Meeting of:	**Governance and Audit Committee**
Date of Meeting:	**Monday, 23 February 2026**
Relevant Scrutiny Committee:	No Relevant Scrutiny Committee
Report Title:	Corporate Risk: Quarter 3 Update
Purpose of Report:	To update Governance and Audit Committee on the quarter 3 position of Corporate Risks for 1st July – December 31st, 2025, contained within the Corporate Risk Register as outlined in the Corporate Risk Summary Report.
Report Owner:	Tom Bowring, Director of Corporate Resources
Responsible Officer:	Tom Bowring, Director of Corporate Resources
Elected Member and Officer Consultation:	Consultation has been undertaken with designated Corporate Risk Owners, and the Strategic Leadership Team.
Policy Framework:	The proposals are within the Council's Policy Framework.

Executive Summary:
- This report provides Members with an overview of the Corporate Risk Register for Quarter 3 (1st July – December 31st, 2025). The report also reflects the Strategic Leadership Team's (SLT) consideration of the recommendations made by this Committee following the 2025/26 quarter 2 period relating to risks contained within the Corporate Risk Register.

- The Corporate Risk Register has a total of twelve identified risks. One risk has a score of very high, six risks score high, two risks score medium/high, and three risks score medium on the Register.

- A new corporate risk (CR13) Schools Budget Deficits is proposed for inclusion on the Corporate Risk Register and has been attributed a risk score of 12 (High).

Recommendations

1. That Committee note SLT's consideration of the responses to the Governance and Audit Committee's comments for Quarter 2 (**Annex A)**.

2. That Committee consider the Quarter 3 position of corporate risks (1st July – December 31st, 2025) outlined in the Risk Summary report (**Annex B**) and the proposal for a new risk (Schools Budget Deficits) to be included on the Corporate Risk Register. (Completed Risk template **Annex C**).

3. That Committee refer any other comments to Cabinet for their consideration and endorsement at the meeting when Cabinet will consider this report.

Reasons for Recommendations

1. To identify the actions undertaken in response to Governance and Audit Committee's comments and consider any further action required.

2. To identify the quarter 3 position of corporate risks across the Council and highlight any emerging issues, risks, and actions to be taken as outlined in **Annex B and Annex C**.

4. To ensure Cabinet receives the comments of the Governance and Audit Committee when considering corporate risk.

1. Background

1.1   Corporate Risk is managed via the Corporate Risk Register. To supplement this, a risk analysis in the form of a Corporate Risk Summary Report **(Annex B)** provides a more concise way of identifying the headline issues and risk considerations. In presenting the information in this way, it enables officers and Members to be able to have a good overview of the status of risks across the Register as well as the emerging Issues.

2. Key Issues for Consideration

SLT Response to Q2 2025/26 Governance and Audit Committee recommendations

2.1 **Annex A** details the responses by SLT and risk owners to the comments made by this committee in quarter 2. Committee requested further consideration related to the delivery of major regeneration projects (CR9) risk as follows:

• Further clarification and consideration was required on the position of the delivery of major regeneration projects such as Barry Marina and its centrality to these in light of ABP withdrawing from the delivery of a marina as part of the Vale's Levelling Up Programme, the acquisition of land (the Mole) earlier in the process and amendments

to parts of the scheme including the park and Ocean Water Sports training facilities to compensate for the loss.

- Further clarification and consideration were required on the Information and Cyber Security Risk. Members queried whether the risk assessment of third parties that the Council worked with was sufficiently considered.

- Further clarification and consideration were required on the rationale behind the Forecast Direction of Travel across all risk categories and the average direction of travel.

2.2 The decision taken by ABP to withdraw from the delivery of a marina as part of the Vale's Levelling up programme was regrettable. However, the Council has been working with ABP to overcome this setback by seeking to acquire the land (the Mole) earlier in the process and is in the process of amending the other parts of the scheme including the park and Ocean Water Sports training facilities to compensate for the loss. Furthermore, UK Government has now confirmed that the changes are acceptable. Consultants working for the Council have also shown that the value for money indicators used to assess the original award of the grant by UK Government remain within the required parameters and UK Government has confirmed that the grant will not be changed. An update report Barry Making Waves was presented to Cabinet on 2nd October regarding these changes and outline how the project is moving forward. The Director of Place will be in attendance at the Governance and Audit Committee Meeting on February 23rd to provide an up-to-date position on this risk.

2.3 Following Governance and Audit Committee queries in Q2, the risk assessment now places greater emphasis on third party assurance aligning with the Council's ongoing work with the Welsh Local Government Association (WLGA) under the Cyber Assessment Framework (CAF). As the CAF process progresses, any gaps in supplier related controls will be identified and incorporated into improvement actions. Insights from external cyber incidents are being used to inform mitigation, helping to strengthen oversight of third-party risk. Given the heightened national threat environment and persistent supply chain risks, the corporate cyber security risk has been escalated from medium-high to high (score of 12).

2.4 Risk Management Plans have been amended to incorporate a new section detailing the rationale for the forecast direction of travel. This is provided across all risk categories and the Risk Summary Report Update at **Annex B** also provides an overview status for each risk.

Quarter Three Risk Updates

2.5 The Corporate Risk Summary Report (**Annex B**) provides an overview of all the corporate risks in the Register in terms of their inherent score, effectiveness of control score and residual score and provides an outline of the forecast direction of travel. It also provides a brief analysis of the emerging risk issues associated with risks on the Register.

2.6 There are currently 12 corporate risks on the Register. One risk has a score of very high, six risks score high, two risks score medium/high, and three risks score medium on the Register.

2.7 There has been an increase in the Information and Cyber Security risk (CR3) this quarter, which has escalated from a medium-high status (risk score of 9) to a high status (risk score of 12). There is a new risk posed by the rise in cyber-attacks across the UK public sector. Recent incidents involving organisations such as Marks & Spencer and Jaguar Land Rover illustrate the growing impact of ransomware and supply chain compromises and highlight attackers' increasing use of third-party access routes. This places greater emphasis on third-party and supply-chain risk.

2.8 All remaining risks have remained static during this quarter.

2.9 The Workforce and Organisational Change risk remains high (score of 12), reflecting ongoing challenges in recruitment, retention and capacity. However, improvements are emerging through targeted initiatives and strengthened workforce planning. Continued development of the People Strategy, transformation of Employee Services processes, enhanced leadership development through the 21st Century Public Servant model and wellbeing support through a new Wellbeing Strategy in partnership with Public Health Wales are expected to stabilise the risk position over time. Consequently, a reduction in this risk is expected over the next 12 months.

2.10 There are four risks on the Register that we forecast will increase over the year these are: Information and Cyber Security CR3, Climate Change and Nature Emergency CR4, Housing and Homelessness CR8, and Digital CR11.

2.11 The newly escalated (from medium-high to high) Information and Cyber Security risk is forecast to stay static over the next quarter. However, this risk is expected to increase over the next 12 months due to increasing cyber-attack volume and sophistication across the UK public sector. Limited budgets, legacy systems, and third-party dependencies heighten exposure, with potential for significant financial, regulatory, and operational impacts.

2.12 The Climate Change and Nature Emergency risk (CR4) remains High (12) and is expected to increase, driven by limited capacity, expertise and financial resources, alongside rising costs, supply chain emissions and more frequent severe weather events. These pressures significantly increase the likelihood of not meeting Welsh Government's net zero targets and statutory obligations, with resulting impacts on essential services. A wide range of plans, strategies and partnerships are in place to help mitigate these risks, overseen by Place Scrutiny, Cabinet and the Project Zero Board, including carbon reduction initiatives, sustainable transport, procurement changes, biodiversity work, flood and coastal management, and increased recycling. Work with the Public Services Board, including a commissioned climate risk assessment and stakeholder engagement, is improving understanding of local climate impacts and informing future prioritisation.

2.13 The Housing and Homelessness risk remains High (score of 12) and is forecast to increase due to new draft Welsh homelessness legislation that significantly expands Local Authority duties. Growing demand, limited suitable accommodation, financial pressures, and increasing use of temporary placements continue to strain capacity. Failure to meet statutory duties poses risks of legal challenge, financial repercussions, and potential Welsh Government intervention. While controls are in place, including safeguarding partnerships, targeted support, collaboration with Registered Social Landlords and private landlords, and programmes to convert

Council buildings and develop new social housing, the residual risk remains high due to escalating demand and resource constraints.

2.14   The Digital Risk (CR11) is currently assessed as Medium (score 6) but is forecast to increase over the year due to capacity constraints amid increasing demand for digital transformation. Despite progress in modernising systems, limited capacity may restrict the Council's ability to fully deliver its digital roadmap. This could lead to service inefficiencies, increased operational costs, and failure to meet statutory or customer expectations.

2.15   The seven remaining risks are forecast to remain at the same levels. These are Additional Learning Needs (CR5), Financial Resources (CR1), Social Care and Demand and Capacity (CR6), Physical Assets (CR10), WCCIS (CR7), Delivery of Major Projects (CR9) and Safeguarding (CR12).

2.16   This quarter a new risk relating to Schools Budget Deficits (CR13) is proposed for inclusion on the Corporate Risk Register. The score for the proposed Schools Budget Deficits risk is a 12 (High) with a forecast increasing direction of travel.

2.17   Governance and Audit Committee are asked to consider this proposal alongside the reference from Cabinet to this Committee on School Budget Deficits. This report details the Council's response to Audit Wales's review of Vale of Glamorgan Schools budget deficits. The completed risk template is contained in **Annex C** to this report for completeness.

2.18   Rising budget deficits across Vale of Glamorgan maintained schools present a significant financial and statutory risk to the Council. Deficits continue to grow due to inflationary pay pressures, increased Additional Learning Needs (ALN) and SEMH (Social, Emotional, and Mental Health) demand (including complexity of learner needs), falling pupil numbers, underfunded national awards, efficiency savings targets and increasing reliance on reserves. A growing number of schools are unable to return to a balanced financial position, despite support and challenge from the Council.

2.19   A summary of the rationale for proposing the inclusion of Schools Budget Deficits as a new corporate risk is detailed below:

- Wales-wide pressures on school budgets are escalating, with councils reporting £71m in-year pressures in 2025/26, increasing to £137m by 2026/27 (WLGA 'The State of Education in Wales – Challenges, Pressures and Towards Sustainability, October 2025').

- The Vale forecasts £16m deficit in 2025/26 and £33m in 2026/27, which is unsustainable and threatens overall financial resilience and usable reserves.

- 53% of Vale schools were in deficit in 2025, with deficits projected to worsen over the next 2–3 years.

- The recent Audit Wales review of school balances, highlighted shortcomings in recovery planning, monitoring, and committee reporting, limiting effective governance oversight.

- The Council anticipates significant future liabilities if schools become financially unviable.

- The Vale of Glamorgan Council is more exposed to these pressures than some other Welsh councils due to its low funding profile and spend on ALN (one of the highest in Wales, reflecting complexity of needs and the Council's commitment to inclusion). Nevertheless, further action is needed to develop achievable deficit recovery plans for some schools.

- Based on current trends and forecasts, school deficits will continue to grow without significant Council intervention with the resulting impact being catastrophic for the Council's financial sustainability and educational provision.

2.20 The Council faces significant consequences if school balances are not reduced including:

- Increased risk of school insolvency, triggering Council financial obligations.

- Deterioration in curriculum breadth, extracurricular offer, and learning environments.

- Adverse impacts on teaching quality, staff wellbeing, and learner outcomes.

- Potential inequity of provision and reputational risk, including the emergence of a two-tier system.

2.21 A range of controls are in place to help mitigate this risk including:

- Quarterly revenue monitoring to Cabinet and the Start Well Scrutiny Committee.

- Statutory challenge and intervention with deficit schools.

- Support from Finance, Human Resources, Governance, Safeguarding, Additional Learning Needs and School Improvement services to support improvement planning and leadership decisions in schools.

- Five-year planning, enhanced data analysis, and efficiency programmes via the School Improvement Partnership Programme (SIPP).

- Collaboration with the Welsh Local Government Association (WLGA), Central South Consortium (CSC), Education Endowment Foundation (EEF), and governing bodies to secure new ways of working to decrease the need for a continuation of traditional resource intensive approaches/interventions.

- Strengthened communication via ConnectED and strategic engagement with headteachers and governors through Headteacher (HT) Briefing Sessions, Education Update Briefing Sessions with School Governors, HT Steering, School Budget Forum (and associated working Groups), Task and Finish Scrutiny Groups on ALN and School Budgets (future programme of work), Heads of Service/Strategic Leadership Team (SLT) corporate meetings, Education Budget Working Group and SLT School Deficits Action Group.

- Work is ongoing to address the three recommendations made by Audit Wales to improve Council oversight of the impact of its actions to aid assessment of value for money, strengthening support and change.

2.22 The following further actions are planned over the coming year to mitigate the risk:

- Strengthening the intervention framework for schools in deficit, including escalation to formal powers where necessary.

- Developing cluster-based working to achieve economies of scale in procurement and staffing.

- Providing specialist training and support for schools to manage ALN within mainstream settings, reducing reliance on costly external provision.

- Continued dialogue with Welsh Government on funding adequacy and advocating for systemic changes to address national funding challenges.

2.23 Inclusion of a Schools Budget Deficits risk on the corporate risk register will ensure significant threats to the Council's financial sustainability, educational standards and statutory obligations are managed at the highest level of Council scrutiny, ensuring financial stability and accountability.

3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?

3.1 Risk Management is an intrinsic part of corporate governance and integrated business planning which underpins the delivery of the Council's Corporate Plan Vale 2030. The Corporate Plan has been structured around the Well-being of Future Generations (Wales) Act 2015, through the development of five new Well-being Objectives.

3.2 Corporate Risks are considered in the context of the Well-being of Future Generations Act in terms of their potential impact on our ability to deliver /meet the Well-being Goals. The multi-faceted nature of risk means they have the potential to impact on how we deliver our priorities within the Corporate Plan and ultimately impact on our ability to meet/deliver on the Well-being Goals. A failure to identify the different facets of risk and mitigating actions using the five ways of working puts us in a more vulnerable position in terms of our ability to manage the risks and could significantly impact on our ability to evidence our contribution to meeting the Well-being Goals into the longer term.

3.3 The five ways of working are also a key consideration in relation to our corporate risks as a key part of managing the risk involves developing a Risk Management Plan that identifies the mitigating actions that have a focus on the long term, prevention, integration, collaboration, and involvement.

4. Climate Change and Nature Implications

4.1 Within the Risk Register there is a corporate risk referred to as Climate Change and Nature Emergency. This corporate risk is defined as failure to achieve the Welsh Government target of being net zero as an organisation by 2030 and to deliver the commitments in the Climate Change Challenge Plan which includes a range of activities that form our response to the climate and nature emergencies.

The risk identifies a wide range of climate change/nature related risks that are monitored and reviewed every quarter to ensure they reflect any emerging areas of risk/issues. The risk has a Risk Management Plan that contains all risk related actions that will be undertaken during the year in order to further mitigate the associated risks and impact on climate change and the nature emergency. These risk actions are aligned to our Directorate Plans, and which in turn are aligned to the Council's climate change programme of work known as 'Project Zero' and the associated climate change challenges as outlined in the Climate Change Challenge Plan. Monitoring risk in this way enables us to not only assess progress being made in relation to risk activity, but to also understand its contribution to the wider Project Zero programme.

4.2 Monitoring the Climate Change and Nature Emergency risk also provides an opportunity throughout the year for officers to consider any further mitigating actions that will enable us to further minimise the adverse consequences of our activities.

5. Resources and Legal Considerations

Financial

5.1 Managing and reducing risks effectively helps to prevent unnecessary expenditure for the Council, reduces the potential for insurance claims and rising premiums. Members will note a specific risk relating to financial resources and also its interrelation with other proposed corporate risks.

Employment

5.2 There are no direct workforce related implications associated with this report. However, there are risks contained within the Register that if not effectively managed has the potential to impact on our staff establishment. By managing these risks effectively, we are in a stronger position to offer better protection to our staff.

Legal (Including Equalities)

5.3 Identifying, managing, and reducing any risk effectively mitigates against potential legal challenge.

6. Background Papers

Corporate Risk Management Strategy

Corporate Risk Management Q3 Templates.docx

Governance and Audit Committee 15th December 2025 Corporate Risk Register Q2 Update

Governance & Audit comments	SLT /Officer Response
Further clarification and consideration was required on the position of the delivery of major regeneration projects such as Barry Marina and its centrality to these in light of ABP withdrawing from the delivery of a marina as part of the Vale's Levelling Up Programme, the acquisition of land (the Mole) earlier in the process and amendments to other parts of the scheme including the park and Ocean Water Sports training facilities to compensate for the loss.	The decision taken by ABP to withdraw from the delivery of a marina as part of the Vale's Levelling up programme was regrettable. However, the Council has been working with ABP to overcome this setback by seeking to acquire the land (the Mole) earlier in the process and is in the process of amending the other parts of the scheme including the park and Ocean Water Sports training facilities to compensate for the loss. Furthermore, UK Government has now confirmed that the changes are acceptable and that there will be monitoring of delivery, but the Council will remain in control of what is actually delivered in consultation with the Section 151 officer. Consultants working for the Council have also shown that the value for money indicators used to assess the original award of the grant by UK Government remain within the required parameters and UK Government has confirmed that the grant will not be changed. An update report was presented to Cabinet on 2nd October regarding these changes and outline how the project is moving forward. The Director of Place will be in attendance at the Governance & Audit Committee Meeting on February 23rd to provide an up-to-date position.
Further clarification and consideration was required on the Information and Cyber Security Risk. Members queried whether the risk assessment of third parties that the Council worked with was sufficiently considered.	The corporate cyber security risk has been raised from Medium–High to High for Q3, reflecting the continued rise in cyber-attacks across the UK public sector. Recent incidents involving organisations such as Marks & Spencer and Jaguar Land Rover illustrate the growing impact of ransomware and supply-chain compromises and highlight attackers' increasing use of third-party access routes. In line with Governance & Audit Committee queries in Q2, the assessment places greater emphasis on third-party and supply-chain risk. This aligns with the Council's work with the WLGA under the Cyber Assessment Framework (CAF), where third-party assurance is a key focus area. As the CAF process progresses, any gaps identified in supplier-related controls will be addressed as part of our improvement activities. Insights from publicly reported cyber incidents are also used to inform risk mitigation strategies. Internally, phishing levels remain steady, mitigated by security controls, with staff reporting continuing to improve, supported by DPO-led awareness efforts and effective follow-up by Digital Security colleagues. Given the heightened national threat environment and persistent supply-chain risks, the corporate cyber security risk will remain at a High level.
Further clarification and consideration were required on the rationale behind the Forecast Direction of Travel across all risk categories and the average direction of travel.	A Forecast Direction of Travel Rationale Table has now been introduced in all risk templates. This will ensure more detail is provided on the rationale behind the reported direction of travel for all risk categories and the average direction of travel. **Annex B,** Risk Summary update also provides a summary of the overall status across all risk categories.

Qtr3 2025/26 - Risk Summary Report Update

Corporate Risk Q3 25-26 All Risk Management Templates

Risk Scoring Definitions

Inherent and Residual Risk Scoring

The Inherent Risk defines the risk score in a pre-control environment i.e. what the risk would look like (score) without any controls in place to manage the risk. The Residual Risk can be defined as the subsequent risk score as a consequence of applying controls to mitigate this risk.

Both inherent and residual risks are defined by two variables the Likelihood of the risk occurring and the Possible impact of that risk occurring. The higher the score allocated for the risk the higher the overall risk status. See matrix below:

Possible Impact or Magnitude of Risk	**Catastrophic**	4 *MEDIUM*	8 MEDIUM/HIGH	12 HIGH	16 VERY HIGH
	High	3 *MEDIUM/LOW*	6 *MEDIUM*	9 MEDIUM/HIGH	12 HIGH
	Medium	2 LOW	4 *MEDIUM*	6 *MEDIUM*	8 MEDIUM/HIGH
	Low	1 VERY LOW	2 LOW	3 *MEDIUM/LOW*	4 *MEDIUM*
Low 1-2 Low/Medium 3 Medium 4-6 Medium/High 8-10 High 12-16		**Very Unlikely**	**Possible**	**Probable**	**Almost Certain**
		Likelihood/Probability of Risk Occurring			

Effectiveness of Controls Score

Controls can be scored 0-4 in terms of their effectiveness at controlling risk in terms of likelihood and impact. Zero implies poor control of the risk whereas a four would suggest controls in place are highly effective. This is based on scoring how effective the controls are at reducing a) the likelihood of and b) the impact of the risk. See table below

Score	Effectiveness of control
0	Very Low control of the risk
1	Low control of the risk
2	Medium control of the risk
3	High control of the risk
4	Very high control of the risk

CORPORATE REGISTER SUMMARY

The table below provides a summary of the Corporate Risks broken down by their risk status in terms of their inherent (pre-control) risk score, the control risk score (how effectively the controls are managing the risk) and the residual risk score (post-control score). The table also gives an outline of each risk's direction travel, in terms of whether the risk is escalating or reducing as well as forecasting its future direction of travel.

To understand how the risk scoring has changed from the inherent risk to residual please look at the individual risk templates which shows the detailed effectiveness of controls scoring which has mitigated the inherent risk and resulted in the residual scores. The effectiveness of controls scoring below only provides an indicative score used to illustrate the general level of control but is not used to calculate the overall residual risk.

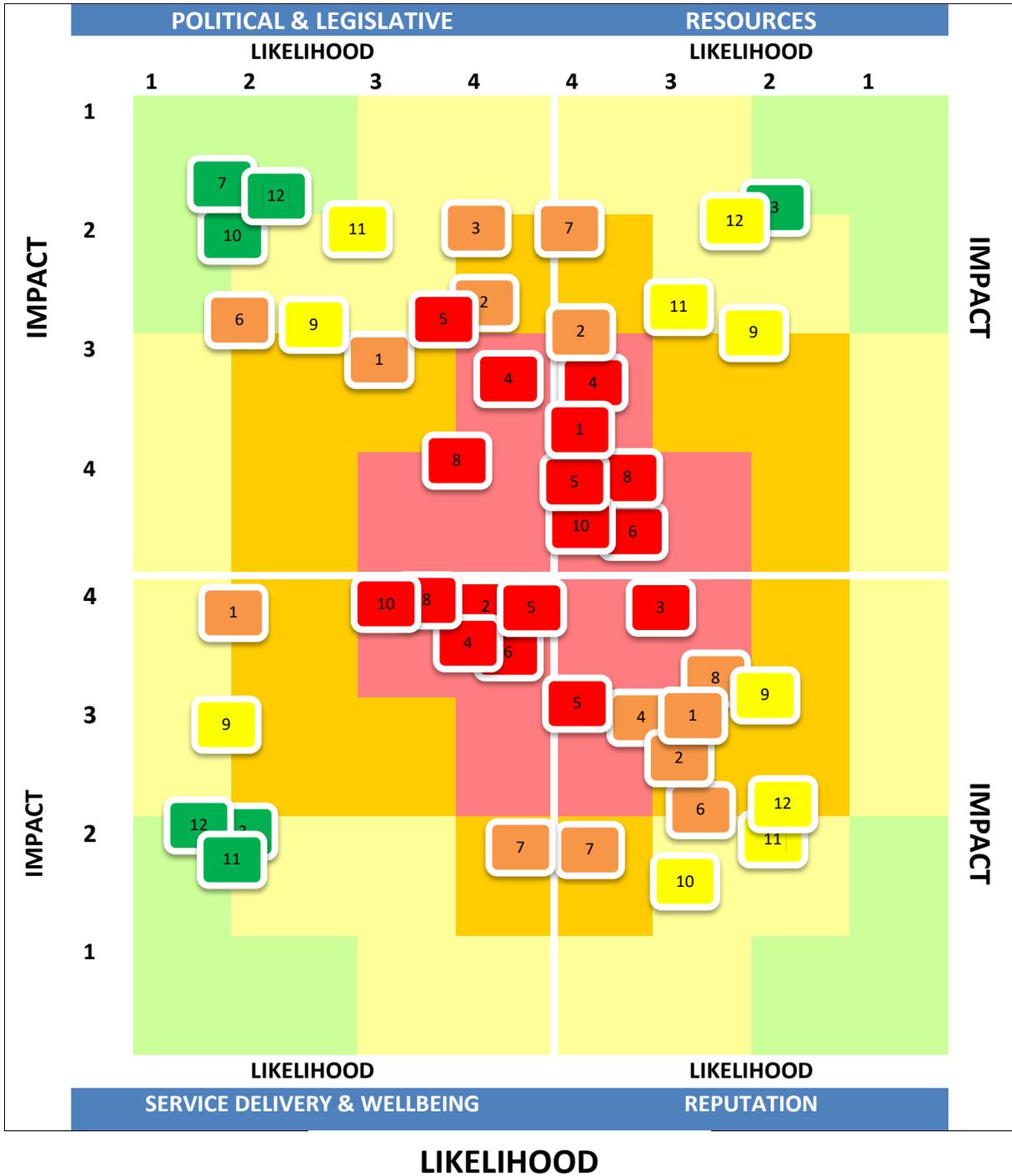| Risk Ref	Risk	Inherent Risk Score	Effectiveness of Controls score	Residual Risk Score			Direction of Travel	Forecast Direction of Travel
				Likelihood	Impact	Total		
5	Additional Learning Needs	16 (VH)	1 (L)	4	4	16 (VH)	↔	↔
1	Financial Resources	16 (VH)	1 (L)	3	4	12 (H)	↔	↔
2	Workforce and Organisational Change	12 (H)	1 (L)	4	3	12 (H)	↔	⬇
4	Climate Change and Nature Emergency	12 (H)	1 (L)	4	3	12 (H)	↔	⬆
6	Social Care Demand and Capacity	16 (H)	2 (M)	3	4	12 (H)	↔	↔
8	Housing and Homelessness	16 (VH)	2 (M)	4	3	12 (H)	↔	⬆
3	Information and Cyber Security	16 (VH)	2 (M)	4	3	12 (H)	⬆	⬆
10	Physical Assets	12 (H)	2 (M)	3	3	9 (M/H)	↔	↔
7	Transition from the Welsh Community Care Information System (WCCIS)	16 (VH)	4 (VH)	3	3	9 (M/H)	↔	↔
9	Delivery of Major Regeneration Projects	9 (M/H)	2 (M)	2	3	6 (M)	↔	↔
11	Digital	9 (M/H)	4 (VH)	3	2	6 (M)	↔	⬆
12	Safeguarding	12 (H)	4 (VH)	2	2	4 (M)	↔	↔

Risk Ref	Risk	Average Forecast Direction of Travel	Rationale
5	Additional Learning Needs	↔	Overall, the forecast direction of travel is being assessed as static over the year due to the long -term nature of mitigating actions and external pressures still at play. This is a cautious but realistic outlook given the dependence on system-wide changes requiring effective partnership working and appropriate funding to deliver some mitigations. The service is undertaking a range of constructive, strategic actions that should reduce risk over time. However, substantial, and ongoing external pressures, particularly rising need, financial constraints, and legacy challenges around tribunals and complaints mean that improvement will necessarily be incremental rather than immediate.
1	Financial Resources	↔	Overall, there's no change in direction at this point. The 2026/27 Settlement from Welsh Government was very much better than expected but it remains a one-year Settlement only, with future prospects unclear. Schools' deficits remain the greatest concern and pose significant long-term challenges. As set out, there is significant engagement with those schools, considered outliers with deficits which will take a number of years to address. These underlying pressures offset short term improvements, keeping the overall forecast static.
2	Workforce and Organisational Change	↓	Overall risk position remains forecast to decrease due to strong governance, workforce planning, wellbeing initiatives, and recruitment improvements; however, ongoing financial, workforce capacity, and labour market pressures limit the potential for more significant reduction of this risk.
4	Climate Change and Nature Emergency	↑	On balance this is forecast to worsen overall but is not imminent across all elements and is linked to the 2030 target, expectations, resources, and capacity. A clearer picture will also emerge as a result of the PSB climate change risk assessment and response.
6	Social Care Demand and Capacity	↔	Minimal changes to the risk this quarter resulting in a static risk position.
8	Housing and Homelessness	↑	There is an increased level of future risk in most categories. The overall level of risk and forecast DoT of this risk is expected to escalate over the coming year because demand is increasing faster than new supply, while capacity and resource pressures will limit our response. Additionally, the phased introduction of the new homelessness legislation is likely to expand statutory duties whilst narrowing eligibility criteria, increasing the number of households the Council must support and reducing flexibility in how cases can be managed. This could potentially reverse good progress made in reducing the use of temporary accommodation such as hotels.

Risk Ref	Risk	Average Forecast Direction of Travel	Rationale
10	Physical Assets	↔	No significant changes this quarter to impact on overall level of risk. Across all risk categories, the overall direction of travel is stable and positive due to strong governance, robust compliance systems, and well-established asset and performance management arrangements. Frequent reporting, cross directorate working, clear visibility of asset condition and compliance data, and consistent engagement with stakeholders collectively reduce uncertainty and support steady improvement in political/legislative, resource, service delivery, and reputational areas. Consequently, DOT of this risk is forecast to remain static over the next quarter.
3	Information and Cyber Security	↑	The corporate cyber security risk has been raised from Medium–High to High, reflecting the continued rise in cyberattacks across the UK public sector. Recent incidents involving organisations such as Marks & Spencer and Jaguar Land Rover illustrate the growing impact of ransomware and supply chain compromises and highlight attackers' increasing use of third-party access routes. In line with G&AC queries in Q2, the assessment places greater emphasis on third party and supply chain risk. This aligns with the Council's work with the WLGA under the Cyber Assessment Framework (CAF), where third party assurance is a key focus area. Consequently, overall forecast Direction of Travel of this risk will remain high.
7	Transition from the Welsh Community Care Information System (WCCIS)	↔	Overall, the average direction of travel is expected to remain stable as the programme is still in a transitional and implementation-heavy phase, and key external dependencies and uncertainties remain. While effective local controls are preventing deterioration, the residual risk remains influenced by national funding clarity, system build timelines, migration progress, and reliance on partners in the regional cluster and national programme. A reduction in risk levels is unlikely until these dependencies reduce, and the new system is fully implemented.
9	Delivery of Major Regeneration Projects	↔	On balance this is forecast not to change significantly in 2026/7 overall. However, key to this will be the impact of resources going forward and if changes either at Welsh Government or national level lead, to a significant reduction in grants or support.
11	Digital	↑	With a rapidly changing environment and as AI has matured, our risk of not maximising our opportunities in the Digital space is increasing. We will continue to explore partnership and collaborative activities to mitigate this as well as working closely with the Welsh Government as they define and design the new Digital office.
12	Safeguarding	↔	Minimal changes to the risk this quarter resulting in a static risk position.

POLITICAL & LEGISLATIVE

RESOURCES

LIKELIHOOD

LIKELIHOOD

1 2 3 4   4 3 2 1

IMPACT

IMPACT

1

2

3

4

4

3

2

1

IMPACT

IMPACT

LIKELIHOOD

LIKELIHOOD

SERVICE DELIVERY & WELLBEING

REPUTATION

LIKELIHOOD

Risk Reference Glossary							
1	Financial Resources	4	Climate Change and Nature Emergency	7	Transition from the Welsh Community Care Information System	10	Physical Assets
2	Workforce and Organisational Change	5	Additional Learning Needs	8	Housing and Homelessness	11	Digital
3	Information and Cyber Security	6	Social Care Demand and Capacity	9	Delivery of Major Regeneration Projects	12	Safeguarding

Risk overview

One risk has a score of very high, six risks score high, two risks score medium/high, and three risks score medium on the Register.

A new corporate risk (CR13) Schools Budget Deficits is proposed for inclusion in the Corporate Risk Register and has been attributed a high-risk score of 12.

Direction of Travel

All risks on the Register have maintained their static position during the period, with the exception of (CR3) Information and Cyber Security, which has escalated from a medium-high status (risk score of 9) to a high status (risk score of 12).

Forecast Direction of Travel

During the quarter 3 period, the forecast direction of travel statuses are as follows:

Risks forecast to diminish

- **CR2 Workforce and Organisational Change**: *This risk has a high-risk score of 12 and is forecast to diminish from this position.*

  We recognise there are still ongoing challenges in specific areas, however work undertaken across the Council is leading to improvement in recruitment practices, vacancy gaps and sickness statistics. This includes initiatives within our social service directorate including fast track to care and graduate opportunities. Failure to implement the Workforce Plan could harm the Council's efforts to increase apprenticeships, attract younger workers, and support its Equalities Strategy. Without action, the Council may

struggle to meet future staffing needs and handle financial challenges. Budgetary challenges limit workforce development, training, and recruitment efforts, which are vital for organisational change. Limited resources for upskilling may also hinder the Council's ability to support new operating models or digital transformation, impacting its ability to achieve long-term goals like the Reshaping Programme. To manage the risk, there is continued focus on strengthening workforce planning across all services to ensure robust and sustainable staffing structures to support transformational change and deliver services. Additionally, bespoke work is ongoing to address specific recruitment and retention challenges in Social Services, Environment & Housing and Place Directorates. In line with Brilliant Basics, work continues to review processes within our Employee Service teams, which will see the introduction of new systems for learning and development and recruitment.

Consultation on the People Strategy has been completed, and a final document will be presented to SLT in March. All actions agreed and documented as part of the Workforce Plan will be monitored through the newly established People Board. The Workforce Plan aims to ensure the Council's workforce reflects the diversity of the wider community and is reflective of recent socio-economic factors highlighted in the census data and Welsh Index of Multiple Deprivation (WIMD) data. The biennial staff survey was completed in the Summer 2025, with SLT agreeing to forward engagement programmes signed off in December 2025. To support this process the Autumn management development sessions have focused on the 21st Century Public Servant model, identifying skills for 21st Century Public Service Leaders, this will now be further developed for the Spring 2026 sessions. The Engagement Plan will be tracked via the People Board and reported to SLT and Insight Board. Working with Public Health Wales, we have started to review our Well-being strategy and plan to further develop this over the Spring and Summer of 2026.

Risks forecast to escalate
There are four risks on the Register that we forecast will increase over the year these are**, Information and Cyber Security (CR3), Climate Change and Nature Emergency (CR4), Housing and Homelessness (CR8), and Digital (CR11).**

- **CR3 Information and Cyber Security:** *The risk has a high-risk score of 12 and is forecast to increase given the cyberthreat landscape and continued rise in cyber-attacks across the UK public sector.*

  Data breaches could result in fines from the Information Commissioner's Office, increased insurance costs, and high expenses for breach correction and compensation. Cyber-attacks may require costly third-party and internal recovery efforts, while lost revenue during recovery could add further financial strain. Shrinking budgets and funding reduce the Council's ability to invest in necessary cybersecurity assets and programs. Legacy systems with vulnerabilities are at greater risk of exploitation by hackers, criminals, and unfriendly states. Budget constraints also limit access to essential cybersecurity skills, tools, backups, and disaster recovery capabilities, increasing the Council's exposure to

attacks. Recent incidents involving organisations such as Marks & Spencer and Jaguar Land Rover illustrate the growing impact of ransomware and supply chain compromises and highlight attackers' increasing use of third-party access routes. In line with Governance & Audit Committee queries in Q2, the assessment places greater emphasis on third party and supply chain risk. This aligns with the Council's work with the WLGA under the Cyber Assessment Framework (CAF), where third party assurance is a key focus area. As the CAF process progresses, any gaps identified in supplier related controls will be addressed as part of our improvement activities. Insights from publicly reported cyber incidents are also used to inform risk mitigation strategies. Internally, phishing levels remain steady, mitigated by security controls, with staff reporting continuing to improve, supported by DPOled awareness efforts and effective follow up by Digital Security colleagues. The Council has now fully onboarded to the Welsh Governments' CymruSOC Security Operations Centre and is working in partnership with the CymruSOC team to detect, analyse, and respond to cybersecurity threats. Given the heightened national threat environment and persistent supply chain risks, the corporate cyber security risk is expected to remain at a 'High' level. Whilst the direction of travel for the next quarter is expected to remain level (neither increasing nor decreasing), this risk is forecast to increase over the next 12 months.

CR4 Climate Change and Nature Emergency: *The risk has a high score of 12 and is expected to increase.*

The Council faces risks in tackling climate change and the nature emergency, including capacity, expertise and resource. There is a risk of failing Welsh Government's net zero targets (2030 for the public sector, 2050 nationally), as well as statutory requirements linked to waste, planning and procurement, which could potentially lead to financial penalties. Rising costs, supply chain emissions, and limited budgets make it harder to invest in housing, schools and climate projects, while severe weather events like flooding, heatwaves and coastal erosion place further pressure on services.

A wide range of plans, strategies and partnerships are in place to manage this risk with progress monitored regularly by Place Scrutiny Committee, Cabinet and the Project Zero Board. Work is underway to cut carbon emissions through energy efficiency, greener transport, electric vehicles, carbon offsetting and sustainable procurement, while climate change considerations are now embedded into all major Council decisions and projects such as schools, housing and roadworks. Investment continues in flood prevention, coastal management, tree planting and biodiversity projects, alongside work to support sustainable food systems, improve the energy efficiency of homes and expand recycling, including the roll out of soft plastic recycling, trials for textile recycling and increasing on street recycling. The Council is also promoting active and low-carbon travel through cycle routes, EV charging points, workplace travel schemes and safer school routes. Through Project Zero, schools, communities and partners are being engaged to raise awareness, encourage behaviour change and share best practice to support lowering energy use. Work with the Public Services Board (PSB) to better understand risks around climate continues, with consultants appointed to undertake a climate change risk assessment. The

consultants presented to the PSB Asset Management and Climate Emergency sub-group to introduce the work and gather the experiences of partners. Stakeholder engagement sessions and PSB partner workshops have been held to gather climate-related experiences from local communities and refine and prioritise climate risks.

- **CR8 Housing and Homelessness:** *The risk has a high score of 12 and is forecast to increase from this position.*

  There is a new element of this risk posed by new, draft homelessness legislation due to be introduced across Wales. This places additional requirements on Local Authorities to provide greater assistance to a wider range of households. The risks include being able to fulfil requirements i.e. by providing suitable accommodation solutions to homeless people and also the increased costs associated with addressing the new responsibilities. A financial assessment of the potential impacts of the proposed legislation is currently being undertaken. While resources also continue to pose a challenge, the effectiveness of existing controls across related risk areas have helped reduce the overall risk. The risk remains characterised by a necessity to ensure an adequate supply of affordable housing to meet local needs and support vulnerable residents. Failure to do so could result in non-compliance with the Housing (Wales) Act 2014, leading to advocacy challenges, legal actions such as Judicial Review, funding impacts from the Welsh Government or even direct intervention from the Welsh Government in service delivery. Inadequate permanent housing increases reliance on costly temporary accommodation and straines services. Risk management is detailed in the Housing and Building Service Team Plan, which prioritises protecting vulnerable people through safeguarding partnerships, tackling domestic abuse, and providing targeted advice and assistance. The Plan also focuses on maximising existing assets and working with public and private partners. Actions include converting Council-owned buildings into accommodation, using Council land for new social housing, and collaborating with Registered Social Landlords and private landlords to expand housing supply for those on the Council's waiting list. Welsh Government has recently published a 10-year rent setting policy for social rented homes. This provides greater certainty and stability with respect to rent increases. Annual increases of rents for Council homes are considered at Scrutiny and Cabinet with the final decision made at Full Council.

- **CR11 Digital:** *The risk has a medium risk score of 6 and is forecast to increase from this position.*

  We are making significant progress in delivering the foundational activities for long term transformation and have a robust roadmap for digitalisation. We have identified that there are extensive opportunities for digitalisation, and our risk remains that we do not optimise against these due to lack of capacity. Failing to effectively grasp the benefits of digital transformation, while also anticipating and mitigating the potential challenges poses a risk to the Council. Elements of our processes are increasingly requiring digitisation, and failure to develop our connectivity may result in an inability to deliver statutory requirements and reporting. Failure to deliver the Digital Strategy and design

services that meet our customers' needs in the channel of their choice will mean that services are not fit for purpose. Additionally, digital technology implementation costs can be significant and result in unplanned over-expenditure. The utilisation of data at an advanced level provides the ability to more accurately predict future events and therefore design services accordingly. Failure to do so will result in poor outcomes for long term provision.

We are currently investing financially at a sufficient level to meet the basic needs of the Council and its residents. However, we need to consider if further investment could increase the pace and breadth of digitalisation. A number of legacy systems have also been replaced including the Northgate Open Housing Management System (OHMS) with NEC Housing and we are looking at alternative solutions for a range of other legacy products. We have begun several projects to explore the utilisation of AI and are taking a cautious but curious approach, focused initially on the use of AI for colleagues to support customer experience. We acknowledge that this is a rapidly expanding area of opportunity and risk scoring reflects that we may not be financially positioned to optimise against advancements in AI currently. We continue to evaluate how we invest in the right projects where there is a clear financial or customer experience outcome.

Risks forecast to remain static

- **CR1 Financial Resources:** *This risk has a high-risk score of 12 and is forecast to remain static.*

The school's deficit risk has been escalated with fortnightly meetings in place from the start of September with the Leader, Chief Executive, Director of Learning & Skills and s151 Officer and informal notices issued to the 10 schools. Schools' deficit risk has been proposed as a standalone corporate risk this quarter to reflect growing pressures. The residual resource risk score was increased in Quarter 1 to reflect the increasing concern. Additional actions are being progressed to strengthen controls, however, at present the risk will need to remain at this level. Challenges in forecasting future social care demand further strain financial stability and service delivery. Failing to maximise alternative service delivery models and manage budget reductions could threaten service sustainability. Not adapting to the changing economic landscape or failure to effectively collaborate with key partners, including the Third Sector, may impact long-term viability and service integration. Procurement risks include non-compliance with the Council's Contract Procedure Rules, the Procurement Act and the Social Partnership and Procurement Act which would lead to financial penalties and costly service delivery failures as well as reputational damage.

Actions in place to control inherent risk include savings and efficiency projects developed across services, with risks carefully managed and equality impacts considered. Progress is tracked through a financial tracker, business cases, and regular reporting to programme boards and committees. Wider budget consultation has commenced, with final budget due to be agreed at Council in March 2026. The Reshaping and Transformation

Programme, which is under continuous review, provides a clear framework for managing reduced resources while protecting frontline services. Income generation, fees, and commercial opportunities are being developed to strengthen financial resilience, alongside a new Digital Strategy to improve efficiency. Procurement is being modernised with training, awareness raising, and preparation for the Procurement Act 2023 and the Social Partnership & Public Procurement (Wales) Act. The Council is embedding community wellbeing benefits, sustainable procurement, and circular economy principles into its processes. A shared procurement service, contract register, and forward planning are helping to improve capacity and resilience. A Draft Contract Forward Plan and Contract Register is in place to enable greater discussion and challenge on service delivery. Community Asset Transfer (CAT) guidance has been produced and implemented, with a new CAT Officer in post.

- **CR5 Additional Learning Needs:** *The risk has a very high-risk score of 16, retaining the risk score from the previous quarter, reflecting the complex and challenging risk environment. It is forecast to remain static at this position.*

There is a risk that the Council may not meet its statutory duties under the Additional Learning Needs and Education Tribunal Act 2018 due to insufficient resources and capacity, potentially impacting children and families who rely on services. There is a financial risk associated with providing bespoke transport solutions to a growing number of children and young people with complex needs. There are also insufficient resources to deliver a fully bilingual service, resulting in unequal provision. Rising numbers of children and young people with complex neurodiverse needs and social/emotional health difficulties are placing additional pressure on specialist teams and affecting school staff wellbeing.

To manage the risk, the Council has been working with stakeholders to explore ways to address additional learning needs transport and financial pressures, including a cross-directorate workshop to explore possible solutions. Targeted use of the Additional Learning Needs (ALN) implementation grant has supported temporary roles such as an ALN Resource Base Manager, helping meet the demands of the ALN Act. The Education Endowment Foundation has been commissioned to work with the Local Authority (LA) and schools to improve the quality and consistency of teaching and learning to meet the needs of all learners. A new school improvement service has been launched, focusing on strengthening teaching and learning to improve outcomes for vulnerable learners and reduce inequalities. Initial explorative work has been undertaken with Welsh LAs to establish how their ALN panels and decision-making systems and processes operate. This will help to streamline systems/processes to enable efficient and effective decision making and allocation of placements to better manage demand. Expertise from Ysgol Y Deri has informed revisions to specialist ALN provision and a new service delivery model now in operation, alongside beginning the restructure of the Engagement Service. Additional primary school capacity has been created through a primary SEMH pilot and Welsh-medium specialist provision pilot. Appointed fixed-term ALN Manager is leading wider service changes to build mainstream school workforce capacity, reduce pressure on

specialist provision in-house and lower out-of-county placements. A restructure has begun to look at permanency around this role

- **CR7 Transition from the Welsh Community Care Information System (WCCIS):** *This risk has a medium/high risk score of 9 and is forecast to remain static from this position.*

  Delays in replacing CareDirector pose significant risks, including inadequate information for staff, potential data leaks, and loss of credibility. If regional partners do not adopt the new system, benefits such as cost savings and shared care records will be more difficult to achieve. Failure to develop the replacement digital solution for WCCIS could disrupt service access, cause data loss, and compromise service delivery. Operating on an unsupported system could create serious safeguarding risks and damage public trust, while inviting scrutiny from regulators like Care Inspector Wales, Welsh Government, and Public Services Ombudsman for Wales. There is currently a potential for additional costs being incurred due to the extended duration and the dependencies on external data access from WCCIS.

  Progress has been made with the procurement of a new system, with the contract being awarded to Mosaic by Access UK Ltd and a Connecting Care Project Board has been established to oversee local implementation. Weekly Cluster Programme Group (CPG) meetings are in place with key programme stakeholders from each organisation in the Cym Taf Morganwg Vale (CTMV) cluster to allow the sharing of best practice, identify risks and opportunities for escalation or local management. The Access Group (TAG) are working with the Council's Finance team to ensure the configuration of the system for both Adults and Children's are as defined in the Mosaic Case Management and System Admin Workshops. The Welsh Local Government Association (WLGA) have been working across Local Authorities to secure a co-terminus end date with the current data company and outlay security expectations and support required for the remainder of the contract. Residual security risk from legacy end-of-life platforms is being mitigated through Extended Security Updates coverage, hardened infrastructure, strict access controls, and enhanced monitoring, to enable safe continued operation until full transition. An expenditure forecast was submitted to WLGA in relation to potential funding for 2025/26. Early indicators suggest we may be able to claim for some of the costs of running two systems alongside one another during the implementation period and for the additional staffing costs associated with the implementation programme, however, we are awaiting final confirmation of the actual amount we will receive. The WLGA, in collaboration with other senior stakeholders continues to engage with the Welsh Government to highlight the financial pressures facing local authorities and the challenges posed by the lack of clarity around funding timelines.

- **CR9 Delivery of Major Regeneration Projects**: *This risk has a medium risk score of 6 and is now forecast to remain static at this level.*

  Failing to deliver large-scale regeneration projects on time and within criteria could harm the Council's economic resilience, job growth potential, and lead to political fallout.

Current funding from the UK Government includes £20 million for Barry Making Waves, £20 million for Plan for Neighbourhoods Programme, a further £1.5 million capital fund for financial years 2025-26 and 2026-27 known as Pride in Place and approximately £5 million from the Shared Prosperity Fund (SPF). Limited capacity, resources, and expertise could hinder the delivery of plans, such as the Local Development Plan and Carbon Management Plan. The commercial viability of elements of regeneration projects that will be delivered by partner organisations may deteriorate and the Council will not be able to deliver those parts of the schemes. This has already occurred with ABP deciding to pull out of the delivery of the Marina element of the Barry Making Waves project due to increasing costs and reducing viability due to current market conditions. However, the Council has been working with ABP to overcome this setback by seeking to acquire the land (the Mole) earlier in the process and is in the process of amending the other parts of the scheme including the park and Ocean Water Sports training facilities to compensate for the loss. Changes in government priorities and the closure of the Levelling Up Fund without a replacement could further hinder progress, funding and partnerships. These factors, combined with shrinking real-term budgets, puts pressure on financial resources and limits investment in regeneration.

To manage this, the Council will adopt a prudent long term planning approach to the use of reserves to maximise funding opportunities from Welsh and UK Government including Levelling Up and transforming towns. Mechanisms are in place via the project management tool kit, the Investment Strategy and regeneration governance to provide safeguards against project failure. Place Boards for each of the four town are now set up and meet monthly reporting to an overarching Place Board. A new governance structure based around placemaking towns is now in place. A replacement for the SPF has now been agreed, called the Local Growth Fund (LGF). The year 2026/27 is expected to be a transition period, shifting from SPF's community focused priorities to the more economic development focused approach of the LGF. The Community Asset Transfer process is now being supported by a dedicated officer who is focusing on community support and development to help facilitate community control of assets and services.

- **CR10 Physical Assets***: The risk has a medium/high risk score of 9 and is forecast to remain static.*

The Council may be unable to manage and utilise assets to deliver best value and services, including schools and highways. Failure to deliver the Sustainable Communities for Learning programme on schedule could jeopardise future Welsh Government funding and the School Investment Programme. Failure to improve building safety and accessibility could breach our duties under the Health and Safety Act and Disability Discrimination Act. There is a risk the Council could not meet its statutory duties under the Additional Learning Needs and Education Tribunal Act 2018 due to limited resources and capacity. Budget constraints could hinder Net Zero commitments for Council assets. Ageing highway infrastructure and illuminated assets, limited resurfacing funds, and stretched maintenance budgets, including for hedges and bus shelters, add to resource strain. The Community Asset Transfer (CAT) process faces resource and funding challenges, including

covenants and planning issues, though liability can be reduced where other organisations agree to take on responsibility. The Corporate Asset Management Plan highlights that current resources are insufficient to maintain assets at the preferred level, with a school maintenance backlog of £40M and £50M required to achieve net zero for the estate.

In terms of managing this risk, the Council has strong governance and monitoring systems in place to manage its school and asset investment programmes. A range of boards, compliance systems, and reporting processes ensure risks, funding, and progress are closely tracked and regularly reported to senior leaders, Cabinet, and Welsh Government. Condition surveys, compliance checks, and updated databases provide clear information on the state of school buildings and other assets, helping to prioritise limited resources with the Council also progressing school modernisation. A new Supplementary Planning Guidance (SPG) has been developed to expand on the RLDP's policy for educational facilities, setting out how the Council may seek planning obligations to provide or improve school infrastructure linked to new residential developments. The SPG will guide negotiations on education provision and will be a material consideration for all relevant residential planning applications, including renewals. Community Asset Transfers (CATs) are carefully considered by cross-service groups, with consultation and Cabinet approval built into the process. Land sales, Section 106 funding, and external grants are being used to fund improvements.

- **CR12 Safeguarding:** *The risk has a medium score of 4 and is forecast to remain static*.

There is a risk the Council and partner organisations may not meet their legal safeguarding duties, including compliance with the Wales Safeguarding Procedures, leading to legal or political consequences. There is also a risk that the Council's safeguarding procedures may be inadequate or unenforced, and that external providers may fail to meet their responsibilities in protecting vulnerable people. Challenges in recruitment and retention of qualified workers could result in failure to protect vulnerable groups. Inadequate information-sharing systems may prevent safeguarding concerns from reaching the right people promptly. Failure of safeguarding procedures for children, young people and adults at risk could result in harm/injury, eroding public and attracting negative criticism from our regulators. Increased incidences of family abuse, neglect and domestic violence are also placing additional pressure on safeguarding services.

To manage these risks, regular Corporate Safeguarding Group meetings review action plans, a task and finish group focuses on specific directorate actions, and a new local operational safeguarding group is being developed to strengthen multiagency safeguarding arrangements. The Corporate Safeguarding Group has reviewed North Wales Child Practice Review and has developed actions to support wide-reaching recommendations which will be overseen by the Regional Safeguarding Board (RSB). An audit of the corporate safeguarding governance and training in May 2025 found 'reasonable' assurance. The Council has also led the revision and update of Section 5 of

the Procedures Securing Agreement across Wales which is expected to be published by April 2026.

- **CR6 Social Care Demand and Capacity:** *The risk has a high-risk score of 12 and is forecast to remain static.*

The Council faces significant challenges in social care due to insufficient funding and staff shortages. Critical services such as child protection, residential care, and domiciliary care are under pressure from rising demand and complex needs. A lack of specialist staff is impacting our ability to meet statutory functions, and limited capacity among care providers is restricting future service transformation. Limited available affordable placements for children looked after with complex needs is placing significant financial strain on budgets. Capacity within local markets to fulfil domiciliary care requirements and capacity to monitor the quality of externally commissioned service providers is likely to worsen. The financial viability of external care providers is at risk, potentially leading to service disruptions and care provider failures, while fluctuating demand may impact homecare provider sustainability. Short-term and unstable grant funding complicates long-term integrated health and social care services. Recruitment and retention difficulties affect care quality and timeliness of assessments.

Regular governance meetings are in place to address demand, workforce, market fragility, and emerging issues. A Capacity Planning Workstream has been established with an action plan to address areas for improvement. Agency staff are used when necessary to meet statutory responsibilities and a staff supervision policy ensures regular monitoring of practice quality in Social Services.

Emerging Risks and Issues:

Proposed new Corporate Risk: Schools Budget Deficits (CR13)

Rising budget deficits across maintained schools present a significant financial and statutory risk to the Council. Deficits continue to grow due to inflationary pay pressures, increased Additional Learning Needs (ALN) and SEMH demand (including complexity of learner needs), falling pupil numbers, underfunded national awards, efficiency savings targets and increasing reliance on reserves. A growing number of schools are unable to return to a balanced financial position, despite support and challenge from the Council. The rationale for proposing the inclusion of Schools Budget Deficits as a new corporate risk is as follows:

- Wales-wide pressures on school budgets are escalating, with councils reporting £71m in-year pressures in 2025/26, increasing to £137m by 2026/27 (WLGA 'The State of Education in Wales – Challenges, Pressures and Towards Sustainability, October 2025').

- The Vale forecasts £16m deficit in 2025/26 and £33m in 2026/27, which is unsustainable and threatens overall financial resilience and usable reserves.
- 53% of Vale schools were in deficit in 2025, with deficits projected to worsen over the next 2–3 years.
- A recent Audit Wales review of school balances, highlighted shortcomings in recovery planning, monitoring, and committee reporting, limiting effective governance oversight.
- The Council anticipates significant future liabilities if schools become financially unviable.
- The Vale of Glamorgan Council is more exposed to these pressures than some other Welsh councils due to its low funding profile and spend on ALN (one of the highest in Wales, reflecting complexity of needs and the Council's commitment to inclusion). Nevertheless, further action is needed to develop achievable deficit recovery plans for some schools.

The Council faces significant consequences if school balances are not reduced including:

- Increased risk of school insolvency, triggering Council financial obligations.
- Deterioration in curriculum breadth, extracurricular offer, and learning environments.
- Adverse impacts on teaching quality, staff wellbeing, and learner outcomes.
- Potential inequity of provision and reputational risk, including the emergence of a two-tier system.
- Further erosion of Council reserves, affecting overall financial sustainability.

A range of controls are in place to help mitigate this risk:

- Quarterly revenue monitoring to Cabinet and the Start Well Scrutiny Committee.
- Statutory challenge and intervention with deficit schools.
- Support from Finance, Human Resources, Governance, Safeguarding, Additional Learning Needs and School Improvement services to support improvement planning and leadership decisions in schools.
- Five-year planning, enhanced data analysis, and efficiency programmes via the School Improvement Partnership Programme (SIPP).
- Collaboration with the Welsh Local Government Association (WLGA), Central South Consortium (CSC), Education Endowment Foundation (EEF) and governing bodies to secure new ways of working to decrease the need for a continuation of traditional resource intensive approaches/interventions.
- Strengthened communication via ConnectED and strategic engagement with headteachers and governors through Headteacher (HT) Briefing Sessions, Education Update Briefing Sessions with School Governors, HT Steering, School Budget Forum (and associated working Groups), Task and Finish Scrutiny Groups on ALN and School Budgets (future programme of work), Heads of Service/Strategic Leadership Team (SLT) corporate meetings, Education Budget Working Group and SLT School Deficits Action Group

- Work is ongoing to address the three recommendations made by Audit Wales to improve Council oversight of the impact of its actions to aid assessment of value for money, strengthening support and change.

Over the coming year the following actions are planned to further mitigate the risk:

- Strengthen the intervention framework for schools in deficit, including escalation to formal powers where necessary.
- Develop cluster-based working to achieve economies of scale in procurement and staffing.
- Provide specialist training and support for schools to manage ALN within mainstream settings, reducing reliance on costly external provision.
- Continue dialogue with Welsh Government on funding adequacy and advocate for systemic changes to address national funding challenges

Based on current trends and forecasts, school deficits will continue to grow without significant Council intervention with the resulting impact being catastrophic for the Council's financial sustainability and educational provision.

A risk score of 12 (High) is proposed for the Schools Deficits risk with the forecast direction of travel for this risk remaining static over the next few months. This reflects the scale, complexity and financial impact of school deficits and the likelihood of continued pressures despite mitigations already in place.

Inclusion of a Schools Deficits risk on the corporate risk register will ensure significant threats to the Council's financial sustainability, educational standards and statutory obligations are managed at the highest level of Council scrutiny, ensuring financial stability and accountability.

Corporate Risk 13: Schools' Budget Deficits

Strong Communities with a Bright Future

1 – Risk Overview

1.1 Risk Definition	There is a risk that schools operating under delegated budgets will continue to incur increasing financial deficits and fail to implement credible recovery plans. If this happens:

- Unsustainable financial positions within individual schools: Some schools already have deficits exceeding £1m, and without intervention, these positions will worsen, making recovery almost impossible.
- Formal intervention by the Local Authority under statutory powers: The Council would be required to issue formal warning notices and potentially take control of financial decision-making in schools, which is resource-intensive and disruptive.
- Adverse impacts on educational provision and standards: Financial instability often leads to reductions in staffing, larger class sizes, and cuts to curriculum enrichment, directly affecting learners.
- Significant financial exposure for the Council: Current projections show deficits could reach £33m by 2026/27, which would require substantial use of reserves or cuts elsewhere, threatening the Council's overall financial sustainability.

Context
Delegated Budgets – What Does This Mean?

Schools in Wales operate differently from most council services. Under the delegated funding system, the Local Authority allocates a large proportion of its education budget directly to schools. Governing bodies and headteachers then have autonomy over how this money is spent, including staffing and resources.

This autonomy is balanced by the Local Authority's statutory duty under the School Standards and Organisation (Wales) Act 2013 and Welsh Government guidance (Schools Causing Concern) to monitor budgets, provide advice, and intervene if a school's financial position becomes unsustainable.

Current Position
- The Vale of Glamorgan has one of the highest delegation rates in Wales, meaning schools manage the vast majority of education funding.
- Financial pressures have intensified due to rising costs (energy, staffing, national living wage etc), increased demand for Additional Learning Needs (ALN) and Social, Emotional and Mental Health (SEMH) support, and static or reduced funding allocations.
- These pressures have resulted in an increasing number of schools entering deficit positions, with some unable to produce credible recovery plans, creating heightened risk for both schools and the Council.

Key Facts
- In 2024/25, schools collectively ended with a £4.2m net deficit, requiring £4m from central reserves to balance the books.
- Forecast deficits are currently at £15.5m in 2025/26 and £33m in 2026/27, although these will reduce significantly (but not entirely) once

grant funding details are confirmed. Even when accounting for anticipated grant income adjustments, the trend is no longer sustainable.

- While all local authorities and schools are struggling with funding entering into deficits, the Vale is unique in that a minority of schools (19%) account for the majority of the overall school deficit position (~65%). Four schools currently have deficits exceeding £1m, and several are projecting overspends of 50% or more of their annual budgets, indicating severe financial stress.

Governance and Statutory Risk

In September 2025, the Council issued Notices of Concern to several schools under Welsh Government guidance because their recovery plans lacked sufficient detail and failed to demonstrate a credible trajectory for reducing deficits over 3–5 years.

If schools do not improve their plans, formal intervention will be required, which could include directing financial decisions or replacing governing bodies.

Failure to act could result in:
- Breach of statutory duties under education legislation.
- Adverse audit opinion and reputational damage.
- Loss of confidence in governance arrangements by regulators and the public.

Roles and Responsibilities

Schools operate under a delegated funding system, which creates more complex governance arrangements compared to other council services. This model is designed to give schools the autonomy they need to respond to the specific needs of their learners and communities. Headteachers and governing bodies are best placed to make decisions about staffing, curriculum, and resources to deliver high-quality education.

However, with this autonomy comes full accountability for all aspects of school management, including compliance with statutory requirements under the School Standards and Organisation (Wales) Act 2013, the Education Act 2002, and associated Welsh Government regulations. Schools must therefore balance local decision-making with national standards and financial stewardship.

Key Roles
- School Leadership (Headteacher): Responsible for day-to-day operational and financial management, ensuring spending aligns with educational priorities and statutory obligations. Headteachers lead the development and implementation of recovery plans where deficits occur.
- Governing Body: Holds strategic accountability for the school's financial position and overall performance. Governing bodies approve budgets, monitor financial health, and provide challenge and support to school leadership. They are legally accountable for ensuring the school operates within its delegated budget.
- Local Authority: Retains a statutory duty to monitor school budgets, provide advice, and intervene where necessary to protect educational standards and financial stability. This includes issuing warning notices, requiring revised recovery plans, and, in extreme cases, exercising formal powers of intervention such as replacing governing bodies or taking control of financial decisions.

		Drivers of Deficit
		• High costs of ALN provision: The Vale has one of the highest spends in Wales on ALN, reflecting the complexity of needs and the Council's commitment to inclusion. • Increased complexity of pupil needs: Rising numbers of children with SEMH and ALN needs require specialist support, which is costly. • Inflationary pressures: Energy costs, staffing costs, and statutory increases in the national living wage and employer contributions have significantly increased expenditure. • Efficiency savings targets: Schools are expected to contribute to wider Council savings, adding further strain to budgets already under pressure. **Likelihood and Impact** Likelihood: High – Current trends and forecasts indicate that without significant intervention, deficits will continue to grow. Impact: Catastrophic – The scale of projected deficits could destabilise the Council's finances and compromise educational provision. **Existing Controls** Regular financial monitoring and challenge through the Schools Finance Team. Engagement with schools on recovery planning, including detailed scrutiny of plans. Notices of Concern issued under statutory guidance to prompt improvement. **Planned Actions** • Strengthen the intervention framework for schools in deficit, including escalation to formal powers where necessary. • Develop cluster-based working to achieve economies of scale in procurement and staffing. • Provide specialist training and support for schools to manage ALN within mainstream settings, reducing reliance on costly external provision. • Continue dialogue with Welsh Government on funding adequacy and advocate for systemic changes to address national funding challenges. **Assurance Sources** • Governance & Audit Committee oversight and scrutiny. • Compliance with Welsh Government guidance (Schools Causing Concern). • Internal financial monitoring reports and external audit reviews. • Estyn • Start Well/Corporate Resources Scrutiny Committees oversight.
1.2 Risk Owner	Trevor Baker	
1.3 Supporting governance	The Schools Budget Forum has oversight of schools' budgets funding including ALN, early years provision and contracts and services provided by schools. Schools' budgets deficits are also considered.	

1.4 Impact on our contribution to the Wellbeing Objectives

Creating Great Places to Live, Work and Visit	WO2: Respecting and Celebrating the Environment	WO3: Giving Everyone a Good start in Life	WO4: Supporting and Protecting Those who Need Us	WO5: Being the Best Council We Can Be
YES	YES	YES	YES	YES

1.5 Risk Categories (inc. consideration of risk appetite)		
Categories	**Yes/No**	**Definition**
Political & Legislative	Yes	Political and legislative repercussions of failing to reduce schools' budgets deficits pose a potentially catastrophic risk to the Council's finances based on current projections if not addressed. Despite the Council prioritising funding for schools, 2024/25 ended with a £4.2m net deficit, an extra £4m had to be found to help schools balance the books. A deficit of £16m is forecast 2025/26 and of £33m in 2026/27. This is not sustainable. Failure to mitigate (wholly or partially) the projected overspends against the revenue budget in 2025/26 and 2026/27 could result in insufficient reserves leading to a significant reduction in the Council's financial resilience. There is a risk that failure of schools to reduce deficits could potentially result in some schools becoming financially unviable which may result in the Council being liable for the costs.
Resources	Yes	Insufficient funding to effectively plan for and meet the growing numbers and needs of learners with Social Emotional and Mental Health (SEMH) and Additional Learning Needs (ALN). Year on year increases in requests for specialist support from schools in relation to SEMH and ALN is placing significant pressure on already stretched central education resources. Work with schools through reshaping their local delivery of education and promoting cluster-based efficiencies fail to make the significant savings required in the short to medium term to reduce existing budget deficits. 'Best we can afford' decisions taken to make required savings could adversely impact on the quality and effectiveness of teaching and learner outcomes. Insufficient central education resources and capacity to sustain the level of increased support and oversight required by schools to manage their budget deficits/ financial recovery. Inadequate/outdated facilities, at a disadvantage from the peers in better managed schools impacting adversely not only the safety and well-being of learners and schools' workforce but also opportunities.
Service Delivery and Wellbeing	Yes	There is a real risk that significant resource and capacity pressures could result in the delivery of a reduced curriculum, reduction/ cessation of non-core subjects/ extra-curricular activities, outdated learning resources which could adversely impact learner development and outcomes. Across schools, this could impact negatively on overall quality of education and the effectiveness of schools in the Vale of Glamorgan.

1.5 Risk Categories (inc. consideration of risk appetite)		
Categories	**Yes/No**	**Definition**
		Increased demand and pressures on the school/education workforce leads to increased workload, impacting on their well-being. Persistent financial pressures increase the risk of reduced spending on schools' workforce and learning resources which could in turn increase class sizes beyond targeted ratios, thereby placing additional pressure of already stretched teaching staff, potentially impacting adversely on their well-being and that of learner outcomes overall.
Reputation	Yes	The Council has a legal duty to ensure the financial stability of maintained schools. There is a risk of reputational damage associated with the increased numbers of maintained schools in deficit and on recovery plans. Reputational damage associated with the potential closure of school(s) as a result of extreme financial pressures/failure to recover schools' deficits. Reputational damage associated with a perceived inequality in access to education provision (due to quality variability). This is where learners in schools with budget deficits are at a disadvantage compared to their peers in better financially managed schools, with respect to teaching and learning and school resources. Failure to address schools' deficits increases the risk of developing a two-tier education system which may contribute to declining roll numbers and potentially lower revenue funding for some schools, further exacerbating financial pressures.

2 – Risk Evaluation			
2.1 Inherent Risk Scoring			
Category	**Likelihood**	**Impact**	**Total Inherent Risk Score**
Political & Legislative	3 (Probable)	3 (High)	**9 (Medium/High)**
Resources	4 (Almost certain)	4 (Catastrophic)	**16 (Very High)**
Service Delivery & Well-being	4 (Almost certain)	4 (Catastrophic)	**16 (Very High)**
Reputation	3 (Probable)	3 (High)	**9 (Medium/High)**
Overall Inherent Risk Score	**4 (Almost certain)**	**4 (Catastrophic)**	**16 (Very High)**

2.2 Controlling Inherent Risk				
Category	**Current Controls**	**Effectiveness of controls**		
		Likelihood Score	**Impact score**	**Total Score**
Political & Legislative	• Regular updates on school deficits/financial position and progress	2	1	2

2.2 Controlling Inherent Risk				
Category	Current Controls	Effectiveness of controls		
		Likelihood Score	Impact score	Total Score
	against meeting the requirements of the School Standards and Organisation (Wales) Act 2013 and Welsh Government Statutory Guidance Document (222/2017) Schools Causing Concern to Scrutiny, SLT and the Directorate Leadership Team. • Work in collaboration with the Central South Consortium Joint Education Service and school, Education Endowment Foundation, WLGA, School Improvement Service, Directorate teams, schools and governing bodies to improve the outcomes for all learners, reduce inequalities in education and provide sustainable and agile models of education provision. • Considerable and regular support is provided to schools by LA officers across Finance, HR, Governance, Safeguarding, Health & Safety, ALN etc to understand parameters for change and associated processes to support leadership decisions in schools.			
Resources	• Budget setting process includes considerations of cost pressures arising from ALN developments, complex needs, demographics, and support services. • 5-year budget plans are developed for schools, outlining how every penny is spent and where it goes to ensure the mechanics of accountancy are provided to schools to enable strategic leadership decisions. • Continuous support provided to schools to enhance their competence and confidence in securing effective improvement planning in meeting the needs of learners. • Support via specialist consultancy to support schools through the lens of teaching and learning, highlighting opportunities for changes in practice in supporting learners and school finances. • Strategic links have been developed with neighbouring authorities in establishing programmes of work and baseline data around support mechanisms to schools, and the impacts of changes to practice. • Working alongside headteachers and governors in reviewing the Vale's mainstream and special school funding	1	1	1

2.2 Controlling Inherent Risk				
Category	**Current Controls**	**Effectiveness of controls**		
		Likelihood Score	**Impact score**	**Total Score**
	formula, ensuring parity and transparency via the Schools Budget Forum. • Reviewing individual aspects of delegated funding with school leaders. • Challenging schools on recovery planning and exercising statutory powers where appropriate for schools who fail to meet their duties under the education acts. • Reducing the onus on schools with procurement and contract management via centralised transformation programme, leveraging economies of scale across schools and management of mechanics of contract management on behalf of schools, creating efficiency on their behalf and creating more capacity in-school for local transformation and strategic leadership on effective teaching and learning/impact.			
Service Delivery & Well-being	• Implemented the School Improvement Partnership Programme with schools, which is the mechanism for building capacity and supporting strategic changes to practice to reduce deficit budgets and improve outcomes. • Commissioning the Education Endowment Foundation as the vehicle to facilitate aspects of the SIPP work -with a remit to work alongside and bolster leadership capacity at school for delivering improvements through fidelity to evidence-based high-quality teaching and learning. This approach will support the cultural change necessary to secure new ways of working, particularly in relation to vulnerable learners, with a decrease in need for a continuation of traditional resource intensive interventions. • Cluster working between schools is well established and supports the development of practice. • Appointment of a dedicated Schools Procurement Officer within the Learning & Skills Directorate to support schools directly and leverage economies of scale. • Increasing provision within the Learning & Skills Data team to provide additional analysis and support with regards to schools financial, performance and outcome data. • Working closely with the Headteacher Steering Group in regard to wellbeing,	1	1	1

2.2 Controlling Inherent Risk				
Category	**Current Controls**	**Effectiveness of controls**		
		Likelihood Score	**Impact score**	**Total Score**
	change management and consistency of messaging across schools, specifically in relation to finances.			
Reputation	• Introduction of ConnectED, a consolidated messaging platform to coordinate key messages, actions and opportunities for school leaders, school-based staff, and colleagues from services across the council in supporting education. • HT Briefing Sessions, Education Update Briefing Sessions with School Governors, HT Steering, School Budget Forum (and associated working Groups), Task and Finish Scrutiny Groups on ALN and School Budgets (future programme of work), Heads of Service/Strategic Leadership Team (SLT) corporate meetings, Education Budget Working Group, SLT School Deficits Action Group.	2	1	2
Overall Effectiveness of Controls		**2**	**1**	**2**

2.3 Residual Risk Scoring & Direction of Travel											
	Inherent Risk Scores			Effectiveness of controls Score			Residual Risk Score			Direction of Travel	Forecast Direction of Travel
Category	Likelihood	Impact	Total	Likelihood	Impact	Total	Likelihood	Impact	Total		
Political & Legislative	3	3	9	2	1	2	2	3	6	↔	↔
Resources	4	4	16	1	1	1	4	4	16	↑	↔
Service Delivery & Well-being	4	4	16	1	1	1	4	4	16	↑	↔
Reputation	3	3	9	2	1	1	2	3	6	↔	↔
Average risk score/ direction of travel	4	4	**16**	2	1	**2**	3	4	**12(High)**	↑	↔

Category	Forecast Direction of Travel	Rationale
Political & Legislative	↔	The DoT for this aspect of the risk is forecast to remain static over the next quarter. Despite strong monitoring and partnership working, external legislation and national policy expectations continue to create pressures that the Council cannot directly influence. Existing controls maintain compliance but cannot reduce the underlying, externally driven risk.
Resources	↔	This aspect of the risk is forecast to remain static over the next quarter because ongoing financial pressures on schools, such as increasing cost pressures, ALN demands, and sustainability challenges, continue to exceed what can be fully mitigated through current support and planning processes. Deficit management with schools is beginning to show stabilisation/budget recovery. While strong controls, budget planning, and targeted support are in place, these measures stabilise rather than reduce the underlying financial risk, which is driven largely by factors outside the Council's direct control.
Service Delivery & Well-being	↔	This aspect of the risk is forecast to remain static over the next quarter. Although significant programmes are in place to build capacity, strengthen leadership, and support changes to practice, many of the pressures affecting service delivery and learner well-being, such as increasing needs, demand pressures, and the pace of cultural change, require sustained, long-term effort to shift with significant changes in practice and delivery required. Current controls are effective in supporting stability, but they cannot yet reduce the underlying structural and demand led risks.
Reputation	↔	This aspect of the risk is forecast to remain static over the next quarter. Reputational pressures linked to school performance, financial sustainability, and changing learner needs persist and are influenced by factors beyond the Council's full control. Although communication, engagement, and support structures are strong, these measures primarily help maintain confidence rather than reduce the underlying reputational exposure.
Average Direction of Travel	↔	All individual risk components are forecast to remain unchanged for the next quarter, resulting in an overall static direction of travel across the This is largely because controls maintain stability, but the root causes of the risk remain largely unchanged and are driven by external or systemic pressures. The Council's actions are effectively preventing deterioration but cannot yet significantly reduce the inherent risks.

3. Risk Management Plan: Summary of Ongoing Mitigating Actions
Risk Owner to populate with reference to existing action plans that demonstrate ongoing mitigating actions.   **OR**   **Risk Owner to create summary action plan to demonstrate ongoing mitigating actions.**

- Schools Budget Forum.
- A number of schools have been given informal notices of concern in September, highlighting specific elements to address in their recovery plans. Formal intervention will follow if schools are not able to present credible plans to recover their financial positions.
- Enhanced financial monitoring of all schools' budget forecasts to understand the direction of travel of deficit recovery (for those who have set a deficit budget) and to monitor other schools which may be headed in the direction of needing to set a deficit budget in the future.
- Collaborative approach to budgeting with schools to create realistic budgets, identify efficiencies and develop strategies to develop expenditure.
- Provide professional support to school finance personnel to enhance their availability to manage budget effectively. Revising approach to managing central information systems. This has already delivered savings of £275,000 over three years, with further efficiencies expected as schools are able to remove unnecessary third-party integrations which come at additional costs.
- Schools have been supported with notable procurement savings, with the transformation work underway within the Learning & Skills Directorate following the appointment of a dedicated schools' procurement officer in June 2025. To date, savings of over £135k over the next 3 years have already been achieved across 15 schools for one contract (waste or printing). There is a total of 90 contracts being reviewed across all 53 schools and this work is ongoing. These savings have been achieved through centrally managed procurement exercises within Learning & Skills, leveraging economies of scale and best practice in procurement on behalf of schools and their delegated budgets.
- From March 2025, face to face meeting with schools causing concern have taken place in relation to deficit balances with headteachers and governors, alongside the Directorate leadership team. The discussions outlined expectations, timescales, and escalation pathways, in addition to support measures, local challenges, monitoring and areas of focus needed as part of the efforts in articulating a pathway out of deficit.
- In April 2025, the Local Authority established a Schools' Business Managers Network. This group enables schools to share best practice and local knowledge, helping to manage workloads and identify savings collaboratively.
- At the request of schools, the mainstream schools funding formula has been reviewed via a School's Budget Forum subgroup, with representation from schools, governing bodies, and Local Authority officers. The review has now concluded, and changes are to be actioned in the 2026 financial year. While this does not increase the total funding available, and will not resolve any school deficits, it will help ensure a transparent, fair, and relevant distribution of existing resources, and help focus conversations on local actions.
- In June 2025, the Learning & Skills Directorate implemented its version of the Council's 'Brilliant Basics' programme in partnership with the Education Endowment Foundation, with a conference for Headteachers and teaching & learning needs in schools. This work

3. Risk Management Plan: Summary of Ongoing Mitigating Actions

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aims to reduce the impact of family income on educational outcomes. It is supported by the School Improvement Partnership Programme, which began in January 2025 with headteacher representation across all sectors, focusing on literacy, inclusion, and better sharing of pupil data across schools, working in school improvement collaboratives across sectors.

- We are redeveloping our approach to Additional Learning Needs given the exponential growth and societal changes around the increasing complexity of needs and behaviours and to ensure value for money in the delivery of ALN/specialist provision. This has taken the form of weekly meeting since February 2025 between the Head of ALN & Wellbeing, Head of Strategy, Community Learning & Resources, and the senior leadership team of Ysgol Y Deri, which covers our county-wide special school, Centre of Behavioural Excellence and which operates our Engagement & Outreach service. This work is designed to challenge and redesign support and inclusion services impacting all schools, while ensuring value for money, and facilitating consistency in approach across schools.
- ALN is recognised as a corporate risk, and the involvement of Scrutiny evidences an escalation of approach to identifying whether the Council's specialist provision is sufficient, effective and provides value for money. The focus of the Task & Finish group is to assess whether effective use is made of the public finances, that resources bases comply with the statutory duties of the ALN Act, and that the needs of the most vulnerable learners are met as locally as possible. Where deficiencies are identified, recommendations will be formulated and considered by Cabinet and the Director of Learning and Skills.
- The Directorate of Learning & Skills has established a new School Improvement Partnership Programme (SIPP) in September 2025. The work of the School Improvement Partnership Programme is the mechanism for building capacity at schools, which will lead to reducing deficit budgets. There are three priorities, all of which look to increase confidence and capability of schools to improve practices which ultimately will decrease the need to depend on additional interventions that are time and resource intensive. A SIPP board and timetable of meetings have been established. This board comprises of HT representatives from each cluster with a remit of working with the LA to ensure collective responsibility and delivery of collaborative improvements across all schools.
- The Education Endowment Foundation has been commissioned by the LA as the vehicle to facilitate aspects of the SIPP work. With a remit to work alongside and bolster leadership capacity at school for delivering improvements through fidelity to evidence-based high-quality teaching and learning. This approach will support the cultural change necessary to secure new ways of working, particularly in relation to vulnerable learners, with a decrease in need for a continuation of traditional resource intensive interventions.
- A financial benchmarking exercise is underway with neighbouring local authorities, with the group having met on several occasions since May 2025. This will help us understand how our schools compare, where there is best practice to model from, and where further efficiencies might be found.
- We have provided school leaders and governing bodies with detailed financial data at individual, cluster, and authority-wide levels via headteacher briefing sessions, school leader workshops, and education update briefing sessions with school governors throughout

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2024/25. This supports more informed decision-making around delivery models, procurement, and potential shared staffing arrangements, particularly to reduce reliance on agency staff.   • The Chief Executive has convened a fortnightly meeting with the Director of Learning and Skills, Head of Strategy, Community Learning & Resources, Head of Finance and Director of Corporate Resources to provide additional oversight to the work underway.   • Replication of the recent revenue monitoring reports to Resources Scrutiny Committee highlighted the current position relating to schools' balances to Members, with a dedicated discussion session at the meeting to enable views to be shared and a full overview of the work being undertaken by the Learning and Skills Directorate, supported by Corporate Resources and in conjunction with schools.   • Members have been updated regularly throughout the period, most recently via the Start Well Scrutiny Committee, with a presentation and discussion on the current challenges nationally, locally, programmes of work and intervention pathways. This is ongoing.