



RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

GOVERNANCE & AUDIT COMMITTEE

MUNICIPAL YEAR 2024/25

4th NOVEMBER 2024

ITEM NO. 9

RISK MANAGEMENT UPDATE

**REPORT OF THE DEPUTY CHIEF EXECUTIVE AND GROUP DIRECTOR –
FINANCE, DIGITAL AND FRONTLINE SERVICES**

Author(s): Marc Crumbie

1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to provide Members with an overview of the Council's risk management arrangements together with the updated Strategic Risk Register for the 2024/25 financial year.

2. RECOMMENDATIONS

It is recommended that Members:

- 2.1 Note the overview of the Council's risk management arrangements and identify any areas where further information, training or clarity is required.
- 2.2 Review the Council's updated Strategic Risk Register 2024/25 (Appendix 1), in line with the Committee's Terms of Reference, and determine whether it provides the required level of assurance on the arrangements in place to manage the Council's 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. BACKGROUND

- 4.1 The Governance and Audit Committee's Terms of Reference [in respect of risk management] states:

Statement of Purpose:

The Governance and Audit Committee is a key component of Rhondda Cynon Taf County Borough Council's corporate governance arrangements. 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 on the adequacy of the risk management framework and the internal control environment. It provides independent review of the Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes.

- 4.2 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:

C) 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 The following section of this report provides an overview of the Council's risk management arrangements together with the updated Strategic Risk Register for the 2024/25 financial year.

5. THE COUNCIL'S RISK MANAGEMENT STRATEGY / ARRANGEMENTS AND UPDATED STRATEGIC RISK REGISTER 2024/25

The Council's Risk Management Strategy

- 5.1 The Council's [Risk Management Strategy](#) provides the structure upon which the Council's risk management arrangements have been built. For example, the Strategy provides:

- The Regulatory context within which the Council's risk management arrangements operate.
- Key definitions.
- An overview of how risk management fits into the Council's performance management arrangements.
- The Council's risk appetite statement.
- A description of key roles and responsibilities.

- 5.2 The Strategy was reviewed and updated during 2023/24 and a further review is scheduled in March 2025, the outcome from which will be reported to Governance and Audit Committee for consideration. The Strategy is

underpinned by a Risk Management Toolkit – a document that provides detailed guidance to help services identify, assess, manage and monitor risks.

The Council's Risk Management Arrangements

Strategic Risks

- 5.3 At a strategic level, the purpose of risk management is to identify, assess, report and monitor the risks an organisation faces when delivering its strategic priorities; in the case of Rhondda Cynon Taf Council, these being its approved Wellbeing Objectives as set out within the [Corporate Plan 2024/30 'working with our communities'](#).
- 5.4 The Council's strategic risks are incorporated into a Strategic Risk Register, this document being updated, reported and scrutinised on a quarterly basis as part of the Council's performance reporting arrangements, with in-year updates also reported to the Governance and Audit Committee.

Operational Risks

- 5.5 At an operational level, the purpose of risk management is to identify, assess, report and monitor the risks associated with operational service delivery. The provision to record operational risks is included as part of the Council's Service Delivery Planning template, with risks reviewed and monitored at a service level.

Strategic Risk Register 2024/25

- 5.6 The content and format of the Council's Strategic Risk Register has been updated for the 2024/25 financial year as follows:
- The Senior Leadership Team has reviewed and updated the Strategic Risks included within the Strategic Risk Register, in consultation with Risk Owners and taking account of the Council's Corporate Plan Well-Being Objectives.
 - The format of the Strategic Risk Register has been revised, taking into account feedback from the Overview and Scrutiny Committee when reviewing strategic risk updates as part of quarterly performance reporting arrangements in 2023/24. The revisions provide more detail on the actions to be taken to mitigate risks and timescales for completion.
 - To aid elected Member and other stakeholder oversight of the Council's Strategic Risk Register, an overall summary has been developed that lists all of the strategic risks alongside a summary position statement of progress to manage each risk. In addition, more detailed updates, setting out progress against each mitigating action, are included as electronic links within the overall summary.
- 5.7 The overall summary and detailed updates of the Council's latest published Strategic Risk Register (as at 30th June 2024) is set out at Appendix 1. For Members information, this update was included as part of the Council's first

quarter Performance Report for 2024/25 and was considered by the Cabinet on 19th September 2024 and scrutinised by the Overview and Scrutiny Committee on 30th September 2024.

- 5.8 Following on from the above, Members are requested to consider the overview of the Council's risk management arrangements and identify any areas where further information, training or clarity is required. Alongside, Members are also requested to review the Council's updated 2024/25 Strategic Risk Register (Appendix 1) and determine whether it provides the required level of assurance on the arrangements in place to manage the Council's 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. FINANCIAL IMPLICATION(S)

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

9. LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

- 9.1 The Council's risk management arrangements satisfy the requirements placed upon it as set out within the Accounts and Audit (Wales) Regulations 2018 (regulation 4), as amended, and the Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives and Senior Managers (SOLACE) Delivering Good Governance in Local Government – Core Principle F.

10. WELSH LANGUAGE

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

11. LINKS TO CORPORATE AND NATIONAL PRIORITIES AND THE WELLBEING OF FUTURE GENERATIONS ACT

- 11.1 Robust risk management arrangements ensure that effective controls and actions are in place to deliver the Council's Wellbeing Objectives as set out within the Corporate Plan 2024/30 'working with our communities'.

12. CONCLUSION

- 12.1 The Council's Risk Management Strategy sets out the framework that is in place in respect of its risk management arrangements. The Strategy is underpinned by a Risk Management Toolkit, which is an operational document to help services identify, assess, manage and monitor risks.
- 12.2 The Council's risk management arrangements are subject to ongoing review and challenge and have been developed further for the 2024/25 financial year with the aim of continuously improving the overall governance arrangements in place.
- 12.3 The Governance and Audit Committee, in line with its Terms of Reference, is requested to review the updated Strategic Risk Register for 2024/25 and determine whether it provides the required level of assurance on the arrangements in place to manage the Council's strategic risks.

LOCAL GOVERNMENT ACT 1972

AS AMENDED BY

THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

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APPENDIX 1 – Qtr 1 Strategic Risk Register



RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

STRATEGIC RISK REGISTER Quarter 1 2024/25

SUMMARY:

Strategic Risk Register Reference & Description	Risk Ratings						Summary for Qtr 1 2024/25
	Original			Qtr 1 2024/25			
	I	L	Rating	I	L	Rating	
<p>1. Managing our finances If the Council's medium term financial planning arrangements do not support the development of sufficient and timely proposals to address forecasted reductions in funding levels and increased demand and cost of services, this may lead to unplanned reductions in service delivery and an inability to meet Corporate Plan priority outcomes.</p>	5	4	20	5	4	20	<p>The focus in the first quarter of the year has been on the accurate and timely production of the Council's year-end financial / treasury management / operational performance positions for 2023/24 and the compilation of the Council's draft Statement of Accounts (SoAs) for this period; these areas of work were all completed in line with laid down timescales, demonstrating the continued effective financial and performance management arrangements within the Council. In parallel, the Council's robust and well embedded approach to financial and service planning and management continued, with Finance Officers / Performance Management Officers and Service Managers working together, under the direction of the Senior Leadership Team, to compile the Council's first financial and operational performance update of the 2024/25 financial year. This will be an on-going process during the year.</p> <p>Quarter 2 will focus on progressing the external audit of the Council's SoAs, identifying opportunities for additional one-off investment in Corporate Plan well-being objective areas and the reporting of the Council's updated MTFP. The emerging picture from the MTFP update is a significant budget gap for the forthcoming year and over the medium term and will necessitate the on-going review of all service areas to</p>

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							identify efficiency savings and budget reduction options. More detailed updates in this regard will be reported to Members as part of the budget setting process for 2025/26.
<p>2. <u>Keeping our children and young people safe, and preventing avoidable escalation of need and risk.</u></p> <p>If the Council is unable to</p> <ul style="list-style-type: none"> • ensure sufficient suitably qualified staff in Children's Services • provide sufficient early help, and edge of care services • provide sufficient accommodation and support for care experienced young people <p>then the ability of the Council to prevent children and young people from entering the care system in Rhondda Cynon Taf and discharge its statutory safeguarding and corporate parenting duties as required by the Social Services and Wellbeing (Wales) Act may be compromised.</p>	5	3	15	5	4	20	<p>There is evidence of progress in the business plan priorities and staff working efficiently to the service plan. Much has been achieved but changes will take time to have an impact.</p> <p>Meanwhile Children's services continue to respond to challenges including increasing expectation and complexity. This is especially evident in relation to (i) exploitation, (ii) further reducing placement sufficiency (this being an all-Wales issue) (iii) impact of partners reducing / changing services, (iv) a stabilising but high social worker vacancy rate (v) operating within a challenging financial environment. OWRs are reducing at present, recognising that challenges remain around sufficiency. Risk rating remains the same.</p> <p>No changes to the risk ratings at this stage.</p>
<p>3. <u>Supporting our vulnerable adults</u></p> <p>If the Council does not continue to transform and work with Health and other partners to deliver integrated community services and greater market stability for care and support within Rhondda Cynon Taf and the region, then the ability of the Council to deliver appropriate and effective care and support that promotes independence and wellbeing people as required by the Social Services and Wellbeing (Wales) Act may not be possible for all those vulnerable people and unpaid carers assessed to require it.</p>	5	3	15	5	3	15	<p>Good progress made in the transformation of Council services. Accommodation with care developments continue to make progress as expected. Learning Disability transformation projects are similarly on track. However, the integration with health to establish services in the community continues to be delayed and difficulties moving to an implementation phase persist. Agreed that work to establish the Section 33 agreement should be pursued by the regional team to establish the blueprint for all parties.</p> <p>The work to replace the Alarm Receiving Centre for lifeline is on track, with a tender process scheduled to be completed this year.</p> <p>No changes to the risk ratings at this stage.</p>
<p>11. <u>Regenerating our communities</u></p> <p>If a holistic approach to regenerating all areas and aspects of our communities is not adopted, including how we manage our relationships with external funders to secure funding in a competitive market during austere times, then our ability to</p>	4	3	12	5	2	10	<p>Good progress was made in Q1 to manage this risk, with no changes needed to the current risk scores. The strategic risk associated with the regeneration of our communities is being effectively managed through a holistic approach, strengthened</p>

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deliver the very best outcomes and deliver meaningful change for our citizens may be compromised.							<p>partnerships, and diversified funding strategies.</p> <p>Effectively managing relationships with external funders, such as the UK Government and Welsh Government, while securing necessary funding, remains a critical priority in light of the uncertainty surrounding the Share Prosperity Fund and Welsh Government's Regeneration funding post March 2025.</p> <p>The focus during quarter 1 has included:</p> <ul style="list-style-type: none"> • Strengthened Relationships with Key Funders: Proactive efforts have been made to enhance relationships with key external funders. Regular engagement sessions and meetings have been established, fostering open communication and collaborative working relationships. • Strategic Direction and Governance: Strong governance frameworks and clear strategic direction are in place across all Prosperity and Development departments, ensuring cohesive and coordinated efforts. • Data-Driven Strategies: Clear strategies, informed by thorough data analysis and interpretation, have been developed to align with the evolving needs of the communities. • Business Case Development: Effective business cases are being developed for individual projects to ensure they are viable, cost-effective, and capable of delivering measurable outputs and outcomes. • Project Oversight and Accountability: Project boards have been established to oversee the delivery of individual projects, with clear lines of officer accountability. These are supported by project progress reports that include risk registers, as well as physical and financial progress updates. <p>As a result, the implementation of regeneration projects is progressing well, with some initiatives already delivering visible benefits to the community, such as the Muni redevelopment, Social Housing Grant projects, and the Pontypridd Bingo Hall redevelopment. Ongoing projects remain on track, with close monitoring</p>

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							to ensure continued alignment with our strategic goals.
13. <u>Tackling poverty</u> If the Council does not 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 which will result in added pressures being put on Council Services.	5	2	10	5	4	20	Progress is positive against Council planned activities in quarter 1 however our ability to respond to emerging cost of living pressures and changes in national fiscal policy will require a dynamic approach to risk management throughout the year. No changes to the risk ratings at this stage.
18. <u>Workforce planning & support</u> 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 which will have a direct impact on the quality of services that it can deliver.	4	3	12	5	4	20	Like many organisations, recruitment, and retention in some areas of the Council is an issue due to candidate numbers dropping across the UK for key roles. However, there are a number of mitigations and workstreams that have been put in place to help address this matter and it is pleasing to see the quarter 1 narrative that demonstrates a positive outcome for many of these workstreams. No changes to the risk ratings at this stage.
20. <u>Cyber Security</u> If the Council does not maintain a high level of Cyber Assurance (people, process & technology) and ensure that infrastructure 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, potential breaches and reputational damage.	5	3	15	5	4	20	Positive progress is being made against delivery actions and risk controls remain in place. No changes to the risk ratings at this stage.
24. <u>A carbon neutral Council</u> If all staff, managers and elected Members do not embed carbon reduction into their 'business as usual' activities, then we will not achieve the carbon reduction benefits and will not become a carbon neutral Council by 2030 which will result in reputational damage for the Council.	5	4	20	5	3	15	Progress and evidence shows that staff, managers and elected members are working across many service areas to embed carbon reduction into their business as usual activities. Despite the good progress identified, the focus needs to remain in place to ensure everyone continues to work towards the 2030 target date of becoming Carbon Neutral. No changes to the risk ratings at this stage.
26. <u>Managing the physical impact of climate change on our communities</u> 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.	5	3	15	5	4	20	Good progress has been made during qtr 1 to manage this risk, with no change to the risk scores required at this stage. <u>Flood Risk Management Strategy</u> The Service continued to support the delivery of key projects during qtr 1 that

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							<p>are aimed at mitigating potential impacts of flooding.</p> <p>The 14 Projects approved under the Welsh Government Small Scale Schemes Grant and 9 projects funded by the Welsh Government Resilient Roads Fund have progressed well.</p> <p>10 Project Stages on the Major Projects pipeline continue to be developed and a further 5 applications for next stage funding have been submitted to Welsh Government.</p> <p><u>Infrastructure Asset Management – Disused Tips</u> The inspection and monitoring regimes for the various category tips within RCTCBC continued during qtr 1 (as per schedule).</p> <p>The Council was successful in its application to Welsh Government under the Coal Tips Safety Grant to conclude the Tylorstown Tip Phase 3 works and remediation / repair / investigation works to a number of RCT owned disused tips.</p>
<p>27. Accommodation for our vulnerable residents 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, then the ability to provide appropriate support will be limited which could result in increased pressures being put on Council services and risk legal action being taken by regulators for failure to meet statutory obligations.</p>	5	3	15	5	4	20	<p>Pressure on the housing system to increase supply of social and affordable housing remains high. Increase in presentations from those at risk of or who are homelessness is being seen, alongside more complex needs and current government policy of early prisoner release. Progress in quarter 1 is positive however risk of new provision not enabling us to keep up with demand is increasing the risk in this area.</p> <p>No changes to the risk ratings at this stage.</p>
<p>28. School attendance If a joined-up and effective approach between schools and the Council is not in place to help improve attendance across our schools, then there is a risk that these learners could be disadvantaged in the longer term which could put a strain on Council Services in the future.</p>	5	2	10	5	2	10	<p>School attendance continues to rise across RCT with secondary attendance improvements looking to be over three times the rate of national attendance improvements for the 23/24 academic year when compared to 22/23 (1.05% increase in RCT compared to 0.3% nationally).</p> <p>However, LA and national attendance, remains well below pre-pandemic levels. The continued work of our services to tackle non-attendance forms part of the wider directorate strategy. Multi-agency working in this area is a central focus to ensure that</p>

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							<p>schools, learners, and families can access support on a timely basis to prevent, or overcome, barriers to education. This will continue to be developed throughout the year.</p> <p>No changes to the risk ratings at this stage.</p>
<p>30. Supporting our young people with additional learning needs If short and long term arrangements are not put in place to increase the capacity of specialist placements for pupils with highly complex and significant Additional Learning Needs the Council will not meet its statutory duty to provide appropriate additional learning provision to pupils and there will be additional costs incurred by the Council for costly out of county specialist placements.</p>	4	4	16	4	4	16	<p>The escalation in the size and complexity of presenting need in the early years in particular is a source of significant concern, particularly given the current financial climate and pressures on schools. Whilst pressures are most pronounced in the early years, the growth in ALN is felt across the system, including within internal services which have seen a significant increase in referrals. Proposals have been developed during qtr 1 that aim to help manage these issues, and work will continue into the autumn in order to deliver change.</p> <p>No changes to the risk ratings at this stage.</p>
<p>32. School modernisation If the Council does not take a strategic and long-term approach to delivering first class education environments and ensuring adequate places for our young people in the right locations, then our ability to provide all learners with the best facilities may be compromised.</p>	<i>New strategic risk for 2024/25</i>			5	3	15	<p>The Council is making good progress in respect of on-going new builds. Work has taken place during qtr 1 aims to develop arrangements for the future. This work will continue into the autumn.</p>
<p>33. Protecting and promoting our heritage and culture If the Council does not take the opportunity to develop, preserve, promote and celebrate the tangible and intangible cultural heritage of the County Borough, then we may lose the knowledge for future generations and fail to realise the potential social and economic impact of our cultural offer in creating a vibrant place to attract people to live, work and visit.</p>	<i>New strategic risk for 2024/25</i>			3	3	9	<p>Progress with consultation on the new Heritage Strategy is key to ensuring the public and stakeholders contribute to the Council's medium term plan to protect and promote our heritage. Progress with quarter 1 actions is positive particularly in preparation for the National Eisteddfod. Focus on identifying and capturing the cultural, heritage and Welsh language legacy of the Eisteddfod is a priority to mitigate risk in this are going forward.</p>