
64	Education & Inclusion Services	RCT - Local Authority Education Grant (LAEG)	Under the conditions of the specific grant determination, the Head of Audit must certify that the conditions of the grant have been complied with	High
65	Education & Inclusion Services	RCT - Pupil Development Grant (PDG)	Under the conditions of the specific grant determination, the Head of Audit must certify that the conditions of the grant have been complied with	High
66	Cross Cutting / Whole Authority Arrangements	Performance Management Arrangements	To review the delivery planning process in place for informing future planning and provide assurance on the adequacy of delivery plans, quarterly planning and reporting arrangements	High
67	Cross Cutting / Whole Authority Arrangements	Anti Fraud, Bribery & Corruption	To undertake proactive work at the request of Management in respect of anti fraud, bribery & corruption	High

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68	Cross Cutting / Whole Authority Arrangements	Fuel Usage, Control & Monitoring	To review the internal controls in place for the receipt, secure storage, usage and reconciliation of fuel at Council Depots and provide assurance that robust measures are in place	High
69	Cross Cutting / Whole Authority Arrangements	Corporate Risks	To select a sample of strategic risks and provide assurance on how these are being managed and undertake a follow up review to ensure that all recommendations contained in the previous Risk Management audit report have been fully	High
70	Cross Cutting / Whole Authority Arrangements	Corporate Safeguarding Arrangements	To undertake an assessment of the Council's overall operating model for safeguarding and evaluate the Council's safeguarding performance	High
71	Cross Cutting / Whole Authority Arrangements	Disclosure and Barring Service (DBS) Checks	To provide assurance that DBS checks are undertaken for all posts where there is a statutory requirement, ensure consistency across the Council for undertaking DBS checks where there is no statutory obligation and review the policies and procedures for safer recruitment for compliance with legislation, new starters and process for renewals	High
72	Cross Cutting / Whole Authority Arrangements	Corporate Dashboard	To provide assurance that the integrity of source data used to inform the Corporate Dashboard can be relied on for information and reporting, and the quality assurance arrangements for ensuring the accuracy of data on or at data source	Medium

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73	Cross Cutting / Whole Authority Arrangements	Corporate Complaints	To provide assurance on the process for collecting information and accuracy of data reported to Governance and Audit Committee in respect of Corporate Complaints	Medium
74	Cross Cutting / Whole Authority Arrangements	Test, Trace, Protect (TTP)	To review the arrangements in place for the transition of staff and equipment and provide assurance that this has been done effectively and that appropriate handover procedures have been followed and all equipment / assets are accounted for	High
75	Central South Consortium Joint Education Services (CSC)	CSC - Regional Consortia School Improvement Grant (RSIG)	Under the conditions of the specific grant determination, the Head of Audit must certify that the conditions of the grant have been complied with	High
76	Central South Consortium Joint Education Services (CSC)	CSC - RSIG Consolidated Statement	Under the conditions of the specific grant determination, the Head of Audit must certify that the conditions of the grant have been complied with	High
77	Central South Consortium Joint Education Services (CSC)	CSC - Pupil Development Grant (PDG)	Under the conditions of the specific grant determination, the Head of Audit must certify that the conditions of the grant have been complied with	High
78	Central South Consortium Joint Education Services (CSC)	CSC - PDG Consolidated Statement	Under the conditions of the specific grant determination, the Head of Audit must certify that the conditions of the grant have been complied with	High
79	Central South Consortium Joint Education Services (CSC)	CSC - General Ledger	To review and conclude on the adequacy and effectiveness of the controls in operation in respect of the CSC General Ledger	Medium

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80	South East Wales Corporate Joint Committee (SEWCJC)	Small Bodies Return Assurance Work	To provide assurance on the adequacy and effectiveness of the internal control, governance and risk management arrangements in place. This review also informs the certification of the Small Bodies	High
81	Amgen	Amgen - Payroll	To review and conclude on the adequacy and effectiveness of the controls in operation in respect of the Amgen Payroll function	Medium
82	Amgen	Amgen - Debtors	To review and conclude on the adequacy and effectiveness of the controls in operation in respect of the Amgen Debtors function	Medium
83	Amgen	Amgen - Creditors	To review and conclude on the adequacy and effectiveness of the controls in operation in respect of the Amgen Creditors function	Medium
84	Amgen	Amgen - General Ledger	To review and conclude on the adequacy and effectiveness of the controls in operation in respect of the Amgen General Ledger function	Medium
85	Amgen	Review of Arms Length Companies & Governance Arrangements	To provide assurance that any changes made by the Amgen Board to operational procedures following a review of the recommendations contained within the Silent valley Waste Report, are effective and compliant	High
86	Internal Audit Reporting	Annual Governance Statement	The completion of the Council's Annual Governance Statement and submission to Governance and Audit Committee	High
87	Internal Audit Reporting	Annual Opinion Report (HIA)	Preparation for the production of the 2021/22 Annual Opinion Report	High

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RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2022/23

GOVERNANCE AND AUDIT COMMITTEE 14 th February 2023	AGENDA ITEM NO. 5
REPORT OF THE DIRECTOR OF FINANCE AND DIGITAL SERVICES	RISK MANAGEMENT – THE ROLE OF THE GOVERNANCE AND AUDIT COMMITTEE

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

1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to provide the Governance and Audit Committee with an overview of its role in respect of Risk Management, as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) publication '*Audit Committees – Practical Guidance for Local Authorities and Police 2018 Edition*', and in line with the Terms of Reference for the Committee.

2. RECOMMENDATIONS

It is recommended that Members:

- 2.1 Consider the arrangements in place for Governance and Audit Committee to discharge its role in respect of Risk Management.
- 2.2 Determine whether further information or action is required to provide the Committee with the necessary assurance for this area, including updates on specific strategic risks.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To assist the Governance and Audit Committee in discharging its responsibilities in respect of overseeing the Council's risk management arrangements, in line with its Terms of Reference.

4. GOVERNANCE AND AUDIT COMMITTEE'S TERMS OF REFERENCE

- 4.1 The Governance and Audit Committee's Terms of Reference states its Statement of Purpose is as follows:

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 Members will also be aware that the Committee's work is informed by, amongst other things, the Internal Audit Risk Based Plan, Audit Wales' Audit Plan (and in-year work programme updates) and the Governance and Audit Committee's own work programme for each Municipal Year, to help ensure the delivery of its Terms of Reference.

5. RISK MANAGEMENT - THE ROLE OF THE GOVERNANCE AND AUDIT COMMITTEE

- 5.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) publication '*Audit Committees – Practical Guidance for Local Authorities and Police 2018 Edition*' sets out that the role of the audit committee in relation to risk management covers three major areas:

- 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;
- Keeping up to date with the risk profile and the effectiveness of risk management actions; and
- Monitoring the effectiveness of risk management arrangements and supporting the development and embedding of good practice in risk management.

5.2 Following on, Table 1 provides an overview of the arrangements in place to support the Governance and Audit Committee discharge its responsibilities in respect of risk management against the information as set out in the ‘*Audit Committees – Practical Guidance for Local Authorities and Police 2018 Edition*’.

Table 1 – Arrangements to support the Governance and Audit Committee discharge its responsibilities in respect of Risk Management

CIPFA Practical Guidance	Arrangements in place
<p>1. 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</p>	<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 material changes are required, it recommends a revised Strategy to Cabinet for approval. The Governance and Audit Committee’s latest review of the Council’s Risk Management Strategy was at its 23rd March 2022 meeting, with an updated Strategy subsequently reported to and approved by the Council’s Cabinet on 18th July 2022. • Operational risk management arrangements across the Council have independent oversight through its inclusion within the Internal Audit Annual Audit Plan i.e. a Risk Management internal audit report was issued 1st September 2021 (a Reasonable Assurance Opinion) and a Risk Management internal audit assignment is incorporated into the Internal Audit Risk Based Plan for 2022/23. • The Governance and Audit Committee considers and comments on the Council’s certified draft Statement of Accounts (SoAs)¹ and receives an update from Audit Wales on the key issues identified from the external audit of the closure of accounts process prior to a final audited SoAs being reported to full Council. For the latest audited SoAs, i.e. for financial year 2021/22, the certified draft SoAs were considered by the Governance and Audit Committee on 7th September 2022 (alongside an overview of Accounting Policies), with the Council’s final audited 2021/22 SOAs reported to and approved by full Council on 18th January 2023 (noting that the outcome of the external audit process was an unqualified audit opinion).

¹ Certified draft Statement of Accounts – the Governance and Audit Committee also considers the certified draft Statements of Account for the Rhondda Cynon Taf Pension Fund, Central South Consortium Joint Education Service Joint Committee and the Annual Return for Llwydcoed Crematorium Joint Committee at the same time as considering the Council’s certified draft Statement of Accounts

CIPFA Practical Guidance	Arrangements in place
1 (continued) - 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: <ul style="list-style-type: none"> ○ Reviews and agrees a recommended version of the Council’s Annual Governance Statement (AGS) for inclusion within the Council’s SoAs; and ○ The Governance and Audit Committee receives and reviews half yearly updates on the progress the Council is making to implement recommendations made within the AGS.
2. 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: <ul style="list-style-type: none"> ○ Receives specific Strategic Risk updates², as set out in the Council’s Strategic Risk Register; and ○ Reviews the Council’s draft Annual Self-Assessment, in line with the requirements of the Local Government and Elections (Wales) act 2021, prior to consideration / approval by full Council. • As part of the Governance and Audit Committee’s annual work programme, the Committee reviews and challenges: <ul style="list-style-type: none"> ○ The Head of Internal Audit Annual Report; ○ Governance and Audit Committee Annual Report (incorporating a self-assessment against the CIPFA 2018 Practical Guidance); and ○ Treasury Management arrangements.

² Strategic Risk Updates – the Strategic Risk Register is updated on a quarterly basis and included within the Council’s quarterly Performance Reports (and in doing so integrates strategic risk monitoring with Corporate Plan priority reporting) – quarterly Performance Reports are reported to the Council’s Cabinet and thereafter scrutinised by the Overview and Scrutiny Committee.

CIPFA Practical Guidance	Arrangements in place
<p>3. Monitoring the effectiveness of risk management arrangements and supporting the development and embedding of good practice in risk management.</p>	<ul style="list-style-type: none"> • As part of the Governance and Audit Committee’s annual work programme, the Committee provides support and challenge on: <ul style="list-style-type: none"> ○ The audit opinions issued in respect 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); ○ Counter fraud updates; and ○ Anti-fraud, bribery and corruption and whistle-blowing annual reports. • The Governance and Audit Committee receives Audit Wales reports on, amongst other things, 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 reported by Audit Wales. • The Governance and Audit Committee utilises the provision of ‘Follow-up Reviews’ where the standard of internal control on individual audit assignments are 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.

5.3 The Governance and Audit Committee is requested to consider the adequacy of the arrangements set out in Table 1 together with any areas for further improvement.

5.4 In addition, with specific regard to *‘Keeping up to date with the risk profile and the effectiveness of risk management actions’* as referenced in Table 1, the Committee is requested to review the Council’s latest published Strategic Risk Register (Appendix 1) and consider whether it wishes to receive more detailed updates on the arrangements in place to manage specific strategic risks.

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. WELSH LANGUAGE

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

9. FINANCIAL IMPLICATION(S)

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

10. LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

10.1 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; and
- Well-being of Future Generations (Wales) Act 2015.

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

THE COUNCIL'S CORPORATE PLAN PRIORITIES

11.1 The Council's risk management arrangements support the delivery of the Council's Corporate Plan priorities by helping to identify risks that may hinder delivery.

WELL-BEING OF FUTURE GENERATIONS ACT

11.2 The Well-being of Future Generations (Wales) Act 2015 identifies a core set of activities that are common to the corporate governance of public bodies where change needs to happen. Risk Management is one of the identified

core activities. The Council's risk management arrangements and strategic risk register conform to the requirements placed upon it by the Act.

12. CONCLUSION

- 12.1 The Council's 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, in line with its Terms of Reference.
- 12.2 The Committee is requested to consider the adequacy of the current arrangements and to also identify any strategic risks, as set out within the Strategic Risk Register, where more detailed updates are deemed required.

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

14th February 2023

**RISK MANAGEMENT – THE ROLE OF THE GOVERNANCE AND AUDIT
COMMITTEE**

REPORT OF THE DIRECTOR OF FINANCE AND DIGITAL SERVICES

Paul Griffiths – Service Director: Finance and Improvement Services

Item: 5

Background Papers

None.

Officer to contact: Paul Griffiths

Strategic Risk Register Ref	1
Alignment with Corporate Plan Priorities / Cross-Cutting Themes	Living within Our Means
Responsible Officer	Barrie Davies

Risk Description	Controls & Actions	Risk Rating Qtr 2 2022/23			Qtr 2 Update 2022/23
		I	L	Rating	
<p>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 on-going impacts of Covid-19 and cost of living crisis), then it will be unable to deliver effective services to residents and businesses within the County Borough.</p>	<p>CONTROLS 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).</p> <ul style="list-style-type: none"> 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 	5	4	20	<p>ORIGINAL RISK RATING 5 x 4 = 20</p> <p>The quarter 2 revenue budget outturn position, forecasted at September 2022, is projecting a £10.277M overspend due to the continued significant in-year budget pressures from rising demand and cost of social care, inflationary cost pressures and lower levels of service take-up resulting in reduced levels of income received. In addition, the 2022/23 pay award offer for teaching and non-teaching staff, currently being considered through recognised Trade Unions consulting their members, will represent further additional costs above budgeted levels of £10.5M for the current year. Work is on-going to review cost reduction options across all service areas, for example, energy usage reduction actions, enhanced recruitment control arrangements and early delivery of efficiency savings, to bring the position closer in line with budget by year-end as well as assessing earmarked reserves to provide one-off funding opportunities in 2022/23. With regard to earmarked reserves, a risk assessment has resulted in a number having been identified to be ringfenced with a view to being redirected to support the in-year pressure.</p> <p>The Council updated its Medium Term Financial Plan (2022/23 to 2025/26 - MTFP) in quarter 2 and was reported to Cabinet, full Council and the School Budget Forum. The updated MTFP is forecasting a significant budget gap for 2023/24 and across</p>

Risk Description	Controls & Actions	Risk Rating Qtr 2 2022/23			Qtr 2 Update 2022/23
		I	L	Rating	
	<p>options, and effective and timely implementation arrangements for those that are agreed</p> <ul style="list-style-type: none"> - 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. 				<p>the medium term, with the scale of the gap being at unprecedented levels compared to that experienced during austerity over the past decade: £36M for 2023/24 and £78M through to 2025/26, and is being driven by wider economic conditions and uncertainty that is causing pay and non-pay inflation and service demand to rise at much higher rates compared to indicative funding levels. The forecasted budget gap for 2023/24 has since increased to £46M. The MTFP sets out the urgent need for the UK Government to provide assurance to Welsh Government / Local Government that additional funding will be forthcoming to enable the Council to discharge its statutory duty to set a balanced budget by 11th March 2023. Due to the absence of any indications of additional funding to date, the Council has embarked on a review across all services to urgently identify options which can be considered to close the budget gap, with an initial focus on budget setting for the 2023/24 financial year; whilst valued services and jobs will be safeguarded wherever possible, it is recognised that cuts to services and jobs will be inevitable if more positive funding levels are not announced as part of the UK Government's Autumn Statement now due on 17th November 2022 that will contain the UK Government's medium term fiscal plan.</p> <p>During quarter 2, Senior Finance Officers continued to work closely with Audit Wales to progress the external audit of the Council's 2021/22 Statement of Accounts; a positive update was provided to the Council's Governance and Audit Committee on 7th September 2022 by Audit Wales on the progress of the audit which is on-going. A national issue regarding accounting for infrastructure assets is having a delay to signing off accounts across the country.</p> <p>No change to the risk ratings.</p>

Strategic Risk Register Ref	2
Alignment with Corporate Plan Priorities / Cross-Cutting Themes	PEOPLE
Responsible Officer	Annabel Lloyd

Risk Description	Controls & Actions	Risk Rating Qtr 2 2022/23			Qtr 2 Update 2022/23
		I	L	Rating	
<p>If the priorities for Children's Services 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>	<p>CONTROLS</p> <ul style="list-style-type: none"> Managing 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"> Children Looked After - 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. Child Protection - 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 	5	3	15	<p>ORIGINAL RISK RATING: 5x3=15</p> <p>Performance and quality assurance processes are being maintained and identify both good outcomes and areas for focus and improvement.</p> <p>Children looked after numbers remain in a gradual reduction trajectory and there is continuous monitoring of the re-registration background issues. Consideration of implementing new preventative initiatives and their timing are currently under review.</p> <p>A report has been prepared for November 2022 (pre-scrutiny) that outlines Children's Services preparations for a future not for profit model of delivery of care for looked after children, with the transition period being planned and managed at a national level. Key risks will need to be managed as part of this process. Plans are in development, including analysis of cost implications, and will need to progress at pace to meet these risks. At present 4 Operating Without Registration situations are being proactively managed by the Council and monitored by Care</p>

Risk Description	Controls & Actions	Risk Rating Qtr 2 2022/23			Qtr 2 Update 2022/23
		I	L	Rating	
	<p>qualification schemes are in place, with increased spaces available this year.</p>				<p>Inspectorate Wales (this being via weekly update reports from the Council).</p> <p>All areas of the workforce strategy are being implemented and monitored. Vacancies in Intensive Intervention have not changed and remain high. However, changes in the way we increase the numbers we sponsor to qualify as a social worker have been effective, alongside attraction interventions for newly qualified students. Given that some aspects of the solutions require national cooperation, RCT staff have engaged with ADSSC.</p> <p>There is a risk management plan in place in relation to early assessment teams due to vacancy rates, and a prevention plan is in place in relation to Intensive Intervention vacancies.</p> <p>No change to the risk ratings.</p>

Strategic Risk Register Ref	3
Alignment with Corporate Plan Priorities / Cross-Cutting Themes	PEOPLE
Responsible Officer	Neil Elliott

Risk Description	Controls & Actions	Risk Rating Qtr 2 2022/23			Qtr 2 Update 2022/23
		I	L	Rating	
If the Council does not continue to modernise and work with health colleagues to develop and deliver an integrated model of community services, then our ability to deliver these critical (key) services could be hindered.	<p>CONTROLS</p> <ul 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> <ul 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 	5	3	15	<p>ORIGINAL RISK RATING: 5x3=15</p> <p>High numbers of people in receipt of care and support, particularly those with higher levels of frailty and need continues to place significant pressure across the health and social care system. Workloads remain high and caseloads are becoming increasingly more complex. There is a waiting list of cases awaiting allocation in some areas, and delays accessing some services.</p> <p>During the quarter, we have commenced the remodelling of our Care and Support and Learning Disability social work teams and continued to ensure people receive the care and support based on their assessed need and risk.</p> <p>We have continued to work with homecare and care home providers, including organising two job fayres to build capacity and resilience to improve the stability of the market and ensure we can meet demand and ensure good quality care to all individuals at all times. We have also commissioned Community Catalyst to support local people to develop community enterprises offering care and support to other local people within their home.</p>

Risk Description	Controls & Actions	Risk Rating Qtr 2 2022/23			Qtr 2 Update 2022/23
		I	L	Rating	
	<p>set out the Council's and Regions updated plans and priorities for future delivery of care services.</p> <ul style="list-style-type: none"> • 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. 				<p>Working with Health, we continued to develop new and different ways of working relating to hospital discharge to recover then assess pathways and model, and in primary care through the accelerated cluster development programme. A new integrated community services model has been agreed by the Regional Partnership Board for implementation that will help to ensure a more sustainable health and social system.</p> <p>No change to the risk ratings.</p>

Strategic Risk Register Ref	6
Alignment with Corporate Plan Priorities / Cross-Cutting Themes	LIVING WITHIN OUR MEANS
Responsible Officer	Tim Jones

Risk Description	Controls & Actions	Risk Rating Qtr 2 2022/23			Qtr 2 Update 2022/23
		I	L	Rating	
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 Service continued to provide specialist advice, information and support to Services during the quarter, ensuring that business processes are GDPR compliant - thus minimising the risk of a personal data breach and enforcement action by the Information Commissioner.</p> <p>The Service continues with its assurance activities to manage the Council's cyber resilience.</p> <p>Key deliverables during the quarter include:</p> <ul style="list-style-type: none"> Corporate staff tested with a Phishing simulation exercise. Outcome learning is informing further work in this area. Cyber Training piloted and ready for release, working with Human Resources for mandatory completion by staff to help reduce the risk of cyber threats. Communications sent to all staff on the importance of keeping sensitive details such as passwords changed regularly and not shared across systems or personal accounts.

Risk Description	Controls & Actions	Risk Rating Qtr 2 2022/23			Qtr 2 Update 2022/23
		I	L	Rating	
					<ul style="list-style-type: none"> •Cyber Essentials accreditation attained – scheduled for Q4 with Cyber Essentials Plus and PSN audits. •Scanning software reviewed on servers and desktops to continually inform on known vulnerabilities and remediation when required. <p>No change to the risk ratings.</p>

Strategic Risk Register Ref	11
Alignment with Corporate Plan Priorities / Cross-Cutting Themes	PROSPERITY
Responsible Officer	Simon Gale

Risk Description	Controls & Actions	Risk Rating Qtr 2 2022/23			Qtr 2 Update 2022/23
		I	L	Rating	
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</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. 	5	3	15	<p>ORIGINAL RISK RATING: 4x3=12</p> <p>The risk rating was increased in quarter 1 (from 5x2=10 up to 5x3=15) as a result of the significant uncertainty in the supply chain and contractor sector and the real risk this presents to the ability to deliver schemes on time and on budget in the face of continuing escalating costs and material and labour shortages.</p> <p>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 more recent market instability, 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 and some cost pressures. All projects and programmes have established robust service delivery arrangements and governance structures, which is ensuring the successful management of these schemes.</p> <p>No change to the risk ratings.</p>

Strategic Risk Register Ref	13
Alignment with Corporate Plan Priorities / Cross-Cutting Themes	PEOPLE
Responsible Officer	Paul Mee

Risk Description	Controls & Actions	Risk Rating Qtr 2 2022/23			Qtr 2 Update 2022/23
		I	L	Rating	
<p>If the Council does not coherently target its resources to effectively support communities affected by the cost-of-living crisis and the longer term requirement to tackle the root causes of poverty, then those that are most vulnerable within our communities will suffer disproportionately.</p>	<p>CONTROLS 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 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	4	20	<p>ORIGINAL RISK RATING: 5x2=10</p> <p>No exceptions to report during quarter 2 in respect of Housing Support Grant and the Children & Communities Grant. Good progress is being made with delivering the projects included in the expenditure plans.</p> <p>In respect of the Regional Integration Fund administered under the RPB, the revenue budget remains fully committed and the key risk remains the sustainability of the services in subsequent financial years, given the tapering funding arrangements under the new financial model. Work has progressed to develop a new integrated community services model, pending approval by the RPB in quarter 3. However, this will take time to develop further and will require reallocation of funding from within the existing budget alongside core funding.</p> <p>Additional capital allocations have been confirmed during quarter 2 and proposals are being developed with anticipated confirmation during quarter 3.</p> <p>Risks remain around potential loss of substantial funding and impact on sustainability of services supported through external funding and these are being managed through the respective governance arrangements in place.</p> <p>No change to the risk ratings.</p>

Strategic Risk Register Ref	14
Alignment with Corporate Plan Priorities / Cross-Cutting Themes	PROSPERITY
Responsible Officer	Gaynor Davies

Risk Description	Controls & Actions	Risk Rating			Qtr 2 Update 2022/23
		I	L	Rating	
If individual school budgets are not appropriately managed, then schools will be required to deliver budget recovery plans and efficiencies at a time when investment and support should be at the forefront of planning.	<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	4	16	<p>ORIGINAL RISK RATING 4X3=12</p> <p>NEW RISK RATING 4X4=16</p> <p>School balances increased by £8,506k from £12,054k to £20,561k during the financial year 2021/22. This represents a reserve of 12.3% of the total delegated ISB for 2021/22. No schools currently meet the threshold for budget deficit recovery.</p> <p>The 2022/23 quarter 2 estimated year end position is for schools to use 56% of their brought forward reserves.</p> <p>Schools continue to face a number of significant challenges to support the implementation of new Curriculum for Wales, ensuring educational inequalities are overcome and standards improve.</p> <p>The impact of legislative changes in respect of the Additional Learning Needs and Education Tribunal Act 2018 continues to be felt, and greater numbers of children and young people are presenting with more complex developmental, learning,</p>

Risk Description	Controls & Actions	Risk Rating Qtr 2 2022/23			Qtr 2 Update 2022/23
		I	L	Rating	
					<p>engagement and wellbeing needs post pandemic.</p> <p>Increasing budgetary pressures are evident, in particular due to escalating energy costs and pay awards. It has been proposed for schools to contribute 50% of the 2022/23 pay award cost over the budgeted increase. Furthermore, schools have been advised that there is a probable expectation of them making an efficiency contribution in the setting of 2023/24 budgets and schools are encouraged to retain balances to assist with impact of efficiency requirements and other budgetary pressures.</p> <p>In view of the multiple challenges, the risk rating has been increased from 12 to 16, with the need for robust financial and service planning and management arrangements remaining critically important during these uncertain and very challenging economic times.</p>

Strategic Risk Register Ref	15
Alignment with Corporate Plan Priorities / Cross-Cutting Themes	PLACES
Responsible Officer	Roger Waters

Risk Description	Controls & Actions	Risk Rating Qtr 2 2022/23			Qtr 2 Update 2022/23
		I	L	Rating	
If the Council does not monitor and invest in its ageing highways assets, then the chance of structural failure, emergency closures and therefore disruption to communities and the local economy increases.	<p>CONTROLS</p> <ul style="list-style-type: none"> • Routine monitoring of the entire highways network • Regular reports to SLT & Cabinet. • We have appointed 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 update on the impact of key investment projects through the investment programme. • Provide an update 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>Delivery of 22/23 Highways Investment Programme is generally progressing well and scrutiny of Highways Investment is scheduled for 16th January 2023.</p> <p>Significant funding requirements for future works programmes needed to mitigate risks, particularly from highway structures.</p> <p>Staff vacancies impacting on workload and ability to manage the asset most effectively. Recruitment remains an issue.</p> <p>Work to review and update the Highways Asset Management Plan is programmed and ongoing.</p> <p>No change to the risk ratings.</p>

Strategic Risk Register Ref	18
Alignment with Corporate Plan Priorities / Cross-Cutting Themes	LIVING WITHIN OUR MEANS
Responsible Officer	Richard Evans

Risk Description	Controls & Actions	Risk Rating Qtr 2 2022/23			Qtr 2 Update 2022/23
		I	L	Rating	
If the Council does not put in place robust workforce planning arrangements, including plans for monitoring and supporting the wellbeing of existing staff, then the ability to retain and attract the best staff could be hindered.	<p>CONTROLS</p> <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. <p>ACTIONS</p> <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>Workforce Plan for 2022 – 2027 in draft and currently in consultation phase. The final version will be progressed in quarter 3.</p> <p>Annual Staff Survey undertaken in May/June 2022. 1,152 responses received. The new style staff survey findings have been compiled and an infographic is being developed to provide staff with a summary of key findings (this to be progressed in quarter 3).</p> <p>Other key updates:</p> <ul style="list-style-type: none"> Graduates - 20 recruited and commenced employment in July and September 2022. Apprentices - 45 appointed and commenced employment in September 2022. Step in the Right direction next intake October. Care2Work - 18 Access to Employment - 2 Gateway to Employment– 6 <p>Careers fair held in Aberdare – 650 attendees</p> <p>No changes to the risk ratings.</p>

Strategic Risk Register Ref	20
Alignment with Corporate Plan Priorities / Cross-Cutting Themes	LIVING WITHIN OUR MEANS
Responsible Officer	Tim Jones

Risk Description	Controls & Actions	Risk Rating Qtr 2 2022/23			Qtr 2 Update 2022/23
		I	L	Rating	
<p>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.</p>	<p>CONTROLS</p> <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. <p>ACTIONS</p> <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"> Risk continues to be elevated due to increased Cyber activity by external threat factors. Risk of Cyber-attack remains high. Cyber plan is being assessed by the Regional Internal Audit Service. Continued focus on replacing systems, with plans underway for next wave of end of life systems. Team continues to pro-actively monitor for Cyber threats and remediate where appropriate. Training systems selected for cyber training for all staff. Network changes underway to ensure quicker DR Plan if interruption is experienced. <p><u>Q2 - Stats</u></p> <p>Key Systems Availability (Server & Applications) – 99.95% WAN – 99.41%</p> <p>No changes to the risk ratings.</p>

Strategic Risk Register Ref	21
Alignment with Corporate Plan Priorities / Cross-Cutting Themes	LIVING WITHIN OUR MEANS
Responsible Officer	Chris Bradshaw

Risk Description	Controls & Actions	Risk Rating Qtr 2 2022/23			Qtr 2 Update 2022/23
		I	L	Rating	
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 Legal agreements between local authorities are in place; Governance and scrutiny functions in place; Regular reporting of performance is available.	5	3	15	<p>ORIGINAL RISK RATING: 5x3=15</p> <p>The South East Wales Corporate Joint Committee (CJC) has been established in accordance with Welsh Government's requirements. Welsh Government is currently in discussion with HM Treasury to ensure the CJCs across Wales have the appropriate VAT and other taxation status consistent with that of local government across England and Wales. Until this issue is resolved the CJC's will not be able to fully undertake the duties imposed on them by Welsh Government. Currently, there is no confirmed timetable to address this issue.</p> <p>Nevertheless, the South East Wales Councils have worked together to prepare the Regional Shared Prosperity Fund (SPF) Action Plan for the three years to 2024-25. RCT is the lead authority which has the direct engagement with UK Government in respect of the Shared Prosperity Fund. The Action Plan was completed and submitted to UK Government on 1 August 2022. We now wait for feedback on the Plan.</p> <p>The Cardiff Capital Region City Deal Joint Committee has continued to look to invest across the Region. For example, the first 30+ electric vehicle chargers are being installed in car parks across RCT and a further 30+ is planned before Christmas.</p> <p>No changes to the risk ratings.</p>

Strategic Risk Register Ref	23
Alignment with Corporate Plan Priorities / Cross-Cutting Themes	PROSPERITY
Responsible Officer	Chris Bradshaw/Gaynor Davies

Risk Description	Controls & Actions	Risk Rating Qtr 2 2022/23			Qtr 2 Update 2022/23
		I	L	Rating	
If projects are not delivered on time and/or projects are deferred due to escalating global construction costs, then this could impede the successful delivery and intended (positive) impact of the Sustainable Communities for Learning (formerly 21 st Century Schools) Band B Programme within the Council.	<p>CONTROLS</p> <ul style="list-style-type: none"> • A designated project and operational board will be put in place to oversee the delivery of the Council's Sustainable 21st Century programme. • Regular updates are reported to Welsh Government and Cabinet • Individual projects are managed using PRINCE2 methodology • Experienced team in place that provide regular and well-informed Cabinet updates • Regular dialogue and engagement with Welsh Government. <p>ACTIONS</p> <ul style="list-style-type: none"> • Submission and approval of all business cases within Band B of the Sustainable Communities for Learning Programme. 	5	4	20	<p>ORIGINAL RISK RATING: 5x4=20</p> <p>Cabinet has considered three reports since May in respect of the former 21st Century Schools Programme, now called Sustainable Communities for Learning. The first report was to amalgamate Cefn and Craig Yr Hesg Primary Schools and to build a new school for Glyncoch. The second report considered the building of three new primary schools including Glyncoch, Maesybryn and Tonysguboriau under the Welsh Government's new Mutual Investment Model funding approach. The third report related to a proposal for a new special school and sought approval for a scoping exercise to be undertaken in relation to a new special school site and a potential request to WG for a variation to the Band B funding envelope.</p> <p>As with all construction projects, the current economic climate is very challenging, and costs are rising exponentially. The Council will work closely with the construction market and with Welsh Government to ensure the Band B programme remains affordable for the Council. Perceived risks to the MIM programme have escalated during Quarter 2 and a review of existing projects are currently underway. No changes to the risk ratings.</p> <p>No change to the risk ratings.</p>

Strategic Risk Register Ref	24
Alignment with Corporate Plan Priorities / Cross-Cutting Themes	PEOPLE, PLACES & PROSPERITY
Responsible Officer	Chris Bradshaw

Risk Description	Controls & Actions	Risk Rating Qtr 2 2022/23			Qtr 2 Update 2022/23
		I	L	Rating	
<p>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.</p>	<p>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.</p> <p>CONTROLS</p> <ul style="list-style-type: none"> 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 <p>ACTIONS</p> <ul style="list-style-type: none"> Understanding 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	<p>ORIGINAL RISK RATING: 5x4=20</p> <p>On 22nd June Cabinet approved the Council's Climate Change Strategy which sets out how the Council will respond to this challenge. On the same agenda, the Cabinet agreed to consult with the public on a new Tree, Woodlands and Hedgerow Strategy that set out how protect and grow these habitats to improve the environmentally quality of our surroundings, improve biodiversity, air quality as well as delivering many other physical, social and economic benefits.</p> <p>A range of other projects that will have a positive impact on reducing the Council's Carbon Footprint will come forward for Members' approval in the autumn.</p> <p>No changes to the risk ratings.</p>

Strategic Risk Register Ref	25
Alignment with Corporate Plan Priorities / Cross-Cutting Themes	PEOPLE, PLACES & PROSPERITY
Responsible Officer	Chris Bradshaw/Louise Davies

Risk Description	Controls & Actions	Risk Rating Qtr 2 2022/23			Qtr 2 Update 2022/23
		I	L	Rating	
If the planning arrangements to support the on-going recovery from Covid-19 are not joined up and delivered with partners, then the capability of the Council to support the required improvements to the health and economic well-being of the County Borough will be diminished / fragmented.	<p>CONTROLS</p> <p>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.</p> <ul style="list-style-type: none"> • 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 Director of Frontline Services represents the Council on the South Wales Local Resilience Forum. • Regular updates are reported to the Welsh Government. • The Council has put in place Service Recovery and Contingency Plans in the event of a resurgence of the virus. 	4	4	16	<p>ORIGINAL RISK RATING: 5x5=25</p> <p>NEW RISK RATING 4x4=16</p> <p>RCT continues to operate the Regional Contact Tracing Service for CTM and the reduced service focuses on health and social care staff and residents in line with WG Guidance. WG guidance continues to focus on transition from pandemic to endemic status for COVID-19 with new guidance on managing respiratory illnesses (including COVID-19) during the winter due to be published on the 18th October. The CTM Operational Group which oversees the performance of the Regional Service has been reconfigured to align with the new oversight arrangements being established in WG and ensure it has a holistic focus on testing, incidents and outbreaks and contact tracing. Monitoring of COVID-19 and other respiratory diseases in circulation during the winter 2022/23 will be important as the population learns to live with coronavirus and recognise it as a vaccine preventable disease.</p> <p>The WG review of the Health Protection System in Wales has commenced. The Director of Public Health, Protection and Community Services is a member of the Chief Medical Officer's Steering</p>

Risk Description	Controls & Actions	Risk Rating Qtr 2 2022/23			Qtr 2 Update 2022/23
		I	L	Rating	
	<ul style="list-style-type: none"> Monitoring & reporting arrangements have been put in place to monitor delivery of the detailed actions. <p>ACTIONS</p> <ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> - 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) - put in place the resources required to mitigate and manage the risk. 				<p>Group for the Review which has met for the first time in Q2. The Council will respond to the recommendations of the Review, due in late Autumn 2022, to ensure its own public protection arrangements respond to the outcomes of the review.</p> <p>The Council continues to manage COVID positive cases among staff in line with WG guidance, particularly where those staff are employed in social care roles.</p> <p>The Strategic Board for the CTM COVID Vaccination Programme continues to meet regularly and the autumn booster programme commenced in Q2. There are some challenges with ensuring adequate take up of the vaccine among vulnerable groups and care home staff and work is in hand to address this. All vaccine centres in RCT are now within UHB venues with Ystrad Leisure Centre reverting to the Council in Q2.</p>

Strategic Risk Register Ref	26
Alignment with Corporate Plan Priorities / Cross-Cutting Themes	PEOPLE, PLACES & PROSPERITY
Responsible Officer	Roger Waters

Risk Description	Controls & Actions	Risk Rating Qtr 2 2022/23			Qtr 2 Update 2022/23
		I	L	Rating	
If the Council does not plan and invest resources into mitigating the physical impacts of climate change, then the effects of extreme weather events on our residents and businesses will be heightened.	<p>CONTROLS</p> <p>Routine monitoring of infrastructure including bridges, retaining walls, culverts, highway drainage and former coal tips.</p> <ul style="list-style-type: none"> • 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 <ul style="list-style-type: none"> • 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. <p>ACTIONS</p>	5	3	15	<p>ORIGINAL RISK RATING 5x3=15</p> <p>Flood Risk Management Works - significant levels of grant funding secured to deliver FRM projects for 22/23 and to develop a pipeline of future schemes. Recently secured £1.4m funding for Glenboi Pump Station upgrade in Mt Ash. Currently 56 projects/stages in development with £3.9m secured in WG grant with a combined program of £5m+.</p> <p>Recruitment - Flood Support & Awareness officer and Enforcement officer successful with staff joining in October 2022.</p> <p>S19 reports; 19 of 19 now completed and published with regular reviews undertaken by O&S Committee.</p> <p>Flood Strategy and action plan Review: Preparations commenced for full review by October 2023 (WG deadline). Initial public consultation due to commence October 2022.</p> <p>Flood Board continues to meet and provide high level engagement and agreement on key issues.</p> <p>Storm Dennis - major works continue to the structures impacted by Storm Dennis, some will run into the summer of 2023.</p>

Risk Description	Controls & Actions	Risk Rating			Qtr 2 Update 2022/23
		I	L	Rating	
	<ul style="list-style-type: none"> 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 improvements to our flood assets. 				<p>Tips - regular inspections of tips continue with additional support from consultants and independent additional surveys undertaken on our higher risk tips by The Coal Authority. Defects list created and maintenance work is being prioritised. Some desk studies and scope for ground investigation is being prioritised such that risks can be assessed more quantitatively. Monitoring ongoing at specific locations. Recruitment of dedicated Tip Safety Team continues.</p> <p>Planning submitted for Ph4 Tylorstown anticipate determination by Planning Committee October 2022. Contract at tender award stage. Liaising with Welsh Government regarding funding requirements for 2023/24 FY when the bulk of this contract will be delivered.</p> <p>No change to the risk ratings.</p>

Strategic Risk Register Ref	27
Alignment with Corporate Plan Priorities / Cross-Cutting Themes	PEOPLE, PLACES & PROSPERITY
Responsible Officer	Louise Davies

Risk Description	Controls & Actions	Risk Rating Qtr 2 2022/23			Qtr 2 Update 2022/23
		I	L	Rating	
If the Council does not have a coordinated response to the growing need for accommodation for our most vulnerable people, including the homeless, refugees/asylum seekers and children and adults with complex specialist needs we may be failing to respond to the needs of the most vulnerable in society.	<p>CONTROLS</p> <ul style="list-style-type: none"> •Housing Support Programme Strategy •Extra Care Strategy & Residential Care Modernisation •CLA reduction strategy •Elimination of profit risk report and property acquisition plan. <p>ACTIONS</p> <ul style="list-style-type: none"> •Establish a project board to develop a strategic medium term plan to meet the accommodation needs for vulnerable people. 	5	3	15	<p>NEW RISK 2022/23</p> <p>The RCT Housing Support Programme Strategy was approved by Cabinet in July 2022 and an action plan to deliver the recommendations is being developed. Work continues to complete the other Corporate Accommodation strategies before presenting for Cabinet consideration during Q3. An RCT Accommodation Programme Board has been convened to ensure the cross-cutting objectives of all strategic plans for adults, children’s and general housing needs are aligned into a cohesive, Corporate delivery plan to meet the accommodation needs of vulnerable people over the next 5 years. This Board has met during Q2 and aims to focus on solutions (internal and external) to meet the needs of vulnerable groups. Options for accommodation, in County, for children looked after are the main priority of the Board into Q3-4.</p> <p>Work continued in Q2 to understand the impact of the cost of living crisis and pressures in the housing market on our ability to move homeless people on from temporary accommodation; this includes the cohort of Ukraine Nationals now living in the County Borough.</p> <p>No change to the risk ratings.</p>

Strategic Risk Register Ref	28
Alignment with Corporate Plan Priorities / Cross-Cutting Themes	PEOPLE & PROSPERITY
Responsible Officer	Gaynor Davies

Risk Description	Controls & Actions	Risk Rating Qtr 2 2022/23			Qtr 2 Update 2022/23
		I	L	Rating	
<p>If a joined-up and effective approach between schools and the Council is not in place to help support those learners that have become dis-engaged during the pandemic, then there is a risk that these learners could be disadvantaged in the longer term.</p>	<p>CONTROLS Range of LIVE data reports available to AWS service allowing analysis and identification at pupil level of attendance for any period from daily up to full academic year. Comparisons are available over successive academic years, differentiated by cohort in the following areas:</p> <ul style="list-style-type: none"> • Authorised / Unauthorised Absence • Age / NCY Groups • Monitoring absence rates by school • Overall Additional Vulnerability / characteristic of a child (ALN, CLA, FSM etc) <p>Response by the service is based on assessed risk relative to % attendance (Currently threshold set to 60% or below)</p> <p>Additional response on individual cases based on School Referrals based on wellbeing concerns.</p> <p>Corroborating Information / Data: Receipt of live births in RCT every month enabling identification at school age those children who have not applied for a school place. RCT EHE service maintains data related to children educated at home, monitoring the trend. AWS maintains identified CME coming into or leaving the authority on the Capita system.</p>	5	2	10	<p>NEW RISK 2022/23</p> <p>Partial restructure of the Attendance and Wellbeing Service completed on June 6th, 2022. Operational realignment actioned to ensure resources are focused on areas with the highest level of non-attendance. Pilot with EPS PERMA approach currently taking place in 7 schools. Family Engagement Officer Review reported to Cabinet in July 2022 and Cabinet approval for the project to be extended. Wellbeing Working Groups established to look at areas for review with draft strategy being compiled.</p> <p>Increased financial pressures on schools may place the match funding arrangements for Family Engagement Officers and step 4 provisions at risk. This will need to be closely monitored to ensure that is not the case. A Team Around the School approach will be piloted to provide effective support and challenge to schools where there are concerns in relation to rates of school attendance/exclusion.</p>

Risk Description	Controls & Actions	Risk Rating			Qtr 2 Update 2022/23
		I	L	Rating	
	<p>ACTIONS</p> <p>Strengthen process to monitor the status of children living within the RCT boundary that receive education in a school in neighbouring Authorities.</p> <p>Strengthen the relationship between the LA and EHE families and communities in line with the proposed WG guidance.</p> <p>Enhance the use of data reports amongst AWS staff to ensure that non-attenders or poor-attenders are closely monitored by schools and AWS where necessary with effective interventions put in place.</p> <p>Re-align the AWS service (Sept 2022) to offer Cluster based working with a focus and additional resources provided to Clusters with the highest number of poor attendees.</p> <p>Utilising approaches and tools designed by our Education Psychology Service e.g. PERMA to triangulate the wellbeing interventions of schools, AWS and EPS to better support pupils where low attendance is often a symptom of poor wellbeing.</p> <p>Continued rollout of Family Engagement Officers amongst schools and development of Community Focused Schools to ensure effective engagement with learners, their families and communities.</p> <p>Development of a 3 year strategic plan for wellbeing.</p>				

Strategic Risk Register Ref	29
Alignment with Corporate Plan Priorities / Cross-Cutting Themes	PEOPLE & PLACES
Responsible Officer	Louise Davies

Risk Description	Controls & Actions	Risk Rating Qtr 2 2022/23			Qtr 2 Update 2022/23
		I	L	Rating	
<p>If the Council does not have a strategic approach to fulfilling its counter terrorism duties set out in the Counter Terrorism and Security Act 2015 and new Welsh Government Contest Strategy launched in 2021 there is a legal, financial and reputational risk to the Council in the event of a terrorist attack or incident in RCT</p>	<p>CONTROLS</p> <ul style="list-style-type: none"> • Protective Security Preparedness Group (PSPG) established • Regional CONTEST Board in place • CHANNEL Panel in place • PREVENT Co-ordinator identified <p>ACTIONS</p> <ul style="list-style-type: none"> • Terms of Reference and Operation of the PSPG to be reviewed to ensure it is meeting statutory requirements • Develop an RCT PREVENT Strategy • Consider the recommendations emerging from the Manchester Arena Public Inquiry and reflect on RCT arrangements (including capacity of specialist staff) as required 	5	2	10	<p>NEW RISK 2022/23</p> <p>The CONTEST Board and CHANNEL Panels continue to operate effectively for RCT. The capacity of the Council to fulfil the new and emerging requirements of the Wales CONTEST Strategy require review in order to ensure they are adequate and resilient. The RCT PSPG is in place although work is required to ensure its scope and membership ensure effective discharge of current and emerging statutory duties. A training programme for key managers and officers in relation to the work of the PSPG commenced in Q2 and will be completed in Q3. These aim to ensure wider understanding of the role of the PSPG and individual duty holders across the Council. A summary of feedback from those events will be considered by SLT members in Q3 and will be used to finalise the terms of reference of the RCT PSPG. The final recommendations of the Manchester Arena Public Inquiry have still not been published.</p> <p>No change to the risk ratings.</p>

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2022/23

<p>GOVERNANCE AND AUDIT COMMITTEE</p> <p>14th February 2023</p>	<p>AGENDA ITEM NO. 6</p>
<p>JOINT REPORT OF THE DIRECTOR OF FINANCE & DIGITAL SERVICES AND SERVICE DIRECTOR DEMOCRATIC SERVICES AND COMMUNICATION</p>	<p>GOVERNANCE AND AUDIT COMMITTEE – LEARNING AND DEVELOPMENT</p>

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

1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to provide the Governance and Audit Committee with a proposed programme for learning and development to support the delivery of its Terms of Reference.

2. RECOMMENDATIONS

It is recommended that Members:

- 2.1 Review and, if deemed appropriate, approve the draft Learning and Development Plan for the Governance and Audit Committee.

3. REASON FOR RECOMMENDATION

- 3.1 To support the on-going development and effectiveness of Governance and Audit Committee in line with its Terms of Reference.

4. BACKGROUND INFORMATION

- 4.1 At the 7th September 2022 Governance and Audit Committee, Members reviewed and agreed an on-line Training Needs Analysis questionnaire, this being compiled in line with the CIPFA publication

'Audit Committees – Practical Guidance Note for Local Authorities & Police, 2018 Edition'. At this meeting, Members also agreed for Council Officers to progress the training needs analysis exercise to enable the results to be reported to the next Governance and Audit Committee for consideration.

4.2 As Members will be aware, the training needs analysis was completed by Committee Members in November 2022 and the results reported back to the 7th December 2022 Governance and Audit Committee. The key learning and development themes that emerged from the training needs analysis were:

- Arrangements for handling complaints;
- Fraud and corruption;
- The Council's financial statements;
- Risk Management; and
- Governance (including Contract and Financial Procedure Rules).

4.3 In addition, at the 7th December 2022 meeting, Members agreed for a draft Learning and Development Plan to be reported to the next meeting of the Governance and Audit Committee.

5. **LEARNING AND DEVELOPMENT**

5.1 Following on from Section 4, a draft Learning and Development Plan is set out at Appendix 1 with the scheduling of updates informed by training needs analysis feedback and the Committee's Work Programme, and also recognising the need for flexibility to accommodate changing needs and priorities should they arise.

5.2 In terms of the approach, it is proposed that:

- The programme will be coordinated by Council officers;
- A learning and development item will be reported to the Governance and Audit Committee on at least a quarterly basis and other Members invited as appropriate;
- The updates provide an overview of the area, ensure opportunity for questions and answers and also opportunity for Members to request further information and / or more specific updates; and
- Learning and development requirements will be kept under continuous review as part of on-going engagement with Committee Members and the learning and development plan updated

accordingly. These requirements will also be reviewed as part of the Personal Development Reviews undertaken by the Head of Democratic Services, before the conclusion of this municipal year.

5.3 Subject to the Governance and Audit Committee's consideration of the draft Learning and Development Plan, officers will put in place the necessary arrangements for delivery, commencing from March 2023.

5.4 Members will note that learning and development material will be made available on-line, as recommended within the 2021/22 Annual Governance Statement, and ensure that all information is easily accessible to Committee members.

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 Governance and Audit Committee is the key consultee in informing and directing the way forward for this area, as set out in the main body of the report.

8. WELSH LANGUAGE

8.1 All learning and development information compiled and made available to Members will be in compliance with Welsh Language standards.

9. FINANCIAL IMPLICATIONS

9.1 The delivery of the learning and development programme for Committee Members will be in line with existing resources.

10. LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

10.1 The creation of a learning and development plan to support the ongoing development and effectiveness of the Governance and Audit Committee supports the principles within The Local Government (Wales) Measure 2011 (Chapter 2 / Section 81) and the CIPFA

publications - 'Audit Committees – Practical Guidance for Local Authorities & Police Edition'.

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

THE COUNCIL'S CORPORATE PLAN PRIORITIES

- 11.1 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

- 11.2 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.

12. CONCLUSION

- 12.1 The Council's Governance and Audit Committee has informed the development of a learning and development plan through the completion of a training needs analysis exercise.
- 12.2 Subject to the Governance and Audit Committee's consideration of the draft Learning and Development Plan, officers will put in place the necessary arrangements for delivery from March 2023.

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

14th February 2023

**GOVERNANCE AND AUDIT COMMITTEE – LEARNING AND
DEVELOPMENT**

**JOINT REPORT OF THE DIRECTOR OF FINANCE & DIGITAL SERVICES
AND THE SERVICE DIRECTOR DEMOCRATIC SERVICES AND
COMMUNICATION**

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

Item: 6

Background Papers

None.

Officers to contact: Paul Griffiths

GOVERNANCE AND AUDIT COMMITTEE - PROPOSED LEARNING AND DEVELOPMENT PLAN

Date	Learning and Development Area	Proposed focus of the Learning and Development Session
February 2023	Risk Management	An introduction to the role of the Governance and Audit Committee in respect of Risk Management.
March 2023	Complaints Handling	An overview of the arrangements in place within the Council for the management of complaints received.
July 2023*	Fraud and Corruption	An overview of the main areas of fraud and corruption risk to which the Council is exposed and the arrangements in place within the Council to tackle fraud and raise awareness of good fraud risk management practice.
September 2023*	Financial Management and Accounting	Awareness of the financial statements that a local authority must produce and the principles it must follow to produce them, and the role the Governance and Audit Committee plays in reviewing the Council's certified draft financial statements.
December 2023*	Governance	An overview of the governance structure of the Council (including the Annual Governance Statement, Contract and Financial Procedure Rules, upholding ethical standards / 7 principles of public life), decision-making processes, the Council's objectives and its major functions).
February 2024*	External Audit and Internal Audit	<p>External Audit - Knowledge of the role and functions of the external auditor and the responsibility it has to the Council's Governance and Audit Committee and supporting the Council's wider governance arrangements.</p> <p>Internal Audit - An understanding of the purpose of the Council's Internal Audit Service and its responsibilities to the Governance and Audit Committee and supporting the Council's wider governance arrangements.</p>

Date	Learning and Development Area	Proposed focus of the Learning and Development Session
March 2024*	Performance Self-Assessment	An overview of the Council's Performance Self-Assessment and independent Panel Performance Assessment responsibilities and the role of the Governance and Audit Committee in reviewing and challenging the outcome of these assessments.
As informed by Committee Members	Governance and Audit Committee Role and Functions	Refresher session (following on from the session undertaken in July 2022) in respect of the role of the Governance and Audit Committee, its terms of reference, place within the governance structure and accountability arrangements.

* - Dates subject to change based on the calendar of meetings for the 2023/24 Municipal Year (when agreed).

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