

Report of the Head of Corporate Assurance

AUDIT AND GOVERNANCE COMMITTEE – 20th March 2024

STRATEGIC CONCERNS / RISK REGISTER

1. Purpose of the report

- 1.1 To provide an update to the Audit and Governance Committee following a collective review by the SMT of the strategic risks, and to introduce the next scheduled 2 strategic risks to be considered and presented by the appropriate Executive Director.
- 1.2 Two strategic risks will be considered at this meeting:
 - Financial Sustainability (incorporated in the MTFs update) – Director of Finance
 - Educational Outcomes Progress – Executive Director Children's Services

2. Recommendation

- 2.1 **The Committee is asked to note the changes made to the strategic risks by the SMT and the updates from the 2 risks presented at the meeting.**

3. Current Position

- 3.1 The Strategic Risk Register was collectively reviewed by the Senior Management Team (SMT) on 20th February 2024. Following discussions regarding the Fraud and Cyber risk at the January Audit and Governance Committee meeting, this risk was separated. The Fraud risk has been de-escalated from the Strategic Risk register and will now be monitored at an operational level. Cyber remains a Strategic Risk. SMT collectively agreed to remove the Partnership Collaboration risk from the register, given the assurance work undertaken and also considering feedback from external inspections.
- 3.2 It was agreed at the SMT that the Corporate Assurance Manager would work with the risk owners to carry out a review of all strategic risks to ensure that they are representative of the current position within the organisation. This work has commenced.

There remain 2 risks classified as **high** (red response rating*) and 9 risks classified as **medium** (amber rating). No risks are classified as **low** (green rating) in relation to the level of response and intervention required.

* NOTE - The response rating reflects the degree of urgency and importance of the interventions and management oversight rather than the inherent risk.

3.3 The actions associated with the 2 strategic risks to be considered by the Committee at this meeting are included in Appendix 1.

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Date: 5th March 2024

Strategic Risk to be reviewed in the meeting – 20th March 2024

Risk Title	Risk Description	Impact	Status	Response Rating	SMT Owner
Financial Sustainability	<p>Risk Description: The Council faces several significant emerging risks that are evolving and not fully measured but could potentially endanger the Council's financial viability in the long term. Whilst the Council has set a balanced budget for 2024/25 this assumes that all efficiencies are delivered in full and that the cost pressures identified and provided for within the budget do not worsen.</p> <p>After 24/25, there is currently a projected gap of £15M based on forecast assumption around demand and (inflationary) growth. This pressure does not include any changes in cost pressures, funding, or priorities. There are plans to address this pressure (Phase 2 Transformation), however the current proposals are in areas that are harder to implement. As a result, the Chief Executive, Director of Finance and SMT are formulating alternative efficiency proposals over and above the current Phase 2 targets, for consideration should these be required.</p> <p>Risk Assessment: Firstly, The Council continues to face significant cost pressures stemming from various economic factors:</p> <ul style="list-style-type: none"> - rising demand for services - Inflation, - increasing energy costs, - rising interest rates <p>together with national policy issues:</p> <ul style="list-style-type: none"> - Health and Social Care Reforms - Children's Social care - Environment Bill - Zero carbon Targets <p>Secondly, sustainable funding for the Local Government Sector especially with the lack of longer-term funding certainty as a result of damaged national public finances. This heightens the risk of future public sector spending cuts.</p>	Actual	Actual	High	Director of Finance

This is further exacerbated by the Chancellors recent Autumn Statement which not only provided no additional funding for Local Government, or the Public Sector as a whole but also highlighted the Chancellors expectation that Government Departments (incl. DLUHC) will make productivity efficiency savings equivalent to a minimum 0.5% of departmental spending levels.

Furthermore, more and more councils across the country have issued S114 notices with Birmingham and only recently Nottingham following suit. Whilst the Council is not at this position the plans implemented need to be delivered otherwise more drastic measures may be required

Action 1

The Council has set a balanced budget for 24/25 which includes an assessment of future cost pressures /proposals to make efficiencies. These will be monitored closely throughout 24/25. Furthermore the 25/26 -26/27 MTFs is constantly under review.

Monitoring of significant cost pressures stemming from various economic factors:

- rising demand for services
- Inflation,
- increasing energy costs,
- rising interest rates

together with unfunded local and national policy issues:

- Health and Social Care Reforms
- Childrens Social care
- Environment Bill
- Zero carbon Targets

RAG Rating - **AMBER**

Action 2

Sustainable funding for the Local Government Sector:
The 2023 local government settlement at the end of December, again only provided a one-year only funding settlement. We continue to lobby government via various bodies (SIGOMA, LGA etc) for longer term certainty together with a sustainable and adequate funding package

	<p>for LG. Whilst the settlement did provide additional funding, this was nowhere near sufficient enough to meet current forecast cost pressures (£13M short) this is to be breached by a 4.99% council tax increase (agreed Feb) together with £8M in service efficiencies, The latter will be monitored to ensure delivery. We also continue to monitor and model other local (CTAX) income streams and will considering this within the updated MTFS. RAG Rating - RED</p> <p>Action 3 national and local policy issues including; - Working group set up to assess the impact of the Health and Social Care reforms, - Work ongoing with SYMCA around the bus services improvement plan / franchising options - We await further details of the impact of the environment act but also continue to progress options to meet the Councils' Zero 40 pledge RAG Rating - AMBER</p> <p>Action 4 Develop a robust MTFS/Transformation plan to help address the known pressures being experienced. RAG Rating - AMBER</p>				
<p>Educational Outcomes Progress</p>	<p>Risk Description: Concerns that educational outcomes progress for all children across Barnsley may not be sufficient, with particular concern around improving outcomes for vulnerable cohorts. A predominant factor is the number of children not attending full time school-based education with too many children persistently absent, suspended or excluded from school.</p> <p>Risk Assessment: Educational outcomes will be adversely impacted if children are not attending and engaging in full time school-based learning. Rates of persistent absence, suspensions, exclusions, and elective home education are high, and this is a factor in all children being supported to reach their full potential.</p>	<p>Potential</p>	<p>Potential</p>	<p>Medium</p>	<p>ED Children's Services</p>

	<p>Action 1: To continue to improve attainment and progress through the risk assessment of schools to provide assurance that measures are in place to enable pupils to sustain positive progress in their educational outcomes, in partnership with schools and academy trusts. RAG Rating – GREEN</p> <p>Action 2: To close the achievement gap between vulnerable groups and their peers with a particular focus on those students who have a special education need or disability and / or are eligible for pupil premium funding, including children in care and those eligible for free school meals through the commissioning of programmes and support based on local identified need. RAG Rating - AMBER</p> <p>Action 3 – CLOSED</p> <p>Action 4: To implement the Written Statement of Action for children with SEND but not with an Education, Health and Care Plan and maintain good, full-time attendance, reduce the use of suspensions and the number of families choosing elective home education and citing dissatisfaction with school. RAG Rating - AMBER</p>				
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