

POLICY REVIEW AND DEVELOPMENT PANEL REPORT

REPORT TO:	Audit Committee		
DATE:	16 June 2021		
TITLE:	Corporate Risk Monitoring Report – April 2021		
TYPE OF REPORT:	Monitoring		
PORTFOLIO(S):	Performance		
REPORT AUTHOR:	Ged Greaves, Senior Policy and Performance Officer		
OPEN/EXEMPT	Open	WILL BE SUBJECT TO A FUTURE CABINET REPORT:	No

REPORT SUMMARY/COVER PAGE

<p>PURPOSE OF REPORT/SUMMARY:</p> <p>This report presents the changes to the Corporate Risk Register since the last monitoring report to the 27 July 2020 committee meeting. It gives details of the risks falling into the 'Very High' category and the associated work being progressed to mitigate the effects.</p>
<p>KEY ISSUES:</p> <p>Following the review, the proposed risk scores remain unchanged since the previous review. It is also proposed that one risk is refocused. There are no proposals to add new risks to the register.</p> <p>Covid-19 has continued to have a significant impact upon the council's operating environment. The council is focused on delivering its Covid-19 recovery strategy and its response, normalisation and recovery work has had an impact upon all areas of its activities in addition to wider impacts upon the borough.</p>
<p>OPTIONS CONSIDERED:</p> <p>Not applicable.</p>
<p>RECOMMENDATIONS:</p> <p>Members are requested to consider the contents of the Corporate Risk Register and confirm agreement with Management Team's assessment of the risks to the corporate business plan/Covid-19 recovery strategy.</p>
<p>REASONS FOR RECOMMENDATIONS:</p> <p>In order to ensure the council meets its statutory obligations to ensure that it has 'effective arrangements in place for the management of risk'.</p>

REPORT DETAIL

1. Introduction

- 1.1 The Risk Management Policy and Risk Management Strategy covering this reporting period were approved by Council in April 2019.
- 1.2 The Terms of Reference for the Audit Committee include responsibility for monitoring the management of risk. To this end, the committee receives reports on the position of the Corporate Risk Register, with the last one being presented to the committee on 27 July 2020. This report is for the period up to end of April 2021.
- 1.3 The Corporate Risk Register is reviewed by Management Team on a 6-monthly basis. This review has been delayed due to resources being focused on Covid 19. Existing entries on the register are considered for changes to the nature of the risk, progress to be reported and any adjustments to the risk scores. Risks that are no longer relevant are proposed for removal and new risks considered in the context of current circumstances are added.
- 1.4 A summary of the changes to the Corporate Risk Register since the last monitoring report are detailed in section 2 below. Details of the 'Very High' risks are given in Appendix 1 together with a list of the 'High' risks.
- 1.5 Each risk on the register is scored in terms of Impact and Likelihood, according to criteria defined within the Corporate Risk Strategy. The broad definitions and risk matrix are attached for reference in Appendix 2.
- 1.6 The full Corporate Risk Register, as agreed by Management Team, has been provided to the Audit Committee in hard copy, for reference.
- 1.7 Appendix 3 sets out the corporate risks in score order.
- 1.8 Attached at Appendix 4 is list of risks that have been removed from the register since May 2018.

2. Changes to the Corporate Risk Register

- 2.1 The Risk Management Policy states that to 'ensure it is effective, risk management needs to be aligned with corporate aims, objectives and priorities'. As such the format of the risk register is ordered to reflect the priorities as contained in the Corporate Business Plan. This makes the link between the priorities and the management of associated risks clearer.
- 2.2 Apart from small changes made from a fresh review of the content and updates on progress for various entries, the main changes since the last report are listed below.
- 2.3 Risk rating amendments – higher score
 - 2.3.1 No risk scores have increased in this update. In the previous update, eleven risks were scored higher reflecting the impact of Covid-19 upon the impact and likelihood of vulnerabilities arising. The impact is evident in delays, additional unplanned costs or falls in income and collection rates, reductions in capacity and wider effects upon

the local economy and communities that lead to new and unplanned activities. The probability of vulnerabilities arising continues to be amplified by the virus and variants.

2.4 Risk rating amendments – lower score

2.4.1 No risks are proposed to have lower scores.

2.5 Risks proposed to be added to the register

2.5.1 In the previous update, three new risks were added to the register including Covid-19, flood management/coastal erosion and carbon emissions.

2.5.2 A number of emerging risks are being monitored for future consideration with several arising from future legislation announced in the Queens Speech 2021. These include:

- Environment Bill
- Electoral Integrity Bill
- Planning Bill
- Procurement Bill
- Local authority owned companies (included as an action in the council's Annual Governance Statement).

2.6 Risks proposed to be removed from the register

2.6.1 There are no proposals to remove risks from the register.

2.7 Changes in focus of risks

2.7.1 The proposed changes are shown in italics and reflect a change in the national planning policy system.

Risk 2.4 - 5-year land supply and housing delivery *test*

Current risk description:

The Planning Inspectorate does not agree that the Council has identified an adequate supply of land designated as housing development land for the next 5 years, and consequently this will lead to development approved in areas that the Council does not want developed.

Proposed risk description:

The *Government* or the Planning Inspectorate does not agree that the Council has identified an adequate supply of land designated as housing development land for the next 5 years, *or has not delivered against the nationally set target of homes to be built every year*, and consequently this will lead to development approved in areas that the Council does not want developed.

3. **Conclusion**

3.1 The Corporate Risk Register continues to be actively monitored by Management Team on a periodic basis.

4 Corporate Priorities

4.1 The Corporate Risk Register is aligned with the Corporate Business Plan.

5 Policy Implications

5.1 The updated register reflects emerging policy development related to climate change.

6 Financial Implications

6.1 The Corporate Risk Register is designed to assist senior management to identify and manage any financial implications identified through normal operations.

7 Personnel Implications

7.1 None.

8 Statutory Considerations

8.1 Account and Audit Regulations 2015 - s3(c). The council must ensure that it has 'effective arrangements for the management of risk'.

9 Equality Opportunity Considerations

9.1 None

10 Risk Management Implications

10.1 The council has in place a Risk Management Policy and Strategy.

10.2 The Corporate Risk Register records high level risks which pose a threat or opportunity to the council's objectives. It is a tool used by the Chief Executive and the executive directors (Management Team) to help manage risk across the authority and is a key document within the governance controls applied within the council.

11 Recommendations

11.1 Members are requested to:

- a) consider the contents of the risk register;
- b) confirm agreement with Management Team's assessment of the register:
 - i. No risk scores are increased (outlined in section 2.3)
 - ii. No risk scores are reduced (outlined in section 2.4)
 - iii. No new risks are added (outlined in section 2.5)
 - iv. No risks are deleted (outlined in section 2.6)
 - v. Risk 2.4 is reframed (outlined in section 2.7).

12.0 Declarations of Interest / Dispensations Granted

12.1 None.

Background Papers

Previous Corporate Risk Registers reported to Audit Committee
Risk Management Policy and Strategy

APPENDIX 1

Risk name: Financial plan

Ref	Description	Mitigation	Progress
1.10	<p>Balancing income and expenditure for both Revenue and Capital as set out in the estimates will become more challenging. In addition to the current Covid 19 and economic situations, within which there are significant pressures upon spending and income at both local and national levels, there are known changes needed to funding streams from 2021/22 (due to happen in 2020/21 but delayed a further year by the government), with a move from relying on local taxation rather than funding from Central Government. The current Budget Plan assumes challenging levels of savings in revenue costs and increased reliance on investment in major capital projects to provide future revenue income. There is a possibility that assumptions will not be fully met particularly with the impact of Covid 19 and resultant economic challenges.</p>	<ol style="list-style-type: none"> 1. A review of the costs and provision of all services will continue with the aim of reducing costs and if necessary reduce services to match income. 2. Attendance at consultation updates from LGA / MHCLG. 3. Budgets will be monitored/reported against estimates on a regular basis. 4. Balanced and funded budget to 2021/22. 5. Efficiency Plan and multi-year settlement with Government. 6. Capital and property investment strategy and related monitoring process. 7. Planned and unplanned savings transferred to General Fund balance to adapt to reduction in central government funding. 8. Cabinet and Management Team away days to focus on financial management. 9. Budget presentations to council panels. 10. MHCLG funding related to Covid-19. 	<p>Budget training for members is provided to raise awareness of budget issues. Clarity of the impact of the Fair Funding Review 2020 and Business Rates Retention awaited and remain a concern. Proposals to fund local government via business rates retention reforms remain a risk. Sector and Treasury Management advice in light of uncertainties such as Brexit. Corporate financial model is being developed covering investment schemes. Additional funding received for Brexit preparations (£35,000 split across 18/19 and 19/20), but we are not aware of any further funding for 2020/21. Significant financial impact following outbreak of Covid-19 with Government providing emergency funding of £4m in 20/21 with a further claim due to be submitted against the SFC Scheme. Financial Plan approved by Council in February 2021 which sets out Government Grants announced for 2021/22 with budget gap of £3.4m to address by 2024/25. Cost reduction plan refresh underway. Spending review delayed again and anticipated in autumn.</p>

Risk Score:	Score = 20	
Impact	Extreme	5
Likelihood	Likely	4

Risk name: Business Rates

Ref	Description	Mitigation	Progress
1.12	The financial plan may be adversely affected as a result of substantial events that affect the Business Rates due to the Council. Such events may be appeals being agreed leading to substantial Rateable Value reductions; reliefs being granted; failure to grow the business rate tax base or closure of a large business; and uncertainty relating to the 100% retention of Business Rates in future.	<ol style="list-style-type: none"> 1. Reserves created for measurable risks and membership of the Norfolk Business Rates Pool. 2. Continue to monitor potential areas of risk and work with LGA where possible. 3. Continue working with major businesses to reduce the possibility of closure. 4. VOA has changed its appeal process - now check, challenge and appeal, which seems to have reduced the number of appeals coming through. although it is still early days with this new process so reserves have been maintained at existing levels. 	NHS appeal withdrawn so contingent liability can be removed from statement of accounts. Due to uncertainty of EU Transition compounded by impact of Covid on business rates, a decision was made to collapse the Norfolk Business Rates Pool in 2021/22 with a review to be carried out whether to resurrect it again for 2022/23. Regular updates provided to Government on impact to business rates. Government has compensation scheme in place and has continued to provide financial support to businesses through reliefs and grants. Situation will continue to be closely monitored.

Risk Score:	Score = 20	
Impact	Extreme	5
Likelihood	Likely	4

Risk name: Financial ledger software replacement

Ref	Description	Mitigation	Progress
1.17	The risk is that: Failure of tender process to procure an appropriate software solution and/or the ability to effectively implement new software in accordance with required timescales, resulting in disruption to service delivery, processing times, impact on Council reputation and ability to meet mandatory financial reporting deadlines.	<ol style="list-style-type: none"> 1. Adherence to agreed procurement procedures. 2. Allocation of appropriate resources to the project. 3. Knowledge, skills and experience of those working on the project. 4. Use of software provider support. 5. Prioritisation of work programme. 	'Implementation on 1 April 2020. Numerous issues following system going live which were not apparent during testing causing additional workload when resource is already stretched. Impact of Covid has disrupted team and project capacity and have had to adapt to different working methods. Issues still emerging which divert team resource but also implications for customers that team are working with.

Risk Score:	Score = 16	
Impact	Major	4
Likelihood	Likely	4

Risk name: Covid-19

Ref	Description	Mitigation	Progress
1.20	Virus results in national and local measures to contain outbreak with consequences for commercial services, service delivery and staff well-being.	<ol style="list-style-type: none"> 1. Business continuity arrangements including critical services and "Loss of staff" threat analysis and interventions. 2. Emergency planning liaising with Norfolk Resilience Forum and structures. 3. Insurance 4. ICT network and capability to support agile working (tele/video-conferences, working from home and alternative locations, Office 365, Teams, Zoom, Youtube). 5. Digital and telephony access to services to minimise face to face interactions. 6. Lobbying for government support. 7. Recovery strategy. 8. Monitoring data. 9. Prioritisation of services and response 10. Government funding streams 	<p>Likely to be in response and recovery phases for a further 12 months pending impact of new Covid-19 variant(s). Multiple impacts upon council services and financial plan. Some significant pressures upon specialist areas for example lockdown easements and issuing of grants. Participation in Norfolk Resilience Forum (Strategic Coordinating Group, Tactical Coordination Group, delivery groups, Local Coordination Group, Multi-Agency Fusion Group, etc). Management Team considered response to staff affected by Covid 19 and guidance notes issued to staff, members, on website, social media, etc. Support from Emergency Planning team. Business Continuity team focusing on response, normalisation and moving towards recovery phase. Administration of various grant schemes for local businesses. Advice to premises upon re-opening in line with national and industry Covid 19 guidelines. Development and implementation of a council recovery strategy. Ventilation survey commissioned with related workplace adjustments. Monitoring of data to assess recovery and potential for future virus peak. Liaison with CCG and QE Hospital and Public Health on health related issues, vaccination centre, public messaging, etc.</p>

Risk Score:	Score = 20	
Impact	Major	4
Likelihood	Almost certain	5

Risk name: Local employment

Ref	Description	Mitigation	Progress
2.1	The ability to attract new investment could be adversely affected by potential barriers in the local economy such as availability of premises, levels of skills in the workforce and related low value work.	<ol style="list-style-type: none"> 1. Delivery of an Enterprise Centre and implementation of skills & training initiatives with partners and business sectors. 2. The opening up of employment land at Hardwick and Campbell's Meadows in KL and at St John's Business Estate in Downham Market. 3. Information packs on the local area and to aid recruitment are provided on request. 4. Maintain regular contact with Department for International Trade and market investment opportunities with them. 5. Effectively handle enquires received direct, whether from inside or outside the Borough. 6. Active involvement with New Anglia LEP and Greater Cambridge Greater Peterborough LEP. 7. Enterprise Zone development. 8. Use of external funds to de-risk developments. 	<p>Project funding targeted at raising attainment in local schools from Second Homes money. Land at Downham Market and NORA is actively marketed. The King's Lynn Innovation Centre (KLIC) has high occupancy. A marketing plan for the Nar Ouse Business Park Enterprise Zone implemented. Gas main diversion completed. Nar Ouse site infrastructure & Phase 1 premises construction progressing. LEP financing helps to de-risk the development. Engagement with the BID. Early interest shown by several local companies seeking to expand. Ongoing uncertainty arising from Covid-19 and EU transition may delay company investment decisions. Pre-Covid 19, unemployment rate was at a low level but has risen with economic impact of Covid 19 and may rise further following the anticipated end of furloughing in Sept 2021. H&M store opened Nov 2019 adding to the town centre offer but Covid-19 has led to store closures. Management restructure strengthened focus on regeneration. External funding being progressed via sources such as High Street Heritage Action Zone, Town Fund, Future High Streets Fund, etc.</p> <p>Job retention scheme.</p> <p>National measures contained in Chancellor's statement on 8 July announcing investment in skills, creating jobs, apprenticeships and opportunities for young people and measures to support retail, hospitality and tourism sectors such as VAT reductions, contributions towards dining out, etc.</p> <p>Economic recovery strategies at borough, county and LEP areas.</p>

Risk Score:	Score = 16	
Impact	Major	4
Likelihood	Likely	4

Risk name: Empty retail properties / town centre decline

Ref	Description	Mitigation	Progress
2.2	Loss of town centre businesses leads to a continued downward spiral resulting in long-term depression of the towns.	<ol style="list-style-type: none"> 1. Continued support to businesses through hardship relief. 2. Active management of lettings and promotion of a positive image of the town to potential businesses. 3. Initiatives to promote the town to visitors, shoppers and businesses. 4. Town Centre Partnership/BID. 5. Transport and town centre studies. 6. Bids for external funding such as Town Fund, Future High Streets Fund. High Street Heritage Action Zone. 7. Improvements to key access roads and junctions. 8. Management capacity. 9. Covid 19 response to reopening high street 10. Payment plans for commercial tenants 	<p>National retail statistics indicate reductions in town centre footfall compounded by ongoing economic uncertainty, Covid 19 concerns and shift to online shopping. Range of national retailers and hospitality businesses reducing their operations.</p> <p>Government policies and funding streams such as Eat out to Help Out and VAT reductions to support town centre activity.</p> <p>Actively identifying opportunities to repurpose vacant retail units including conversion to residential and creating flexible pop up retail opportunities for micro-businesses/niche retailers plus community based organisations.</p>

Risk Score:	Score = 16	
Impact	Major	4
Likelihood	Likely	4

Risk name: Provision of leisure and cultural services

Ref	Description	Mitigation	Progress
6.1	New service delivery model does not perform to expectations and business plan.	<ol style="list-style-type: none"> 1. Due diligence; financial and legal arrangements. 2. Legal advice and technical expertise bought in where required. 3. Project board established. 4. Strategy, business case, business plan development and management of project risk register. 5. Stakeholder engagement. Communications support. 6. Consideration of VAT issues arising from a change in delivery model. 7. Reports to Cabinet (5 Feb 2019) and Environment and Community Panel (22 Jan 2019) with regard to the transfer of the Leisure Services operation from ALT to the Council. 8. Heads of Terms agreement agreed and aiming for 1 July 2019 handover. 9. Alive West Norfolk council wholly owned company established and directors appointed. 10. Financial ledger for new company. 11. Contract monitoring role within 2019/20 management restructure. 12. Furloughing of staff in response to Covid 19 13. Revised business plan responding to Covid 19 	<p>Company operational July 2019. Internal Audit reviewing project to identify gaps. Contract monitoring resource being introduced within the council's management restructuring in late 2019.</p> <p>Significant impact arising from Covid 19 and closure of facilities. Construction delayed on Corn Exchange cinema - revised completion and opening 25 Sept 2020. Lockdown easements with reopening of facilities from 6 Apr 2021, 12 Apr 2021 and 17 May 2021 subject to Covid-19 safety guidelines and Government roadmap. Confirmation of Government partial compensation for loss of income. Alive Corn Exchange awarded £247,690 from Government's Culture Recovery Fund.</p>

Risk Score:	Score = 20	
Impact	Major	4
Likelihood	Almost certain	5

Risks categorized as 'High Risk' (Score 10-12)

1.1	Business continuity	12
1.2	Cost reduction programme	12
1.4	Due diligence	12
1.7	Capacity	12
1.8	Fraud and corruption	12
2.3	Major housing developments	12
2.4	5-year land supply and housing delivery test	12
2.6	Strategic land and property acquisition	12
2.8	Accelerated Construction Programme	12
2.9	Major projects programme	12
5.2	Council Reputation	12
6.2	Emergency response (External)	12
6.3	Health and Safety	12
1.14	Cyber security attack	12
3.2	Carbon emissions	12

APPENDIX 2 - After April 2021 review

LIKELIHOOD

5 Almost Certain	(Green)	(Orange)	(Red)	(Red) 1.20, 6.1	(Red)
4 Likely		(Green)	(Orange) 1.2, 1.7, 2.4, 2.9, 5.2	(Red) 1.17, 2.1, 2.2	(Red) 1.10, 1.12
3 Possible		(Green) 4.1, 4.3	(Green) 1.3, 1.9, 1.13, 1.15, 1.16, 1.18, 2.5, 2.7, 4.2, 5.3	(Orange) 1.1, 1.4, 1.8, 1.14, 2.3, 2.6, 2.8, 3.2, 6.2, 6.3	(Red)
2 Unlikely			(Green) 1.5, 1.11, 5.1	(Green) 1.6, 1.19, 3.1	(Orange)
1 Rare					(Green)
	1 Insignificant	2 Minor	3 Moderate	4 Major	5 Extreme

IMPACT

Risk Category	How the Risk should be managed
Very High Risk (15 – 25) (Red)	Immediate action required. Senior Management must be involved.
High Risk (10 – 12) (Orange)	Senior Management attention needed and management responsibility specified.
Medium Risk (5 – 9) (Green)	Manage by specific monitoring or response procedures. Responsibility to be allocated by Management Team to a named Service Manager.
Low Risk (1 – 4) (White)	Manage by routine procedures, unlikely to need specific or significant application of resources.

APPENDIX 3 - Corporate risks in score order

Ref	Title	Score
1.12	Business Rates	20
6.1	Provision of leisure and cultural services	20
1.10	Financial plan	20
1.20	Covid 19	20
2.1	Local employment	16
2.2	Empty retail properties / town centre decline	16
1.17	Financial ledger software replacement	16
1.1	Business continuity	12
1.2	Cost reduction programme	12
1.4	Due diligence	12
1.7	Capacity	12
1.8	Fraud and corruption	12
2.3	Major housing developments	12
2.4	5-year land supply and housing delivery test	12
2.6	Strategic land and property acquisition	12
2.8	Accelerated Construction Programme	12
2.9	Major projects programme	12
5.2	Council Reputation	12
6.2	Emergency response (External)	12
6.3	Health and Safety	12
1.14	Cyber security attack	12
3.2	Carbon emissions	12
1.3	Reputation management	9
1.13	Channel Shift	9
1.15	Pay Policy	9
1.16	General Data Protection Regulations (GDPR)	9
1.18	Conflicting aims (with Partners)	9
2.5	Housing market	9
2.7	West Winch/North Runcton Strategic Growth Area	9
4.2	Homelessness Reduction Act 2017 (Preventing homelessness.)	9
5.3	Improvements to heritage buildings	9
1.9	VAT	9
1.6	ICT failure of backup	8
1.19	Mobilisation of new Waste and Recycling Contract	8
3.1	Flood management and coastal erosion	8
1.5	Loss of ICT	6
1.11	Pension Fund	6
4.1	Modern Slavery	6
4.3	New regulations regarding HMOs	6
5.1	Community Relations	6

APPENDIX 4 - Corporate risk removed from the register

Title	The risk is that:	Risk removed
VAT - Trust arrangements	If subject to an audit, HMRC may not agree that the model used to establish the new leisure arrangements is valid in respect of claiming VAT exemptions.	Jun-19
Revenues and Benefits software tender	Failure of tender process to procure an appropriate software solution and/or the ability to effectively implement new software in accordance with required timescales, resulting in disruption to service delivery, processing times and impact on Council reputation	Jun-19
Fire compartmentalisation	Elements of King's Court are declared unsafe for habitation based on a fire safety assessment by either the Crown fire officer or BCKLWN's fire officer.	Jun-19
THi 2 Application to the Heritage Lottery Fund	Important parts of King's Lynn continue to be in a dilapidated state giving a very poor image of the town	Jun-19
Waste and Recycling Contract	The Council will not have the required vehicles or manpower to supply waste collection services if Kier, who currently have the contract to provide the service, terminate the contract at short notice.	Oct-18
King's Court	Relocation of partner organisations into King's Court risks disruption to and potential loss of/impact on services currently delivered from the site. There is also the risk of loss of income/higher implementation costs associated with moving external teams into the building.	May-18