



AUDIT COMMITTEE

10.00 AM - FRIDAY, 25 NOVEMBER 2016

COMMITTEE ROOMS 1/2 - PORT TALBOT CIVIC CENTRE

PART 1

1. To receive any declarations of interest from Members.
2. To receive the Minutes of the previous Audit Committee held on the 23 September 2016 (*Pages 3 - 6*)

Report of the Head of Financial Services

3. Treasury Management Monitoring 2016/17 (*Pages 7 - 12*)
4. Internal Audit Service - Progress Report (*Pages 13 - 28*)
5. Internal Audit Service - Corporate Risk Register Update (*Pages 29 - 66*)
6. Any urgent items at the discretion of the Chairman pursuant to Section 100B(4)(b) of the Local Government Act 1972.
7. Access to Meetings - to resolve to exclude the public for the following items pursuant to Section 100A(4) & (5) of the Local Government Act 1972 and the relevant Exempt Paragraphs of Part 4 of Schedule 12A to the above Act.

PART 2

Private Report of the Head of Financial Services

8. Internal Audit Service - Special Investigations (*Pages 67 - 70*)

S.Phillips
Chief Executive

Civic Centre
Port Talbot

Thursday, 17 November 2016

Committee Membership:

Chairman: Councillor Mrs.L.H.James

Vice Chairman: Councillor J.D.Morgan

Members: Councillors Ms.C.Clement-Williams, D.W.Davies, Mrs.R.Davies, J.S.Evans, M.Harvey, I.B.James, D.Keogh, A.R.Lockyer, Mrs.K.Lloyd and S.Rahaman

Voting Lay Member: Mrs.J.Jenkins

AUDIT COMMITTEE

(Committee Rooms 1/2 - Port Talbot Civic Centre)

Members Present:

23 September 2016

Chairperson: Councillor J.D.Morgan

Councillors: D.W.Davies, Mrs.R.Davies, J.S.Evans,
M.Harvey, D.Keogh and S.Rahaman

Officers In Attendance D.Rees, Mrs.S.Rees, Miss A.O'Donnell,
Mrs.J.McNicholas, Mrs.J.North, Mrs D.Hopkins,
Mrs G.Halfpenny (Minute No.8 only),
Miss.C.Davies and Ms.C.Plowman

Representing the Wales Audit Office: Gillett and R.Harries

Voting Lay Member: Mrs.J.Jenkins

1. **MINUTES OF THE AUDIT COMMITTEE HELD ON 27 JUNE, 2016**

RESOLVED: that the Minutes of the meeting held on the 27 June 2016, be noted.

2. **DISCLOSURE AND BARRING SERVICE - DISCUSSION WITH MEMBERS**

The Head of Human Resources provided the Committee with a verbal update on Disclosure and Barring Service checks (DBS). It was noted that Audit Service, would carry out a review of the DBS delivery this Civic Year.

Members queried whether two DBS Checks were required if a School Governor was appointed to two different schools. The Head of Human Resources suggested that this be referred to the the Governing Support Team with Education, Leisure and Lifelong Learning to provide advice to Members.

It was requested that a Guide be created and made available to School Governors on DBS Checks. The Head of Human Resources again suggested that this be referred to the Governing Support Team.

RESOLVED: that the report be noted and that the Governing Support Team develop guidance in relation to DBS and safeguarding checks for school governors.

3. **CLOSURE OF ACCOUNTS 2015/16**

The circulated report contained details of the audited Annual Statement of Accounts which required approval by Members prior to the 30 September, 2016. The Draft Statement of Accounts had been provided to the Wales Audit Office on the 7 June, 2014, and the audit had now been completed. The Accounts had been updated as part of the Audit process and accordingly the updated final Statement of Accounts was contained in Addendum 1 to the circulated report.

Members thanked the Officers for the work undertaken.

RESOLVED:

1. that the Letter of Representation as contained in the circulated report, be approved.
2. that the final 2015/16 Statement of Accounts as included in the Addendum be approved;
3. that the Chair of the Audit Committee be authorised to sign the Letter of Representation and the Statement of Accounts;
4. that Officers be tasked with continuing to make improvements to the accounts preparation process to ensure continued improvements are achieved.

4. **TREASURY MANAGEMENT MONITORING 2016/17**

Members received an overview of the treasury management action and information reported to the Policy and Resources Cabinet Board on the 21 September 2016, as detailed in the circulated report.

Members noted that interest rates had reduced to 0.25% on the 4th August, 2016, after remaining at 0.50% for seven years.

RESOLVED: that the report be noted

5. **INTERNAL AUDIT SERVICE EXTERNAL ASSESSMENT**

Members were asked for approval for the required external assessment of the Internal Audit Service to be undertaken by way of peer review.

RESOLVED: That the proposed peer review methodology in respect of the required external assessment as detailed in the circulated report be approved.

6. **INTERNAL AUDIT SERVICE - PROGRESS REPORT TO 31 AUGUST, 2016**

Members were provided with an update outlining internal audit work undertaken in the last quarter. Members requested that consideration be given to reviewing the method of reporting higher risk audit reports to the members of Audit Committee.

RESOLVED: that the report be noted

7. **ACCESS TO MEETINGS**

RESOLVED: that pursuant to Section 100A(4) and (5) of the Local Government Act 1972, the public be excluded for the following items of business which involved the likely disclosure of exempt information as defined in Paragraphs 12, 13 and 14 of Part 4 of Schedule 12A to the above Act.

8. **SPECIAL INVESTIGATIONS (EXEMPT UNDER PARAGRAPH 14)**

Members were provided with an update on all reports issued since the June Committee meeting which had a risk rating of 3, 4 or 5 and related to special investigations.

Members received a verbal update on ongoing special investigations.

(Miss.C.Plowman and Miss.C.L.Davies withdrew during discussion and voting thereon, Mrs.G.Halfpenny in attendance)

RESOLVED: that the private report be noted

CHAIRPERSON

AUDIT COMMITTEE

REPORT OF THE HEAD OF FINANCIAL SERVICES – DAVE REES

25th November 2016

Matters for Information

Wards Affected - All

TREASURY MANAGEMENT MONITORING 2016/17

1. Purpose of Report

- 1.1 This report sets out treasury management action and information recently reported to Policy and Resources Cabinet Board (2nd November 2016) which also needs to be reviewed by the Audit Committee.

2. Rates of Interest

- 2.1 After remaining at 0.50% for over seven years the Bank of England's Monetary Policy Committee voted on the 4th August 2016 to reduce the bank rate to 0.25%. The cut in rate is intended to reduce borrowing costs in an attempt to stimulate growth in the economy.

Effective Date	Bank Rate
10 April 2008	5.00%
08 October 2008	4.50%
06 November 2008	3.50%
04 December 2008	2.00%
08 January 2009	1.50%
05 February 2009	1.00%
05 March 2009	0.50%
04 August 2016	0.25%

2.2 The following table provides examples of external borrowing costs as provided by the Public Works Loans Board as at 18th October 2016.

	Equal Instalments of Principal		Annuity		Maturity	
	Previous 25Aug16	Current 18Oct16	Previous 25Aug16	Current 18Oct16	Previous 25Aug16	Current 18Oct16
	%	%	%	%	%	%
5-5.5 years	1.12	1.27	1.12	1.28	1.27	1.57
10-10.5 years	1.27	1.57	1.27	1.58	1.72	2.16
20-20.5 years	1.72	2.16	1.74	2.20	2.26	2.73
35-35.5 years	2.18	2.65	2.22	2.71	2.20	2.69
49.5-50 years	2.32	2.80	2.31	2.78	2.09	2.58

3. General Fund Treasury Management Budget

3.1 The following table sets out details of the treasury management budget for 2016/17. The budget consists of a gross budget for debt charges i.e. repayment of debt principal and interest, and interest returns on investment income.

2015/16 Outturn Position £'000		2016/17 Original Budget £'000
14,799	Principal and Interest charges	16,762
	Investment Income	
(740)	- Total	(614)
218	- less allocated to other funds*	260
(522)	Subtotal Income	(354)
(97)	Contribution to/(from) treasury management reserve	
2,900	Contribution to voluntary redundancy reserve	
17,080	Net General Fund	16,408

NB: Other funds include Trust Funds, Social Services Funds, Schools Reserves, Bonds etc.

4. Borrowing

- 4.1 No long term borrowing has been undertaken since the last report.

5. Investment Income

- 5.1 In line with the Council's Investment Strategy, the 2016/17 Original Budget for investment income is £614k; treasury management investment income generated on investments made to date is £521k.

The recent cut in bank rate has led to a reduction in the interest rate paid to the Council on its investments for example the interest paid by the Government's Debt Management Agency has been reduced from 0.25% to 0.15%. Interest paid by Banks and Building Societies has also been reduced. The expectation is that for this financial year interest generated will now be nearer to £550k not the £614k included in the budget.

The Council also pays interest to other funds such as planning bonds (Escrow Accounts), the rate of interest paid on these funds will now reduce from 0.5% to 0.25% which should provide some savings to offset against the reduction in investment interest. This could mean a shortfall of some £60k which if required will be funded from the Council's Base Budget or Treasury Management Reserve.

Members should note that the majority of investments are classified as 'specified' i.e. up to 12 months and are currently deposited with Local Authorities, UK banks including Barclays, Lloyds Group, Bank Santander and Nationwide Building Society.

- 5.2 The Council policy will allow investments up to a maximum of £25m for periods of more than 1 year and up to 5 years, and this will be considered when decisions on investing surplus funds are made.
- 5.3 No additional long term investments have been carried out since the last report. The Council currently has £10m invested for periods in excess of 12 months:

Counterparty	Value £'000	Period	Maturity	Rate %
Eastbourne Borough Council	4,000	4.5 Years	June 18	2.20%
Peterborough City Council	6,000	5.0 Years	Dec 18	2.10%
TOTAL	10,000			

Financial Impact

6. The report is for information only. All relevant financial information is provided in the body of the report.

Equality Impact Assessment

7. An equality impact assessment was not required for this report.

Workforce Impacts

8. There are no workforce impacts arising from this report.

Legal Impacts

9. There are no legal impacts arising from this report.

Risk Management

10. There are no risk management issues arising from this report.

Consultation

11. There is no requirement under the Constitution for external consultation on this item.

Appendices

12. None

List of Background Papers

Treasury Management Files
PWLB Notice Number 404/16

Officer Contact

Mr David Rees – Head of Financial Services

Tel. No.- 01639 763634

E-mail - d.rees1@npt.gov.uk

Mr Huw Jones – Chief Accountant – Capital and Corporate

Tel. No. - 01639 763575

E-mail - h.jones@npt.gov.uk

Mr Chris Rees – Senior Accountant

Tel. No. - 01639 763590

E-mail - c.rees@npt.gov.uk

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AUDIT COMMITTEE

25th November 2016

Matters for Information

REPORT OF THE HEAD OF FINANCIAL SERVICES – DAVID REES

ALL WARDS

INTERNAL AUDIT SERVICE – PROGRESS REPORT TO 14th November 2016

Purpose of the Report

1. The purpose of this report is to:
 - Provide details of the work undertaken for the last quarter
 - Provide details of Post Audit Reviews undertaken in the last quarter
 - Provide an update on progress against the plan
 - Advise members of any staffing issues within the team

Background

2. One of the terms of reference of this Committee is to 'monitor internal (and) external audit performance'. In order to comply with this requirement to monitor the in-house service, a progress report is given below outlining internal audit work undertaken in the last quarter. This work is then set against the original Internal Audit Plan to show what progress has been achieved.

In addition, information is provided for members on the current position regarding staff vacancies and other staffing issues within the team.

Audit Assignments Completed

3. A total of 16 formal audit reports have been issued since 1st June 2016 in line with normal distribution guidelines. Attached as appendix 1 is a schedule of the reports along with a brief summary of the findings and the risk rating applied following the audit.

The following is a list of those reports issued:

- 2 special investigations
- 1 Comprehensive School
- 6 Primary Schools

- Road Safety
- Petty Cash Regular Sample Checks
- Vision Impaired West Glamorgan
- Escalating Concerns Protocol
- Subscription Services
- Safeguarding – DBS checks taxi drivers & escorts
- Corporate Risk Register

Post Audit Reviews Undertaken

4. The following Post Audit Reviews (PARs) have been undertaken.

Audit	Date of PAR	Issues arising
Cefn Saeson Comprehensive	19.09.2016	None
Brynhyfryd Primary	26.09.2016	None
Blaenhonddan Primary	28.09.2016	None
Crymlyn Primary	30.09.2016	None
YG Y Wern	05.10.2016	None
YGG Rhosafan	06.10.2016	None
YGG Cwmnedd	07.10.2016	None
YG Tyle'r Ynn	18.10.2016	None
Ynysfach Primary	20.10.2016	None
Godre'graig Primary	20.10.2016	None
Ynysmaerdy Primary	21.10.2016	None
Easter n Primary	21.10.2016	Only 1 recommendation implemented. Audit Manager has written to Headteacher, Chair of Governors and Director of Education a further PAR will be undertaken before the end of term.

Progress against Plan

5.

Appendix 2 gives details of the work carried out to date against the 2016/17 plan. There is also currently 1 special investigation in progress.

Staffing

6. There are no vacancies however one part time auditor is on maternity leave and she will not be back in work this financial year.

Financial Impact

7. There is no financial impact associated with this report.

Equality Impact Assessment

8. There are no equality impacts associated with this report.

Workforce Impacts

9. There are no workforce impacts associated with this report.

Legal Impacts

10. There are no legal impacts associated with this report.

Risk Management

13. There are no risk management impacts associated with this report

Consultation

14. There is no requirement under the Constitution for external consultation on this item.

15. Appendices

Appendix 1 – Published Reports

Appendix 2 – Audit Plan Monitoring 2016/17

Officer Contact

David Rees, Head of Financial Services

Email: d.rees1@npt.gov.uk

Tel: 01639 763634

Anne-Marie O'Donnell, Audit Manager

Email: am.odonnell@npt.gov.uk

Tel: 01639 763628

Report Ref	Report Subject & Responsible Head of Service	Report Conclusion	Risk Category
R22	Blaengwrach Primary School – Head of Transformation	Two members of staff did not have a DBS portability form completed in relation to additional duties being undertaken at the school. Other recommendations made were in relation to official orders and the school unofficial fund.	2
R23	St Joseph’s Catholic Infants – Head of Transformation	Good internal controls were found to be in place.	1
R24	Central Primary School – Head of Transformation	Generally good controls were found to be in place and recommendations were made in relation to travel & subsistence, payment of invoices and the school’s unofficial fund.	2
R25	Petty Cash Regular Checks – Cross Directorate	Good controls were found to be in place for the accounts sampled.	1
R26	Special Investigation	Private Item (Exempt Under Paragraph 14)	N/A
R27	Road Safety – Head of Engineering & Transport	Good controls were found to be in place in relation to all areas administered by the Road Safety Team.	1

Report Ref	Report Subject & Responsible Head of Service	Report Conclusion	Risk Category
R28	Vision Impaired West Glamorgan – Director of Finance & Corporate Services	The accounts presented provided a true and fair view of the financial position of the charity.	N/A
R29	Special Investigation	Private Item (Exempt Under Paragraph 14)	N/A
R30	YGG Pontardawe – Head of Transformation	Recommendations were made in relation to the timeliness of updating the HR system, reclaiming of VAT and school dinner money debt.	2
R31	Cwmafan Primary School – Head of Transformation	A DBS portability form had not been completed in relation to one staff member who had changed posts within the school, recommendations were made in relation to school dinner money debt and driver declarations.	2
R32	Gnoll Primary School – Head of Transformation	A DBS portability form had not been completed in respect of additional duties being undertaken by a member of staff. Recommendations were made in relation to Declarations of Interest Forms being completed by Governors and the information which should be retained in employee files.	2
R33	Escalating Concerns Protocol – Head of Adult	Generally good controls were found to be in place, however it is the way in which information is stored which could lead to issues at a future date if the Council was to be challenged	2

Report Ref	Report Subject & Responsible Head of Service	Report Conclusion	Risk Category
	Services	over decisions taken.	
R34	Subscription Services – Cross Directorate	A number of service areas were found to have subscribed to services from which they would appear to receive little value.	2
R35	Safeguarding – DBS Checks Taxi Drivers & Escorts	All of the taxi drivers and escorts sampled had the appropriate level of DBS disclosure and robust procedures are in place for the control of DBS expiry dates.	2
R36	Dyffryn School	Generally good controls were found to be in place with recommendation's made in relation to driver declaration forms, travel & subsistence claims and purchasing cards	2
R38	Corporate Risk Register	The Council's Risk Management Policy is being complied with and the mitigating actions for the risks review are being undertaken.	2

2016/17 Risk Categories

Category 1 – testing found good controls to be in place

Category 2 – testing found some controls that need enhancing which will be achieved by the implementation of the recommendations

Category 3 – testing revealed a number of areas where improvements in controls are required. A verbal update will be provided

Category 4 – testing revealed areas of concern, the Head of Service will provide a written response to the audit report for consideration by Members of Audit Committee

Category 5 – testing revealed areas of significant concern. The Head of Service and/or Service Manager will attend audit committee

<u>Monitoring Date</u>	<u>14th November 2016</u>				
<u>Audit Plan Item 2016-17</u>	<u>Risk Factor</u>	<u>Quarter 1</u>	<u>Quarter 2</u>	<u>Quarter 3</u>	<u>Quarter 4</u>
<u>Education, Leisure and Lifelong Learning</u>					
<u>School Based Audits</u>					
20 Primary Schools	M	2 schools audited and reports issued	4 audits completed, 1 final report issued. Awaiting agreement of 3 draft reports	6 reports issued.	
3 Secondary Schools	H		2 audits in planning stage	1 audit complete and report issued	
<u>Other Education</u>					
IT Replacement Costs	M				
Creditor year end cut off	M	Audit in progress	Audit complete report issued		
Education Grants	M	1 grant audited		Pupil Deprivation Grant being	
Croeserw Community Enterprise Centre	M				
<u>Leisure, Culture and Lifelong Learning</u>					
None					

Finance and Corporate Services					
Revenue Collection					
Council Tax	L				
NNDR	L				
Sundry Debtors	L				
Cash Collection	H	Random checks undertaken	Random checks undertaken	Random checks undertaken	
Benefits Administration					
Housing Benefits	L				
Exchequer					
Payroll	L				
Creditor Payments	L				
Creditor Cut Off Corporate 2015/16	M	Audit in progress	Audit complete and report issued		
Creditor (FIS) Checks	M	Checks being undertaken	Checks being undertaken	Checks being undertaken	
Accountancy					
Treasury Management	H				
Bank Reconciliation	M			Audit in progress	
Legal Services					
Registrars	M	Audit in planning stage	Audit in progress	Audit complete draft report issued	

Other					
Contingency	N/A				

Chief Executive's					
Electoral Registration	M			Work covered during recent special	
Democratic Processess	M				
<u>Social Services, Health and Housing</u>					
Housing General Fund:					
Social Lettings Agency	M		Audit in planning stage	Audit in progress	
Houses to Homes Loans & Home Improvement Loans	M	Audit complete draft report issued	Final report issued		
<u>Social Services</u>					
PASMS (Professional Abuse Strategy Meetings)	M			Audit in progress	
DBS checks taxi drivers & escorts	H	Audit in planning stage	Audit commenced 90% complete	Audit complete report issued	
DBS checks adult care staff	H		Audit in progress	Audit complete draft report issued	
Escalating Concerns Protocol	M	Audit in planning stage	Audit in progress	Audit complete report issued	
Hillside Secure Unit	M			Audit in progress	
Medication Training CCAs (Community Care Assistants)	H	Audit complete draft report issued	Final report issued		
Safe Recruitment CYPS (Children & Young People Services)	H				

Direct payments	M			Audit in progress	

<u>Environment</u>					
Stores/Equipment attendance at stock takes	H				
Bus service operators grant	M	Audit in progress	Audit complete and report issued		
Workways	M		Request from Directorate to substitute to Road Safety		
Asset Management	M				
Facilities	H				
Road Safety	M			Audit complete and report issued	
<u>Cross Directorate</u>					
Special Investigations	N/A	3 in progress	Of the 3 reported last quarter 2 are complete, 1 still ongoing. 4 new referrals received this quarter 1 is complete and 3 are ongoing.	3 reports issued, 1 investigation currently ongoing	
Risk Registers	N/A		Ongoing	Ongoing, 1 report issued	

Appendix 2

Advice and Guidance Requests	N/A	Ongoing	Ongoing		
I.T. Audit	N/A			Merger of Mentor ledger with Main Ledger	
Contract Audit	N/A	Final account work ongoing	Final account work ongoing	Final account work ongoing	
Corporate Governance Arrangements	N/A				
Officer Declarations	M	Audit complete			
Settlement Agreements	N/A				
NFI	N/A		Preparations underway for next data submission	All data submissions done	
Use of credit notes	M		Audit in planning stage	Audit in progress	
DBS Checks	H	1 audit complete		Audit in progress	
Travel & Subsistence	H		Audit in progress	Draft report issued	
Petty Cash	H		1st trawl underway	Report issued	
Mobile phones/landline charges	M			Audit in progress	

Other Commitments					
Attendance at Working Parties	N/A	Ongoing	Ongoing	Ongoing	
Servicing/Attendance at Audit Committee	N/A	Ongoing	Ongoing	Ongoing	
FOI Requests	N/A	All received have been answered	All received have been answered	All received have been answered	
Banking Administrator	N/A	Ongoing	Ongoing	Ongoing	
Contingencies	N/A		1)Direct Payments Support Service audit undertaken and report issued. 2)General Schools report issued	1) Report on use of subscription services issued	
Vision Impaired West Glamorgan	N/A			Audit Complete and report issued	
SWTRA	N/A				
Staff association/lottery	N/A		Annual accounts audited	1st 6 months accounts audited	

AUDIT COMMITTEE

25th November 2016

MATTERS FOR INFORMATION

REPORT OF THE HEAD OF FINANCIAL SERVICES – DAVID REES

ALL WARDS

INTERNAL AUDIT SERVICE – Corporate Risk Register Update

Purpose of the Report

To receive the first six monthly (April to September) progress on the Council's Corporate Risk Register together with details of the work undertaken by Internal Audit.

Background

1. One of the roles of Audit Committee is to review and assess the Corporate Risk Management Arrangements and to report and make recommendations to the Cabinet on the adequacy and effectiveness of these arrangements.
2. This report will provide details of the latest report to Cabinet on the Corporate Risk Register and details of the work undertaken by Internal Audit as agreed at the September meeting.

Report to Cabinet

3. In line with the Council's Risk Management Policy a report on the position at the end of the first six months of 2016 was presented to Cabinet on 19th October 2016. Attached as Appendix 1 is the report and appendices presented to Cabinet.

Work Undertaken by Internal Audit

4. As requested at the meeting in September the risks on the Corporate Risk Register relating to the Social Services, Health & Housing and Finance and Corporate Services Directorates were examined.

Detailed below are the findings and recommendations of the audit work undertaken.

Social Services, Health & Housing

Risk SSHH15

Loss of senior staff leading to failure of service delivery

Mitigating Action

Interim manager put in place, training and development of replacement staff. Plan to secure replacement staff to be developed

Finding

The principal officer vacancy has recently been advertised, closing date 7th November, it is intended that a permanent appointment will be made as a result of this recruitment drive. Further interim staff have been engaged to provide assistance with the development of policies and procedures. The vacant Head of Service post is being covered by the Head of Children's Services and the Director of Social Services, Health & Housing.

Risk SSHH02

Improving Outcomes Improving Lives/Day Opportunities – remodelling of Day Opportunities – stakeholders resists proposals of changes to service delivery

Mitigating Action

Early and full stakeholder engagement plan to be established in support of each change project.

Finding

A comprehensive project plan was provided together with a number of reports and details of stakeholder consultations undertaken. Details of the new services now on offer was also sighted.

NPT 11

Safeguarding – despite the Council's safeguarding arrangements, policies and procedures, vulnerable adults and children may be at risk of significant harm.

Mitigating Action

Regular safeguarding meetings at Head of Service level close working with schools and Social Services, regularly training, continuous review of policies and procedures and designated safeguarding officers

Finding

Regular Safeguarding Group, comprising Chief Officers, meetings are held, copies of minutes sighted. A number of safeguarding audits are included in this year's Internal Audit Plan. Specific safeguarding roles assigned within both Social Services and Education. In the last 12 months 14 safeguarding training courses have been delivered and attended by 99 members of staff.

SSHH16

Performance of delivering Disabled Facilities Grants has deteriorated as a consequence of NPT Homes transferring cases back to the Council

Mitigating Action

Negotiate with NPT Homes to reduce these cases

Finding

There has been a series of meetings with senior management from NPT Homes. Alternative sources of funding have been sought and obtained to alleviate the pressures on the Disabled Facilities Grants Budget e.g. Planned Adaptations Grants, Rapid Adaptations Grants and funding in the region of £117k from Welsh Government to redesign how Disabled Facilities Grants.

Finance & Corporate Services

Risk CS02

Loss of personal/sensitive information and information commissioner penalties

Mitigating Action

Targeted training, provision of encryption technology; provision of secure emails.

Findings

500 staff authority wide now have secure emails and all staff who have this facility receive training on an annual basis, a series of data reviews have been carried out, to date 786 staff have attended data security training and an online training package has been utilised by around 300 staff, this system is currently being refined to make it more relevant to Council staff. There is an Information Security Breach

Group comprising Heads of Service who meet to agree the way forward whenever a breach is identified. All lap tops, mobile phones, iPads and pen drives are encrypted and in the event of loss or theft the devices can be remotely wiped.

Risk NPT07

EU – a ‘no’ vote in the referendum ballot taking place on 23rd June 2016 could lead to the inability to access European Funding

Mitigating Action

Contingency plan to be developed. UK Government to develop/negotiate new relationship with EU within 2 years

Finding

As the result of the referendum is now known this risk is superseded by new risk NPT 16 – Referendum Outcome increases uncertainty which affects the basis of forward planning and budget implications.

Recommendation for Officers

Director of Finance & Corporate Services to consider removing this risk at the next review and add to NPT16 the risk of being unable to access European Funding until the UK formally leaves the EU.

Risk NPT09

Financial settlement insufficient to meet statutory duties.

Mitigating Action

Continue to lobby Welsh Govt. to provide adequate funds for local government responsibilities

Finding

Members are being kept fully up to date with all budget developments and seminars have been held setting out the present position with regards to the 2017/18 settlement.

Risk NPT13

The Council does not optimise opportunities to raise and collect income, leading to unnecessary service cuts.

Mitigating Action

Review of income generating opportunities.

Finding

An income generation group has been established which is being chaired by the Director of Social Services, Health & Housing. Minutes of the group meetings have been sighted and a number of income generating opportunities have been discussed/explored.

Recommendation for Officers

As the income review generation group is being chaired by the Director of Social Service, Health & Housing it would be more appropriate that this risk was assigned to him and as such this should be considered at the next risk register review.

Overall Conclusion

From the work undertaken it is evident that the risks reviewed on this occasion are being appropriately addressed and the Corporate Risk Register managed in line with policy.

Financial Impact

5. There is no financial impact associated with this report.

Equality Impact Assessment

6. There are no equality impacts associated with this report.

Workforce Impacts

7. There are no workforce impacts associated with this report.

Legal Impacts

8. There are no legal impacts associated with this report.

9. Recommendations

That Members note the report.

Risk Management

10. This report supports the arrangements for good corporate governance and addresses the responsibility Audit Committee has in ensuring appropriate risk management arrangements are in place.

Consultation

11. There is no requirement under the Constitution for external consultation on this item.

12. Appendices

Appendix 1 – Corporate Risk Register Report to Cabinet 19th October 2016.

Officer Contact

David Rees, Head of Financial Services

Email: d.rees1@npt.gov.uk

Tel: 01639 763634

Anne-Marie O'Donnell, Audit Manager

Email: am.odonnell@npt.gov.uk

Tel: 01639 763628



CABINET

9.30 am or later WEDNESDAY, 19 OCTOBER 2016

COUNCIL CHAMBER - PORT TALBOT CIVIC CENTRE

Part 1

1. To receive any declarations of interest from Members
2. To receive the Report of the Head of Corporate Strategy and Democratic Services re the Corporate Risk Register (*Pages 3 - 32*)
3. Any urgent items (whether public or exempt) at the discretion of the Chairman pursuant to Statutory Instrument 2001 No.2290 (as amended)
4. Access to Meetings - to resolve to exclude the public for the following item pursuant to Regulation 4 (3) and (5) of Statutory Instrument 2001 No.2290 and Exempt Paragraph 15 of Part 4 of Schedule 12A to Local Government Act 1972

Part 2

5. To receive the Private Report of the Head of Human Resources re the Workforce Strategy (*Pages 33 - 38*)

S.Phillips
Chief Executive

Civic Centre
Port Talbot

Wednesday, 12 October 2016

Cabinet Members:

Cllrs. A.H.Thomas, P.A.Rees, M.L.James, E.V.Latham, Mrs.S.Miller,
P.D.Richards, J.Rogers, A.J.Taylor and A.N.Woolcock

NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

CABINET REPORT

19th OCTOBER 2016

**JOINT REPORT OF THE
HEAD OF CORPORATE STRATEGY & DEMOCRATIC SERVICES
&
HEAD OF FINANCIAL SERVICES
KAREN JONES / DAVE REES**

Matter for Decision

Wards Affected: ALL

Corporate Risk Register

Purpose of Report

To receive the first six monthly (April to September) progress update on the Council's Corporate Risk Register (draft) attached at Appendix 1.

Executive Summary

On 2nd March, Cabinet received a corporate risk register containing 51 corporate risks. Over the last six months, Corporate Directors Group have reviewed and monitored the register in accordance with the Council's Corporate Risk policy attached at Appendix 2.

The register was circulated to all directorate senior management teams for feedback and amendments made accordingly.

In summary changes to the register are as follows: 24 risks have been updated (updates are highlighted in *blue italics*), three removed and one new one added. A detailed breakdown is available further on in the report under the heading 'Summary of Risks'.

Background

The aim of the policy is to promote an open, consistent and proactive risk management attitude and benefits of implementing the policy include:

- Protection of reputation and demonstrates openness and accountability (good governance)
- Prioritisation of those areas where there are the greatest risks
- Allocation of clear roles, responsibilities and accountabilities
- Facilitates the efficient planning of limited resources

To achieve the above aim and benefits, the policy provides a systematic and focussed approach to corporate risk management and the work that that been undertaken to operationalise the policy.

The Corporate Risk Register

The Council's Corporate Risk Register provides a clear statement of the Council's overall position in relation to corporate risks as at 30th September 2016.

The register identifies the main risks facing the Council so that elected Members and senior management can make informed decisions and prioritise actions with these high level risks in mind. Currently the register is made up of 50 risks, all of which are assigned to members of the corporate management team to ensure the most senior level of ownership and accountability by officers.

Summary of risks

The above total is made up of the following:

- Corporate risks (cross cutting directorate) = 16 (prefix NPT)
- Environment = 17 (prefix ENV)
- Corporate Strategy & Democratic Services = 11 (prefix CS)
- Education Leisure Lifelong Learning = 3 (prefix ELLL)
- Social Services Health & Housing = 3 (prefix SSHH)

Main changes to the register are listed below (highlighted in *blue italics* on the register):

- 1 new corporate risk identified, referenced NPT17
- 3 risks removed: ENV03 (now included with ENV02), ENV10 (overlaps with ENV05 and ENV07) and ENV16 (now included with ENV15).
- 2 risk descriptions updated: ENV02 and ENV15.
- 20 mitigating actions updated: ENV02, ENV06, ELLL05, NPT07, ENV13, NPT09, NPT13, ENV07, CS06, NPT01, NPT05, CS11, NPT12, CS09, CS03, NPT15, CS05, CS43, NPT11, CS04
- 7 scores updated: CS10, CS06, CS09, CS03, NPT15, CS05, CS04
- 2 proximity updated: CS10, CS09
- 16 target dates updated: ENV22, ENV09, NPT07, NPT09, ENV07, CS06, NPT01, NPT05, CS11, NPT12, CS09, CS03, NPT15, CS05, CS43, CS04

Risk levels over the last six months as per table below:

Date	High	Medium	Low	Total
March 2016	32	18	1	51
July 2016	34	16	2	52
Sept 2016	31	16	3	50

Continuous Improvement

The Corporate Governance group invited the Wales Audit Office to undertake an assurance exercise to help the Council gauge progress made in addressing the proposals for improvement made in the Annual Letter. The informal feedback suggest that the approach to risk management is on a good footing but more training is needed to ensure risks are more clearly stated and mitigating actions are SMART (specific, measureable, achievable, realistic and time bound). The Corporate governance group will now explore how these improvements can be taken forward. Members will also have the opportunity to hear directly from the Wales Audit Office in due course.

Financial Impact

The Corporate Risk Register will inform the Internal Audit Plan and the Council's resource planning processes and forms an important part of the governance arrangements for the Council. Failure to manage risks effectively creates a risk that the Council will not secure value for money or face increased expenditure.

Equality Impact Assessment

A Screening Assessment was undertaken on the Corporate Risk Management Policy to assist the Council in discharging its Public Sector Equality Duty under the Equality Act 2010. After completing the assessment it was determined the Policy did not require an Equality Impact Assessment. Consequently, as the Corporate Risk Register is a product of the Policy, this item does not require an Equality Impact Assessment.

Workforce Impacts

A number of the corporate risks identified have workforce impacts which will be addressed via the mitigating actions.

Legal Impacts

There are no direct legal implications arising from this report. However, one of the benefits of identifying risk is that mitigation measures may be taken if appropriate and consequently successful claims against the Council may be avoided altogether or reduced.

Risk Management

This report supports the arrangements for good corporate governance as the Corporate Risk Register provides a clear statement of the Council's overall position in relation to corporate risks and how those risks will be managed / mitigated.

An Internal Audit programme of work has been put together and going forward the Audit Committee will receive a report from Internal Audit on the risk management process at every quarterly meeting.

Recommendations

It is recommended that Cabinet:

1. Note the progress made by the Council in managing the Council's most significant risks as identified in the Corporate Risk register for the period 1st April to 30th September 2016 and approve the updates.

Reasons for Proposed Decision

1. To ensure the effective implementation of the Council's Corporate Risk Management Policy
2. To support the Council in discharging its duty to be efficient, transparent and accountable to local people and to observe high standards of corporate governance.

Appendices

Appendix 1 – Corporate Risk Register

Appendix 2 – Neath Port Talbot County Borough Council - Corporate Risk Management Policy

Officer Contact

Hywel Jenkins, Director of Finance and Corporate Services

Karen Jones, Head of Corporate Strategy and Democratic Services
Telephone: 01639 763284, email: k.jones3@npt.gov.uk

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Corporate Risk Register (as at Sept 2016)

Ref	Section	Risk Description	Original Likelihood Score	Original Impact Score	Original Total Score	Original Proximity (see key at end of register)	Mitigating Action	Latest Likelihood Score at Sept-16	Latest Impact Score at Sept-16	Latest Total Score at Sept-16	Latest Proximity at Sept-16 (see key at end of register)	Target Date	Risk Owner	Risk - Directorate/Corporate
ENV05	Streetcare	Adopted roads and non-adopted infrastructure (such as countryside bridges/dams) - inadequate capital and revenue funding to meet maintenance needs leading to potential failure resulting in closure/access restrictions - negative impact on residents, communities and businesses.	5	5	25 - H	1-4	Direct resources from other priorities on an emergency basis as and when required	5	5	25 - H	1-4	on-going	Head of Streetcare	Corporate
ENV06	Engineering & Transport	Adopted bridges/retaining structures - inadequate revenue and capital funding required to meet maintenance needs leading to potential failure resulting in closure, weight and/or highways restrictions - negative impact on residents, communities and businesses.	5	5	25 - H	1-4	Enhance programme inspections; identify priority projects for improvement in HAMP and CPSG; also links to ENV05 and ENV11. Updated Sept.16 - Closed bridge at New Bridge Road in May for the foreseeable future.	5	5	25 - H	1-4	on-going	Head of Engineering & Transport	Corporate
ENV20	Planning	Failure of the owners/former operators of the Margam opencast coal site to complete an acceptable restoration of the site which is essential to protect the health and safety of surrounding communities which would otherwise be at risk of flooding from the void. The failure to restore will also result in the retention of a scarred landscape which has an unacceptable visual impact upon the character and appearance of the surrounding countryside.	5	5	25 - H	1-4	A working group is established to discuss an alternative restoration scheme which will secure a safe and restored site going forward. This scheme is the subject of a new planning application which is submitted with an agreed and restricted period of time. Should planning permission be granted the escrow fund is used to deliver and implement the approved scheme.	5	5	25 - H	1-4	01/06/2017	Head of Planning & Public Protection	Corporate
ENV21	Planning	Planning permission is not implemented in accordance with the approved planning permission for the continuation and extension of the East Pit opencast coal site and/or due to the reduction in coal prices, the operator ceases to make regular payments to the restoration bond. This will lead to the retention of an unrestored and insufficiently bonded opencast coal site which could fill with water in an uncontrolled manner to the detriment of the health and safety of local communities.	5	5	25 - H	1-4	Ensure that regular and constant monitoring of the site is undertaken to secure compliance with the approved plans. Hold regular meetings with the operator with regard to the financial liabilities associated with delivering completion of coating and restoration of this site. Take a cautious approach to paying back bond monies until absolute certainty is reached with regard to completion of the tasks associated with the restoration of the site.	5	5	25 - H	1-4	on-going - up to 2020	Head of Planning & Public Protection	Corporate
ENV01	Streetcare	Waste Management - Failure to procure replacement longer term residual and food waste treatment/disposal arrangements plus longer term material transfer and disposal arrangements for recyclates.	5	4	20 - H	1	Put in place new waste services arrangements.	5	4	20 - H	1	on-going	Head of Streetcare & Head of Finance	Corporate
ENV02	Streetcare	Updated Sept.16 - Waste Management - Failure to meet statutory targets for reuse, recycling, composting particularly 70% target and biodegradable waste to landfill, failure of public to participate and accept the necessary changes to meet statutory requirements, plus associated fines and reputational damage.	4	5	20 - H	1-4	Further changes to be made to the way we collect waste, including the expansion of the 'Recycle +' kerbside sort recycling service; put in place longer term arrangements for the treatment of food waste by anaerobic digestion (which means composting food waste to produce energy and fertilizer) and residual waste, plus restrictions on side waste. Updated Sept.16 - Some vehicle and service changes look place April/May 2016 with full roll out due Feb/Mar 2017 and a Side Waste policy came into effect June 2016.	4	5	20 - H	1-4	on-going	Head of Streetcare	Corporate
ENV08	Engineering and Transport	Increase in road casualties on County Highway network due to reducing resources.	4	5	20 - H	1	Maintain current staffing level to target identified vulnerable road user groups through education, training and publicity using resources available	4	5	20 - H	1	on-going	Head of Engineering & Transport	Corporate
ENV11	Property & Regeneration	Inadequate revenue and capital funding to meet building maintenance needs leading to service delivery issues and potential health and safety concerns.	5	4	20 - H	1-4	On-going programme of reducing the number of maintained buildings	5	4	20 - H	1-4	on-going	Head of Property & Regeneration	Corporate
ENV14	Property & Regeneration	Difficulties in securing public and private investment necessary to deliver town centre regeneration.	4	5	20 - H	1-4	Continue to develop town centre proposals to provide investment opportunities	4	5	20 - H	1-4	on-going	Head of Property & Regeneration	Corporate
ENV22	Engineering & Transport	Disruption to travellers across the borough and risk to infrastructure arising from Network Rail's electrification programme.	4	5	20 - H	2-4	Work closely with the programme managers to minimise risk and disruption	4	5	20 - H	2-4	2019 onwards	Head of Engineering & Transport	Corporate
SSH15	Community Care	Loss of senior staff leading to failure of service delivery.	5	4	20 - H	1	Interim manager put in place, training and development of replacement staff. Plan to secure replacement staff to be developed.	5	4	20 - H	1	on-going	Director of Social Services Health and Housing	Corporate

Corporate Risk Register (as at Sept 2016)

Ref	Section	Risk Description	Original Likelihood Score	Original Impact Score	Original Total Score	Original Proximity (see key at end of register)	Mitigating Action	Latest Likelihood Score at Sept-16	Latest Impact Score at Sept-16	Latest Total Score at Sept-16	Latest Proximity at Sept-16 (see key at end of register)	Target Date	Risk Owner	Risk - Directorate/Corporate
ENV15	Planning	Improve air quality within the Port Talbot Air Quality Management Area (AQMA) where there is a potential to breach maximum European limits and prevent the declaration of an additional AQMA in the Neath area - Updated Sept 16. This could result in infraction proceedings being taken by the European Union.	4	4	16 - H	2	Continued monitoring of air quality within the area to the point where it can be demonstrated that continuous improvement has been achieved and the AQMA is undeclared	4	4	16 - H	2	on-going	Head of Planning & Public Protection	Corporate
NPT02	All	Increase in demand for council services created by loss of jobs in local businesses (e.g. TATA)	4	4	16 - H	1	Involvement in task group, early contingency planning through partnership working	4	4	16 - H	1	on-going	Director of Environment	Corporate
ENV09	Engineering and Transport	Impact from changes in service delivery in Social Services on Environment Community Transport workforce	4	4	16 - H	1	Work with Social Services on the rationalisation of Adult Care transport needs	4	4	16 - H	1	01/10/2017	Head of Engineering and Transport/Head of Community Care	Corporate
CS04	Corporate Strategy & Democratic Services	The Council does not optimise the potential of the Digital by Choice strategy due to pressure of other work across departments - fewer online services are delivered than planned	2	4	8 - M	1	Updated Sept 16 - Stocktake of developments to prioritize next phase of work Establish plans and resources to deliver agreed priorities	4	4	16 - H	1	31/12/2016 31/12/2016	Head of Corporate Strategy & Democratic Services	Corporate
ENV21	Environmental Health	Environmental Health - E-coli outbreak occurring due to reduction in staff	3	5	15 - H	1-2	Strengthen monitoring in Programme Board of Delivery	3	5	13 - H	1-2	01/04/2017	Head of Planning & Public Protection	Corporate
ENV03	Transformation	Lack of funding leading to inability to provide statutory SEN services to vulnerable individuals/groups according to their assessed entitlements.	3	5	15 - H	1	Prioritising available resources. Updated Sept 16 - SEN reform due to be considered by WG in the Autumn which could increase financial demand.	3	5	15 - H	1	on-going	Head of Transformation	Corporate
ENV04	All	Governance risk of non-compliance due to ongoing reductions in costs and headcount; decisions and service change at increased risk of legal challenge due to nature of changes and turnover in the Council's workforce	3	5	15 - H	1	Close monitoring by HR and focused Internal Audit Service programme; Safe and Legal decisions training delivered to Head of Service and Accountable Managers. Improved corporate guidance on report writing. Additional equalities impacts assessment training. Early consultation with professional and technical officers prior to release of reports	3	5	15 - H	1	on-going	All Corporate Directors	Corporate
SSH02	Community Care	Improving Outcomes Improving Lives/Day Opportunities - remodelling of Day Opportunities - stakeholders resist proposals of changes to service delivery	3	5	15 - H	1-4	Early and full stakeholder engagement plan to be established in support of each change project. Updated Sept 2016 - the changes are being made and there is some stakeholder resistance as was expected. At this stage, the process remains on track although the FFP savings will need to be monitored carefully to ensure that the changes do not create pressures elsewhere	3	5	15 - H	1-4	01/04/2017	Director of Social Services Health & Housing	Corporate
CS02	ICT & Corporate Procurement	Loss of personal/sensitive information and information commissioner penalties	3	5	15 - H	1-4	Targeted training; provision of encryption technology; provision of secure emails.	3	5	15 - H	1-4	on-going	Head of ICT & Corporate Procurement	Corporate
NPT01	All	Relationships with third sector partners are weakened as a consequence of senior staff turnover (particularly in SSH) and continuous budget reductions	4	4	16 - H	1	Updated Sept 16 - Compact reviewed and revised Compact agreed. Action Plan to be established to implement Compact commitments.	4	3	12 - H	1	12/10/2016 31/12/2017	Head of Corporate Strategy & Democratic Services	Corporate
NPT04	All	Skills mix insufficient to discharge duties competently	3	4	12 - H	1	VSLC to review progress and take stock Introduce workforce planning into business planning; introduce appraisals	3	4	12 - H	1	31/03/2017 31/05/2016 and on-going	All Heads of Service	Corporate

Corporate Risk Register (as at Sept 2016)

Ref	Section	Risk Description	Original Likelihood Score	Original Impact Score	Original Total Score	Original Proximity (see key at end of register)	Mitigating Action	Latest Likelihood Score at Sept-16	Latest Impact Score at Sept-16	Latest Total Score at Sept-16	Latest Proximity at Sept-16 (see key at end of register)	Target Date	Risk Owner	Risk - Directorate/Corporate
NPT05	All	Elections - risk that priorities will change following the Assembly elections	3	4	12 - H	1	Updated Sept 16 - Monitor manifestos commitments Assess implications of Taking Wales Forward (2016-2021) Assess implications of policy regarding the future of local government Draw out impacts and issues to inform Corporate Plan 2017-2020	3	4	12 - H	1	Achieved 31/12/2016 31/12/2016 31/05/2017	Head of Corporate Strategy & Democratic Services	Corporate
NPT06	All	Sickness Management - a reduction in staffing levels could lead to increased sickness levels which would have a knock-on effect of workload demands for remaining staff e.g. workplace stress	3	4	12 - H	1-4	Monitor sickness levels, identifying any patterns of sickness that appear, and ensure the Councils sickness management policy is adhered to; review allocations of workload to staff	3	4	12 - H	1-4	on-going	All Heads of Service	Corporate
NPT07	All	EU - a 'no' vote in the referendum ballot taking place on 23rd June 2016 could lead to the inability to access European funding	3	4	12 - H	1	Contingency plan to be developed. UK Government to develop / negotiate new relationship with EU within 2 years. Update Sept 16 - Will monitor the UK Government announcement to invoke Article 50 notice. This is not expected until March 2017. Chancellor's Autumn statement due 23 Nov 16 may provide more information in relation to funding commitment. See also NPT 16 - new risk.	3	4	12 - H	1	Review 31/03/2017	Director of Finance & Corporate Services	Corporate
Corporate Strategy & Democratic Services							Updated Jun 16 - budget pressure identified for 2017-18.					Achieved		
		The Council is unable to comply with provisions contained within the Counter Terrorism and Security Act 2015	3	4	12 - H	1	Updated Sept 16 - Gap analysis completed regarding new duties	3	4	12 - H	1	31/10/2016	Head of Corporate Strategy & Democratic Services	Corporate
							Action Plan to address identified gaps to be prepared. Strengthened governance in places to link regional, national and local work. Systems to be established via CSP to systematically monitor and evaluate threat, risk and harm.					Achieved		
ELL02	Transformation	Critical failure of ageing school building estate rendering the Council unable to maintain business continuity and to meet its statutory responsibilities to secure suitable educational provision.	3	4	12 - H	2	Identification of prioritised maintenance schemes within the Council's domestic capital programme combined with the 21 st Century school programme and with the Strategic School Improvement programme that focuses on school reorganisation and rationalisation.	3	4	12 - H	2	on-going	Head of Transformation	Corporate
ENV13	Property & Regeneration	Abandon maintenance / construction costs as a consequence of changing service delivery strategies	4	3	12 - H	1-4	Clear visibility from services on changes in future service delivery; impact statements regarding Property management planning included in business plans for 2016/17 - Updated Sept 16.	4	3	12 - H	1-4	on-going	Head of Property & Regeneration	Corporate
ELL01	Transformation	Inefficient financial/strategic management, in respect of school reorganisation proposals, as a result of poorly conceived projects, leading to damage to Council reputation and adverse reaction from local communities	2	5	10 - M	1	Robust scrutiny underpinned by sound financial business case development and external (i.e. WGI/Wales Audit) approvals for major capital spend; thorough preparation of school reorganisation proposals, with full stakeholder consultation and clearly stated benefits supported by member approval	2	5	10 - M	1	on-going	Head of Transformation	Corporate
NPT08	All	Corporate Manslaughter - through failure to use safe working methods, the Council is exposed to the risk of Corporate Manslaughter.	2	5	10 - M	1	Health and safety policy. Health and safety training. Compliance with regulations. Occupational Health Policy. Implementation and monitoring of HSE reports and recommendations. Risk assessments undertaken by Directorates.	2	5	10 - M	1	on-going	Director of Environment/Head of Human Resources	Corporate
NPT09	All	Financial settlement insufficient to meet statutory duties	2	5	10 - M	1-2	Continue to lobby WGI to provide adequate funds for local government responsibilities. Update Jun 16 - Local Government settlement for 2016/17 received March 2016 showing a 1.3% reduction All Wales with a 0.5% reduction for NPT. Continuing lobbying for 2017/18 settlement. Update Sept 16 - provisional settlement due 19 Oct 16. Cabinet approved consultation on draft budget savings 28 Sept 16	2	5	10 - M	1-2	31/03/2017	Director of Finance & Corporate Services	Corporate

Corporate Risk Register (as at Sept 2016)

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NPT11	All	Safeguarding – despite the Council's safeguarding arrangements, policies and procedures, vulnerable adults and children may be at risk of significant harm	2	5	10 - M	1	Regular safeguarding meetings at Head of Service level, close working with schools and Social Services, regular training, continuous review of policies and procedures, designated safeguarding officer. <u>Update Sept 16</u> - Corporate Safeguarding Group meets regularly. Annual Programme of safeguarding audits in place including DBS checks, administration of medication and safe recruitment. Clear lines of accountability to ensure that all relevant safeguarding in employment checks are in place.	2	5	10 - M	1	on-going	Director of Social Services, Health & Housing	Corporate
CS08	Corporate Strategy & Democratic Services	Community cohesion deteriorates as a result of poorly managed relocation of asylum seekers	2	5	10 - M	1	Home Office advised that the county borough lacks infrastructure to support asylum seekers	2	5	10 - M	1	31/12/2016	Chief Executive	Corporate
NPT12	All	Performance across service deteriorates as a consequence of continuous reductions in budget and organisational change	3	3	9 - M	1	Enhanced service planning; Robust performance monitoring. Improved oversight by CDG and Members; Council to review targets with a view of balancing funding longer-term; prioritise capital programme to those with significant risk Updated June 16 - Guidance and Process rolled out for 2016-17. Monitoring of actual performance to take place during year Updated Sept 16 - Targeted review of performance in bottom quartile to be carried out by Chief Exec and CDG	3	3	9 - M	1	30/11/2016	All Heads of Service	Corporate
NPT13	All	The Council does not optimise opportunities to raise and collect income, leading to unnecessary service cuts	3	3	9 - M	1	Review of income generating opportunities ongoing. <u>Update Sept 16</u> - income review working party established to review and report on income/trading opportunities.	3	3	9 - M	1	28/02/2017	Head of Financial Services	Corporate
ENV17	Planning	Failure to reduce nickel emissions to be within the European targets within Pontardraw and Neath could result in infringement proceedings being taken by the European Union with associated fines	3	3	9 - M	2	Working with the industrial operators who are generating the emissions to secure the use of Best Available Techniques (BAT) as required under the regulations; continuous monitoring of nickel levels within and outside the buildings in question	3	3	9 - M	2	on-going	Head of Planning & Public Protection	Corporate
ENV18	Planning	Reduction in staff coupled with an increased workload will result in a drop in performance within the Development Management section and consequential financial penalties	3	3	9 - M	2	Retain a sufficiently skilled workforce to ensure that there is capacity to deal with planning submissions in accordance with the Welsh Government deadlines	3	3	9 - M	2	on-going	Head of Planning & Public Protection	Corporate
ENV07	Engineering & Transport	Immediate inability to operate large goods vehicles, e.g. refuse trucks, gritter, community buses due to loss of Authority's Operator's Licence	3	3	9 - M	1-4	Driver and vehicle risk management policy in place, coupled with robust maintenance systems and training regime. <u>Update Sept 16</u> - Grey fleet policy work to be in place.	3	3	9 - M	1-4	01/03/2017	Head of Engineering & Transport	Corporate
SSHH16	Business Strategy & Housing	Performance of delivering Disabled Facilities Grants has deteriorated as a consequence of NPT Homes transferring cases back to the Council	3	3	9 - M	1	Negotiate with NPT Homes to reduce these cases. <u>Update Sept 16</u> : Negotiation with NPT Homes re: DFG's has stalled. As at Sept 2016, 40 requests for home extensions have been received at a cost of £300k (13 NPT homes) as compared with 20 requests for home extensions for the whole of 2015-16. This will result in 50 less shower conversions in 2016-17.	3	3	9 - M	1	on-going	Head of Business Strategy	Corporate
NPT14	All	The effect of regional delivery of local services dilutes quality of service to local people	2	4	8 - M	1	Careful planning of the development of the shared services. Sound governance established with clear line of reporting back to the Council. Regular performance monitoring and scrutiny	2	4	8 - M	1	01/03/2017	All Corporate Directors	Corporate
CS05	Corporate Strategy & Democratic Services	Actions required to address proposals arising from the Corporate Assessment are not completed as scheduled due to pressure of other work	3	3	9 - M	1	Residual work integrated into AGS Action Plan in place to implement improvement work	4	2	8 - M	1	Achieved	Head of Corporate Strategy & Democratic Services	Corporate

Corporate Risk Register (as at Sept 2016)

Ref	Section	Risk Description	Original Likelihood Score	Original Impact Score	Original Total Score	Original Proximity (see key at end of register)	Mitigating Action	Latest Likelihood Score at Sept-16	Latest Impact Score at Sept-16	Latest Total Score at Sept-16	Latest Proximity at Sept-16 (see key at end of register)	Target Date	Risk Owner	Risk - Directorate/Corporate
CS06	Corporate Strategy & Democratic Services	The Council is unable to comply with the Compliance Notice for Welsh Language Standards as some requirements are disproportionate and unreasonable	4	3	12 - H	1	Challenge submitted to Welsh Language Commissioner. Appeal to Welsh Language Tribunal Updated June 16 - further evidence requested by WLC to be submitted. Update Sept 16 - Further evidence submitted. WLOG established to develop practice across the Council to comply with Standards accepted. WLOG programme of works to be developed.	2	4	8 - M	1	01/06/2016 In Place	Head of Corporate Strategy & Democratic Services	Corporate
NPT15	All	Inadequate alignment of key governance systems dilutes the quality of decision making	2	4	8 - M	1	Updated Sept 16 - Commission WAO to provide assurance on progress made with risk management Train Audit Committee Members to undertake systematic assurance of arrangements Train risk owners to improve statement & mitigation of risk	2	4	8 - M	1	Dec-2016 Achieved 30/11/2016 28/02/2017	Head of Corporate Strategy & Democratic Services	Corporate
CS10	Corporate Strategy & Democratic Services	The Council is unable to comply with provisions contained within the Violence Against Women, Domestic Abuse and Sexual Violence Act 2015	3	4	12 - H	3	Attendance at workshops and learning events to upskill staff. Domestic Abuse review underway. Response to WG consultation pointing out lack of resources	2	3	6 - M	2	31/03/2017	Head of Corporate Strategy & Democratic Services	Corporate
CS09	Corporate Strategy & Democratic Services	Digital by Choice - the take up of online services is not as high as forecast	2	4	8 - M	1	Design easy to use on-line services. User testing to check accessibility. Marketing Plan to be developed to drive behavioural change. Updated June 16 - internal champions appointed. Updated Sept 16 - Marketing Plan in place Promotional activities delivered for existing online services	1	4	4 - L	1	31/03/2017 Achieved 30/11/2016	Head of Corporate Strategy & Democratic Services	Corporate
CS07	Corporate Strategy & Democratic Services	Community cohesion is affected by inadequate planning for people settled under the UK governments refugee settlement programme	1	4	4 - L	1	Develop next phase of marketing plan to reflect next phase of DBC programme Strategic group in place lead by Director of Social Services and Housing; operational group in place coordinating work across partners; Resources being sought from Home Office via grant application; Monitoring arrangement established. Update Sept 16; Four Syrian families arrived in December 2015, one family arrived in February 2016 and a further two families on 29th September 2016. One family is due to arrive late October and two families in early November. The planning for the arrival of these families is achieved through an Operational group, task & finish groups, ongoing communication and excellent partnership working. A multi-agency approach has been adopted, including colleagues from community safety, health, education, housing, etc. It is noteworthy that there is one family of interest, and housing is working with Home Office to manage this situation.	1	4	4 - L	1	01/03/2017	Director of Social Services Health & Housing	Corporate
CS09	Corporate Strategy & Democratic Services	The Council is unable to comply with provisions contained within the Wellbeing of Future Generations Act 2015	2	4	8 - M	2	Updated Sept 16 - Action Plan established to achieve compliance Awareness raising and development activities to be completed Draft wellbeing objectives developed New Plan and performance management arrangements in place	1	4	4 - L	1	Achieved 28/02/2017 31/05/2017 30/09/2017	Head of Service Corporate Strategy & Democratic Services	Corporate

Corporate Risk Register (as at Sept 2016)

Ref	Section	Risk Description	Original Likelihood Score	Original Impact Score	Original Proximity (see rev at end of register)	Mitigating Action	Latest Likelihood Score at Sept-16	Latest Impact Score at Sept-16	Latest Total Score at Sept-16	Latest Proximity at Sept-16 (see rev at end of register)	Target Date	Risk Owner	Risk - Directorate/Corporate
NEW RISKS													
NPT16	All	Referendum outcome increases uncertainty which affects basis of forward planning and budget implications				Added June 16 - Monitor UK Government and Welsh Government response to the result	5	5	25 - H	1	31/3/2017 & on-going	Chief Executive	Corporate
CS43	Corporate Strategy & Democratic Services	Community cohesion deteriorates as a consequence of the UK referendum result				Updated Sept 16 - Statement made at Council to stamp out hate crime and discrimination. Community Cohesion Partnership to be formed within Community Safety Partnership	3	4	12 - H	1	Achieved 28/02/17	Head of Corporate Strategy & Democratic Services	Corporate
NPT17	School Transport	All home to school routes to be assessed in line with Learning Travel Wales Risk Assessment Procedure June 2014 - capacity and budget implications.				Added Sept 16 - Develop a policy and comprehensive risk assessment matrix for adoption by the Council.	4	4	16 - H	1	Ongoing	Head of Participation/Head of Engineering & Transport	Corporate
REMOVED													
ENV03	Streetcare	Waste Management - Failure of public to participate and accept the necessary changes to meet statutory requirements and avoid fines	4	5	20 - H	1-4							Corporate
ENV10	Engineering & Transport	Reduction in Capital and Revenue programmes of work will affect asset condition and road safety standards	4	5	20 - H	1-4							Corporate
ENV16	Planning	Improve air quality and therefore prevent the declaration of an additional AQMA in the Neath area	4	4	18 - H	2							Corporate
ENV17	All	Local government reorganisation - uncertainty delays action /reates risk Council unable to retain sufficient workforce	2	5	10 - M	4							Corporate
50	TOTAL NUMBER OF CURRENT RISKS												

June updates highlighted in purple

Sept updates highlighted in blue

*Proximity - Risks are assessed in terms of proximity i.e. when the risk would occur. Estimating when a risk would occur helps prioritise the risk.

The proximity scale used:

- 1. zero to one year
- 2. one year to two years
- 3. two years to three years
- 4. three years plus

5 x 5 Risk Matrix below:

Likelihood	Impact	5	4	3	2	1	0	Impact
1. Very Unlikely	1. Low							
2. Unlikely	2. Low / Medium							
3. Likely	3. Medium							
4. Very Likely	4. Medium / High							
5. Certainty	5. High							
	L. Low Risk							
	M. Medium Risk							
	H. High Risk							

**NEATH PORT TALBOT
COUNTY BOROUGH
COUNCIL**

**CORPORATE RISK
MANAGEMENT POLICY**

July 2015

Statement of Intent

Councils across the UK are facing tough choices. Far more will need to be achieved with far less resource as we look to meet the growing expectations of our residents whilst tackling a significant structural deficit in public finances.

We have a duty to be efficient, transparent and accountable to local people and to observe high standards of corporate governance and management when responding to these current and future economic challenges. Sound risk management has always been important, but it takes on a new prominence at this time when significant change has to be delivered at pace.

Risk management is an important aspect of corporate governance and the key to successful risk management is the provision and co-ordination of appropriate resources to enable risk management decisions to be made which are appropriate and commensurate to the level of risk.

This policy provides a systematic and focussed approach to corporate risk management which, if used effectively, will identify, control, mitigate any potential risks and enable opportunities to be confidently explored, promoting and supporting innovation.

Whilst I have ultimate responsibility for risk management within Neath Port Talbot County Borough Council by virtue of my position as Chief Executive, the Corporate Directors and their Heads of Service will ensure that their areas of responsibility are managed and resourced appropriately commensurate to the level of risk

.....
Steven Phillips

Chief Executive

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- 1.0 Introduction
- 2.0 Scope
- 3.0 Definition of Risk
- 4.0 Why do we manage Risk
- 5.0 Aims of the Policy
- 6.0 Benefits of the Policy
- 7.0 The Corporate Performance Management Framework and Corporate Risk Management
- 8.0 The Corporate Risk Management Framework
- 9.0 The Corporate Risk Management Process
- 10.0 Review

Appendix 1 – Roles and Responsibilities

Appendix 2 – Template for Directorate / Corporate Risk Register

1. Introduction

This policy describes a structured and focussed approach to managing risks and exploiting opportunities at a corporate level.

2. Scope

This policy applies to all of the activities of the Council and builds on existing good operational risk management practices within the Council and complements the other systems of governance which form the Council's internal systems of control.

3. Definition of Risk

For the purpose of this policy, corporate risk is defined as:

“The threat that an event, action or inaction will adversely affect the Council's ability to successfully achieve its improvement objectives and deliver services”

4. Why do we need arrangements in place to manage risk?

The Council recognises that a good system of corporate governance leads to good management, good performance, good stewardship of public funds, good public engagement and ultimately good outcomes for service users and the community. Such a system enables the local authority to pursue its vision for its community effectively (as contained in the Council's Corporate Improvement Plan and the Local Service Board's Single Integrated Plan); whilst underpinning that vision with effective mechanisms for the control and management of risk. The Council is committed to ensuring a high quality of public service in the way that it carries on its business and to applying the principles set out in the CIPFA/SOLACE Guidance (including the secondary principles and best requirements) to the way in which it carries out its corporate functions in the pursuance of its corporate improvement objectives.

In 2012, CIPFA published an addendum to the document *Delivering Good Governance in Local Government: Framework* which urged local authorities to prepare a governance statement in order to report publicly on the extent to which they comply with their own code of governance on an annual basis, including how they have monitored and evaluated the effectiveness of their governance arrangements in the year, and on any planned changes in the

coming period. These arrangements include the Council's risk management policy, process and effectiveness.

The Council also has a general duty under the local Government (Wales) Measure 2009 to "make arrangements to secure continuous improvement in the exercise of its functions". In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.

In addition to the above, the Wales Audit Office provides independent assurance when reviewing the Council's governance arrangements that the Council has effective and robust systems in place to manage risk.

5. Aim of the Policy

The aim of this policy is to promote an open, consistent and proactive risk management attitude which encourages and the taking of opportunities to better serve the needs of our communities within a climate of enduring austerity.

6. Benefits of the Policy

- Protection of reputation and demonstrates openness and accountability (good governance)
- Facilitates the effective recognition and management of corporate risks
- Prioritisation of those areas where there are the greatest risks
- Presents an integrated risk management framework (page 6)
- Allocates clear roles, responsibilities and accountabilities (Appendix 1- page 13)
- Facilitates the efficient planning of limited resources
- Provides a basis on which the Council informs the allocation of resources to mitigate risks
- Improved ability to achieve the Council's corporate improvement objectives
- Builds on the Council's current risk management processes
- Contributes to building a risk savvy workforce and environment that allows for innovation and a responsible approach to risk taking

7. The Council's Corporate Performance Management Framework and Corporate Risk Management

Risk management has a strong link to performance management. If risks are not managed effectively then it is unlikely the Council will deliver its corporate improvement objectives as planned nor make the intended contribution to the long term vision for the County Borough as set out in the Local Service Board's Single Integrated Plan – Working in Partnership 2013-2023. In addition, public sector spending decisions, coupled with increasing demands on major services such as social services and education combine to place severe pressures on the Council's resources. This requires an unprecedented scale of change in the way the Council delivers services in order to deliver the required savings and requires budget and performance monitoring to be intensified in order to ensure service savings and cash limits are delivered to acceptable standards.

The supporting "internal" processes that the Council has in relation to delivering its improvement objectives are encompassed within the corporate performance management framework with the production of business plans and operational report cards. The Council's business plan arrangements require each head of service to set clear priorities that will contribute to the delivery of the corporate improvement objectives and other service improvements. These arrangements also require heads of service to identify any risks associated to the delivery of those priorities and other service improvements. The links to performance management at this stage are clear: to achieve a set of priorities / service improvements, services must demonstrate they are managing associated risks.

8. The Corporate Risk Management Framework

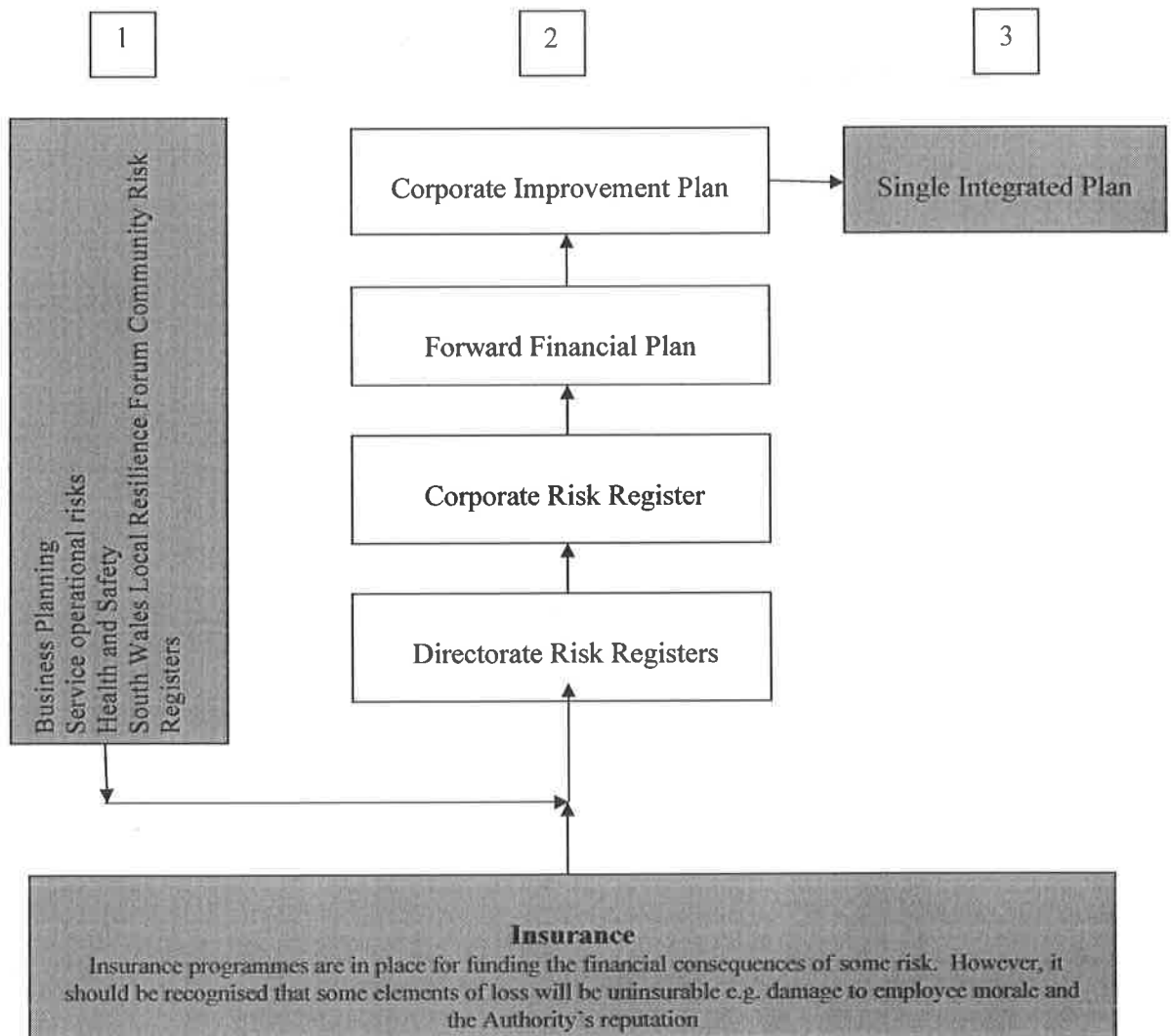
The Council's corporate risk management framework set out in this policy is designed to ensure risk management is effective and to achieve the benefits set out earlier. Roles and responsibilities for managing risk are clearly assigned (see Appendix 1 – page 13) and the key risk management business processes are aligned in a framework to form a coherent, corporate management system.

This framework (overleaf) illustrates how risk will be managed at different levels and how that information will be used to influence the Council's

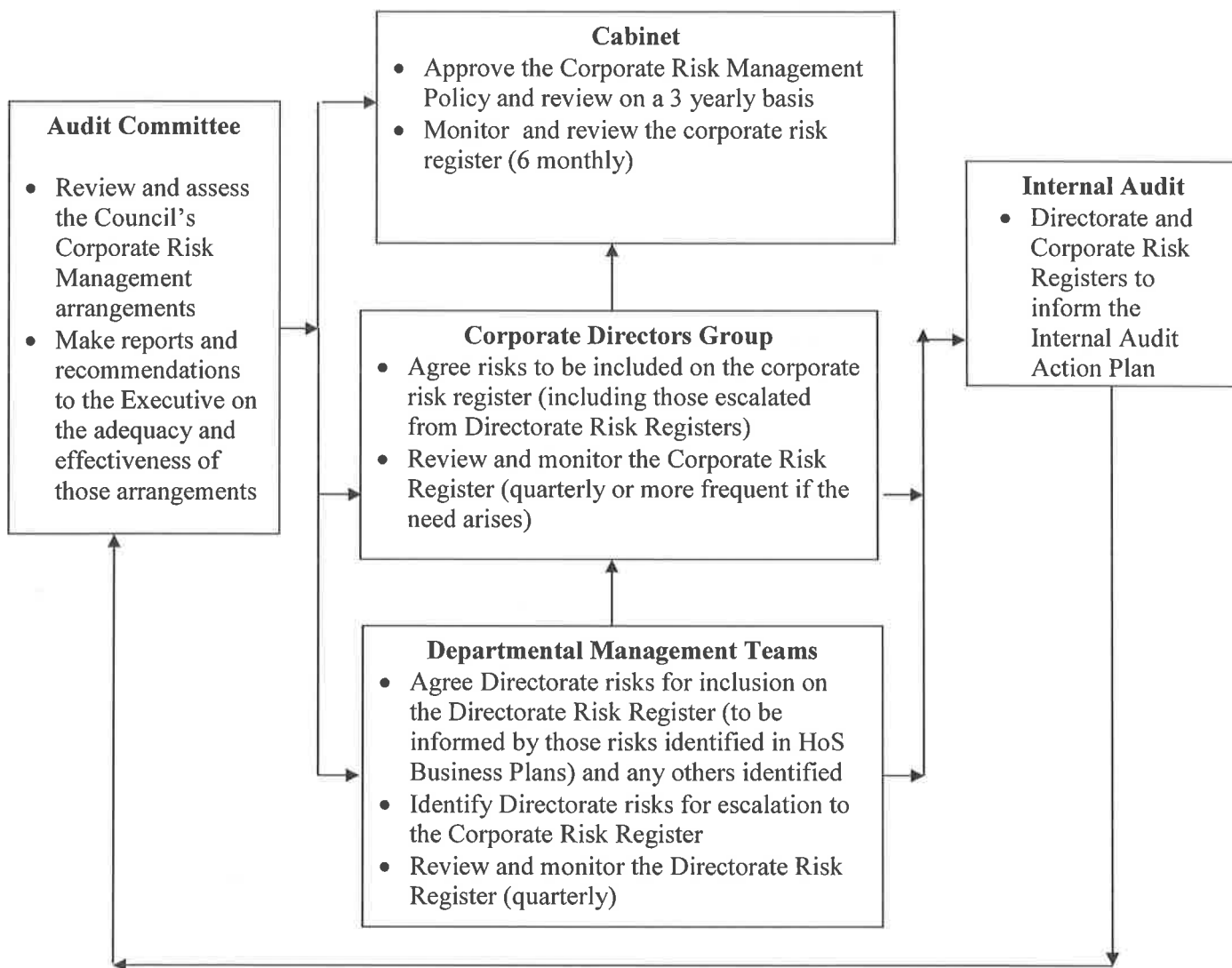
corporate improvement objectives (Corporate Improvement Plan) and the allocation of resources (Forward Financial Plan).

- Stage 1 relates to service risk assessments at the operational level
- Stage 2 covers risk assessment at the corporate level which will provide information to inform both the Council's Forward Financial Plan and the Council's Corporate Improvement Plan
- Stage 3 is the mechanism by which risks can be shared with partners via the Local Service Board

The Corporate Risk Management Framework



The Corporate Risk Management Escalation / Reporting / Monitoring Framework



9. The Corporate Risk Management Process

Step 1 - Risk Identification

The Council's established key risk management processes for identifying risk are as follows:

i) The Council's Corporate Improvement Objectives

Risk management is an integral feature of the Council's programme management approach which underpins the delivery of the Council's corporate improvement priorities. Corporate Directors Group actively manages and monitors the risks associated with the delivery of the improvement objectives.

ii) Business Planning

Risk assessments are undertaken as part of the annual business planning processes.

iii) Operational Risk Management

In addition to those risk processes outlined above there are a number of service / operational risk systems e.g. Child Protection Register / MAPPA/MARAC which should inform Directorate and Corporate risk registers.

iv) Business Continuity

Business continuity management is a process which analyses the impact on a business which directly affects the services provided by the Council. Its purpose is to identify critical activities and functions that have to continue at a minimum during a disruption of service delivery or when responding to an emergency.

v) Health & Safety at Work

Processes for evaluating the risk arising from a hazard(s), taking into account the adequacy of any existing controls, and deciding whether or not the risk(s) is acceptable, are now well-embedded across the Council. External quality assurance of the Council's risk management arrangements is in place and there is clear evidence of risk being prioritised, resourced and evaluated at operational, service and corporate levels.

This policy builds upon the above existing risk management processes but introduces a consistent approach to the management of risk and describes how processes will be integrated at the Directorate and Corporate level to produce Directorate and Corporate risk registers.

Step 2 – Risk Analysis and Assessment

i) Analysis

Directorate level:

At the Directorate level, a Directorate risk register will be populated by Directorate Management Teams with the risks identified via the already established Heads of Services annual business planning process and any additional risks requiring inclusion on the Directorate risk register.

Corporate level:

At the Corporate level, a Corporate risk register will be populated by those risks identified by Directorate Management Teams for escalation from the Directorate risk registers. Corporate Directors will present their Directorate risk register to Corporate Directors Group highlighting those risks that have been identified for escalation to the Corporate Risk Register. There is an opportunity here for Corporate Directors to add any new risks to the Corporate Risk Register that have not already been identified.

(A template for the Directorate and Corporate Risk Registers is attached at Appendix 2 – page 16)

ii) Assessment (both Directorate and Corporate)

This involves an assessment of the likelihood and impact of the risks that have been identified (this will have already been completed for those risks identified as part of the business planning process). This assessment is undertaken utilising the following 5x5 risk evaluation matrix (same scoring system used by heads of service in the business planning process).

5 x 5 Risk Matrix

Key								
Likelihood	Impact*							
1. Very Unlikely	1. Low	Likelihood	5					
2. Unlikely	2. Low / Medium		4					
3. Likely	3. Medium		3					
4. Very Likely	4. Medium / High		2					
5. Certainty	5. High		1					
			0	1	2	3	4	5
			Impact					



Low Risk



Medium Risk



High Risk

*The impact of the risk should be assessed on the basis of:

- Reputation
- Finances
- Significant service / operational change

Step 3 – Monitoring and Review of Risks

Once Corporate Directors Group (CDG) have agreed which risks are to be included on the Corporate risk register the process of reviewing and monitoring those risks will be at the corporate level (CDG). For those risks remaining on the Directorate risk register the process of reviewing and monitoring remains the responsibility of Directorate Management Teams.

Step 4 – Monitoring & Review

a) Directorate Risk Register

Directorate risk registers will be regularly reviewed and monitored (quarterly) by Directorate Management Teams. Reviews shall include evidence so as to accurately determine and measure the Directorate's performance in mitigating /

controlling the identified risks. Typical inputs include the following although this list must not be considered exhaustive:

- the extent to which the risk being controlled / mitigated
- follow-up actions from previous senior management team reviews of the register

Information shall be collated by the Directorate Management Team in advance of each monthly review to enable the Team to address the need, if appropriate, for changes to the way in which the Directorate risks are being controlled / mitigated, the resources allocated, whether any risks require escalation to the Corporate risk register, if any risks can be removed from the register or new risks have been identified to be added to the register.

b) Corporate Risk Register

The Corporate risk register will be reviewed and monitored (quarterly) by Corporate Directors Group. The review shall include the production of evidence so as to accurately determine and measure the Authority's performance in mitigating / controlling the Corporate risk register. Typical inputs include the following although this list must not be considered exhaustive:

- the extent to which the risk is being controlled / mitigated
- follow – up actions from previous reviews

Information shall be collated by Corporate Directors in advance of each review to enable the Group to address the need, if appropriate for changes to the way in which the corporate risk is being controlled / mitigated, the resources allocated, whether any risks can be removed or given back to the appropriate Directorate risk register for monitoring and review or new risks have been identified to be added to the register.

The Corporate risk register will be reported to the Cabinet on a 6 monthly basis.

10. Review

This policy will be reviewed by the Cabinet on a 3 yearly (at a minimum) basis. This review will be informed by any independent assurance reports provided by the Audit Committee on the adequacy and effectiveness of the Council's corporate risk management arrangements. The Director of Finance will also provide input to this review in respect of any changes to legislation and the working practices of the Council.

Roles and Responsibilities within the Corporate Risk Management Strategy

High standards of risk management shall be achieved through proactive and positive leadership. To achieve this it is necessary to detail the organisational arrangements within which corporate risk can be managed and to specify the roles and responsibilities for the identification, monitoring, mitigation and review of risks.

The role of the Chief Executive is to:

- i) Be ultimately responsible for this Corporate Risk Management Policy.
- ii) Lead on the implementation of this Policy at the strategic level.
- iii) Ensure Corporate Directors establish and maintain effective risk management systems and ensure the arrangements are followed as appropriate.

The role of the Director of Finance & Corporate Services is to:

- i) Ensure that an effective Policy is in place to manage corporate risks.
- ii) Be responsible for overseeing the implementation and continuous development of the Policy, the Corporate Risk Register and associated procedures.

The role of Corporate Directors' Group is to:

- i) Monitor and review the approach proposed in relation to corporate risk management and propose any improvements to the Director of Finance & Corporate Services.
- ii) Monitor and review on a quarterly basis the Corporate Risk Register.
- iii) Identify any emerging corporate risks and address them by identifying future mitigating actions.
- iv) Allocate sufficient resources to address corporate risks.
- v) Utilise the Corporate Risk Register when setting the Council's corporate improvement objectives and updating the Forward Financial Plan.
- vi) Create an environment and culture where risk management is promoted, facilitated and appropriately undertaken within the Council.

- vii) Report 6 monthly to Cabinet on the progress made in controlling and mitigating corporate risks.
- viii) Promote and embed the Corporate Risk Management Policy into the day to day decision making process and culture within Neath Port Talbot County Borough Council.

The role of Directorate Management Teams is to:

- i) Monitor and review respective Directorate Risk Registers on a quarterly basis.
- ii) Utilise the Directorate Risk Registers in the planning of future service delivery.
- iii) Identify any emerging directorate risks and address them by identifying future mitigating actions.
- iv) Identify those significant Directorate risks to be escalated up to the Corporate Risk Register
- v) Promote and embed the Corporate Risk Management Policy into the day to day decision making process and culture within Neath Port Talbot County Borough Council

The role of all staff:

- i) To manage risk effectively in their job

The role of Internal Audit is to:

Function as “an independent, objective assurance and consulting activity” designed to add value and improve the Council’s corporate risk management operations. It will assist the Council to accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes. The framework for monitoring and reviewing the Council’s corporate risks will contribute to the development of the Council’s Internal Audit annual audit plan

Elected Members:

The role of Cabinet is to:

- i) Approve the Corporate Risk Management Policy and its review on a 3 yearly basis (at a minimum).
- ii) Monitor and review the Council's Corporate Risk Register on a six monthly basis.

The role of Audit Committee is to:

- i) Review and assess the Council's corporate risk management arrangements
- ii) Report and make recommendations to the Cabinet on the adequacy and effectiveness of the arrangements.
- iii) Ensure the Internal Audit Action plan reflects the corporate risks identified.

The role of all Members is to:

- i) Assist in the provision of risk management direction for the Council and ensure the corporate risk management policy is implemented

Appendix 2

Blank Directorate / Corporate Risk Register

No	Risk description	L'hood score	Impact score	Overall Risk (LxI)	Proximity *	Planned action to mitigate	Target Date	Owner	Update	Trend - Up - Down - No change

*Proximity - Risks are assessed in terms of proximity i.e. when the risk would occur. Estimating when a risk would occur helps prioritise the risk.

The proximity scale to be used is:

1. zero to one year
2. one year to two years
3. two years to three years
4. three years plus

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By virtue of paragraph(s) 14 of Part 4 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

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