

## POLICY REVIEW AND DEVELOPMENT PANEL REPORT

REPORT TO:	Audit Committee		
DATE:	20 June 2022		
TITLE:	Corporate Risk Monitoring Report – May 2022		
TYPE OF REPORT:	Monitoring		
PORTFOLIO(S):	Performance		
REPORT AUTHOR:	Ged Greaves, Corporate Performance Manager		
OPEN/EXEMPT	Open	WILL BE SUBJECT TO A FUTURE CABINET REPORT:	No

### **REPORT SUMMARY/COVER PAGE**

<b>PURPOSE OF REPORT/SUMMARY:</b>
<p>This report presents the changes to the Corporate Risk Register since the last monitoring report to the 28 February 2022 meeting. It gives details of the risks falling into the 'Very High' category and the associated work being progressed to mitigate the effects.</p>
<b>KEY ISSUES:</b>
<p>Following the review, it is proposed to increase the score for three risks to reflect challenges with the wider economy, supply chains and high inflation. It is proposed to reduce the score of three risks. There is a proposal to add one new risk to the register. The descriptions for two risks have suggested revisions. There is a proposal to transfer two risks from the corporate risk register to the Resources directorate risk register. The register also includes risk actions which evidence the register is used as a management tool for driving improvement.</p>
<b>OPTIONS CONSIDERED:</b>
<p>Not applicable.</p>
<b>RECOMMENDATIONS:</b>
<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.</p>
<b>REASONS FOR RECOMMENDATIONS:</b>
<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 28 February 2022. The latest report is for the period up to end of May 2022.
- 1.3 Under the current policy, the Corporate Risk Register is reviewed by Management Team on a 6-monthly basis. 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 Management 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 Three risk scores have increased in this update. Wider economic pressures pose risks to budgets, supply chains, capacity and the local economy and housing market. The probability of vulnerabilities arising continues to be amplified by these external forces driven by rises in inflation and interest rates, the invasion of Ukraine by Russia and ongoing supply chain pressures.

### 2.3.2 Three risks have an increased score:

#### *Risk 1.19 – Waste and recycling contract*

Previous score: Major/Unlikely

Proposed score: Major/*Possible*

The probability of the risk materializing has increased as clients challenge performance standards and achievement of aspirations.

The risk would move from green to amber.

#### *Risk 2.1 –Local employment*

Previous score: Major/Likely

Proposed score: Major/*Almost certain*

Macro-economic factors are having significant impacts upon businesses and households evident in workforce issues, supply chain challenges, rising inflation and interest rates.

The risk remains red.

#### *Risk 4.2 – Preventing homelessness*

Previous score: Moderate/Possible

Proposed score: *Major/Likely*

Emerging issues in the housing market and with the availability of private rented sector accommodation are increasing the probability of this risk arising with a potential detrimental consequence for vulnerable individuals.

The risk would move from green to red.

### 2.4 Risk rating amendments – lower score

#### 2.4.1 Three risks have proposed lower scores.

##### *Risk 1.9 – VAT*

Previous score: Moderate/Possible

Proposed score: Moderate/*Unlikely*

The de minimus calculation has reduced by more than 50% since 2018/19 and remained low for several years. The probability of the risk materialising has reduced and it is proposed that the score is lowered. This would result in the risk reaching its target score.

The risk is recommended to be transferred from the corporate risk register to the Resources directorate plan risk register.

##### *Risk 1.17 - Financial ledger software implementation and development*

Previous score: Major/Likely

Proposed score: *Moderate/Possible*

Progress has been made with the review of licences and system roles and the improvement plan. A training plan is to be rolled out between summer and autumn 2022.

The risk would move from red to green.

The risk is recommended to be transferred from the corporate risk register to the Resources directorate plan risk register.

#### *Risk 1.20 – Covid-19*

Previous score: Major/Almost certain

Proposed score: *Moderate/Possible*

Whilst Covid-19 remains present in the community, national restrictions have been removed and the policy focus is “living with Covid-19”. Mitigation measures remain in place for example ventilation and hybrid working and response and reporting structures have been stood down or scaled back.

Ongoing monitoring will identify local and national issues for example winter pressures and where required the council’s structures and responses can be stood up.

The risk would move from red to green.

#### 2.5 Risks proposed to be added to the register

2.5.1 It is proposed to add one risk to the register – Risk 1.21 – Rapidly rising costs.

2.5.2 There are several external factors driving a rapid rise in the rate of inflation. These factors are likely to be present for some time and impact across other risks and council activities.

#### 2.6 Risks proposed to be removed from the register

2.6.1 There are proposals to remove two risks from the register. These have been covered in section 2.4.1 and are Risk 1.9 – VAT and Risk 1.17 - Financial ledger software implementation and development.

#### 2.7 Changes in focus of risks

2.7.1 A number of risks have proposed changes to title and description to reflect current circumstances.

2.7.2 Risk 1.2 – Cost management and income generation

Current title: Cost Reduction Programme (staff morale & members' expectations).

Current description: The process of cost reduction programme necessary to assist the Cabinet to meet the future budget shortfall could lead to a drop in staff morale and consequently an increase in sickness absence. Members may not fully realise the impact of the necessary budget cuts on the level of service delivery.

Proposed title: Cost management and income generation

Proposed description: The programme of cost management and income generation necessary to assist the Cabinet to meet the future budget shortfall could lead to a drop in staff morale and consequently an increase in sickness absence. Members may not fully realise the impact of the necessary budget cuts on the level of service delivery.

The rationale for these changes is to reflect the broader approach to addressing the forecast budget shortfall.

### 2.7.3 Risk 1.15 – Pay policy

Current title: Pay policy

Proposed title: Pay pressures

The rationale for this change is to reflect the risk environment has moved on from previous central government pay restraints.

### 2.7.4 Risk 2.1 – Local employment

Current description: 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.

Proposed description: Existing businesses remaining competitive given pressures such as workforce issues, supply chain challenges, rising inflation and interest rates and EU Transition.

The rationale for this change is to reflect the current challenges facing local businesses.

## 2.8 Change in target score

2.8.1 There are no proposed changes to target scores.

## 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 previous Corporate Business Plan. Following the development of directorate plans the register will be aligned with the corporate business plan agreed in November 2021.

## 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 Management Team to help manage risk across the authority and is a key document within the governance controls applied within the council.

## **11. Environmental Implications**

- 11.1 The risk register includes a number of climate change and environmental risks such as Risk 1.1 - Business continuity, Risk 3.1 - Flood management and coastal erosion and Risk 3.2 - Carbon emissions.

## **12 Recommendations**

- 12.1 Members are requested to:
- a) consider the contents of the risk register;
  - b) confirm agreement with Management Team's assessment of the register:
    - i. Three risk scores are increased (outlined in section 2.3)
    - ii. Three risk scores are reduced (outlined in section 2.4)
    - iii. One new risk is added (outlined in section 2.5)
    - iv. Two risks are transferred to the Resources directorate risk register (outlined in section 2.6)
    - v. Three risks are reframed (outlined in section 2.7).

## **13.0 Declarations of Interest / Dispensations Granted**

- 13.1 None.

## **Background Papers**

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

## APPENDIX 1

Risk name: Capacity

Risk score = 15

Impact: Moderate (3)

Likelihood: Almost certain (5)

Ref	Description	Mitigation	Progress
1.7	As staffing levels are reduced to a minimum, capacity to cope with major projects, sickness absence and peak holiday periods is compromised resulting in insufficient staff levels to deal with operational matters.	<ol style="list-style-type: none"> <li>1. Arrangements with other councils.</li> <li>2. Use of agency and interim staff.</li> <li>3. Improve staff resilience/ cross training.</li> <li>4. Service and management restructures and related recruitment and development.</li> <li>5. Absence management.</li> <li>6. Use of apprentices and intern from UEA (position subsequently established as permanent role).</li> <li>7. Use of external support for Towns Fund business case development, subsidy control and independent appraisal.</li> </ol>	<p>Established training regime to enable colleagues to cover for each other's absences. Management restructure agreed April 2022 with additional Exec Director being recruited. UEA intern to support climate change footprint and policy development. Following end of national Covid-19 measures most services/operational delivery returning to normal levels however some services (frontline and back office) have backlogs and new Government initiatives may require additional capacity e.g. Ukraine response. Additional resources to focus on communications and enforcement of flytipping.</p> <p>Action: 1. Review recruitment issues.</p>

**Risk name: Financial plan**

**Risk score = 20**

**Impact: Extreme (5)**

**Likelihood: Likely (4)**

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"> <li>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.</li> <li>2. Attendance at consultation updates from LGA / MHCLG/ CIPFA.</li> <li>3. Budgets will be monitored/reported against estimates on a regular basis.</li> <li>4. Balanced and funded budget to 2024/25.</li> <li>5. Efficiency Plan and multi-year settlement with Government.</li> <li>6. Capital and property investment strategy and related monitoring process.</li> <li>7. Planned and unplanned savings transferred to General Fund balance to adapt to reduction in central government funding.</li> <li>8. Cabinet and Management Team away days to focus on financial management.</li> <li>9. Budget presentations to council panels.</li> <li>10. MHCLG funding related to Covid-19.</li> <li>11. Approach to budget setting and workshop themes (reviewing fees and charges, income generation, salaries, community benefit and staff engagement) including wider engagement with elected members.</li> </ol>	<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. 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 published in October 2021 although detail awaited on local government financial settlement. Outturn for 20/21 required a lower draw down of reserves than anticipated which reduces the gap from £3.4 to circa £1m. Undertaking budget setting process to refresh the financial plan for the next 4 years.</p> <p>Awaiting Government to confirm funding changes and consultation. Ongoing legacy costs arising from Covid-19 which are now unfunded by central Government. Impact of high level of inflation on operational costs. Improved return on investments, no current external borrowing but will need to factor interest rates into this future planning.</p> <p>Actions:</p> <ol style="list-style-type: none"> <li>1. Revised Financial Plan developed for Cabinet and Council approval, Feb 2022. Completed.</li> <li>2. Approach to budget setting and workshop themes (reviewing fees and charges, income generation, salaries, community benefit and staff engagement) including wider engagement with elected members.</li> </ol>

**Risk name: Business Rates**

**Risk score = 20**

**Impact: Extreme (5)**

**Likelihood: Likely (4)**

<b>Ref</b>	<b>Description</b>	<b>Mitigation</b>	<b>Progress</b>
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 75% retention of Business Rates in future.	<ol style="list-style-type: none"><li>1. Reserves created for measurable risks and membership of the Norfolk Business Rates Pool.</li><li>2. Continue to monitor potential areas of risk and work with LGA where possible.</li><li>3. Continue working with major businesses to reduce the possibility of closure.</li><li>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.</li><li>5. S31 grant provided to offset shortfall in income.</li></ol>	<p>The Norfolk Business Rates Pool in 2021/22 was continued 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. Uncertain whether 75% business rates retention scheme will be progressed due to impact from Covid-19 on economy. Anticipate minimal changes in short term but recognise that one small change could have a significant upon the financial plan.</p> <p>Actions:</p> <ol style="list-style-type: none"><li>1. Monitor Government position with business rates retention.</li><li>2. Provisional local government finance settlement announced Dec 2021 -ongoing monitoring of impact.</li><li>3. Ongoing monitoring of new legislative programme and announcements.</li></ol>

**Risk name: Rapidly rising costs**

**Risk score = 16**

**Impact: Major (4)**

**Likelihood: Likely (4)**

Ref	Description	Mitigation	Progress
1.21	Programmes, projects and service delivery challenged as a result of significant increases in cost arising from general inflation, energy and utilities and supply chain pressures.	<ol style="list-style-type: none"><li>1. Cost management and income generation activities.</li><li>2. Descoping elements of projects.</li><li>3. Phasing of projects.</li><li>4. Use of external funding for projects.</li><li>5. Installation of efficient heating and lighting systems.</li><li>6. Generation of electricity through solar PV.</li></ol>	<p>Impact across many risks but in particular to Risks 1.2 - Cost management and income generation, 1.10 - Financial Plan, risks under corporate business plan priority "Delivering growth in the economy and with local housing" and Risk 6.1 Provision of leisure and cultural services.</p> <p>External forces driving inflation and interest rate rises with continuation of Russian invasion of Ukraine.</p> <p>Reprioritisation of Towns Fund projects to fit agreed funding envelope. Exploration of bids to Levelling Up and Shared Prosperity Fund.</p> <p>Actions:</p> <ol style="list-style-type: none"><li>1. Ongoing monitoring of costs and programmes/projects.</li><li>2. Seeking external funding for projects e.g. decarbonisation of buildings and vehicle fleet, HLF application for Guildhall.</li><li>3. Implementation of Re:FIT and grant funded decarbonisation projects.</li></ol>

**Risk name: Local employment**

**Risk score = 20**

**Impact: Major (4)**

**Likelihood: Almost certain (5)**

Ref	Description	Mitigation	Progress
2.1	Existing businesses remaining competitive given pressures such as workforce issues, supply chain challenges, rising inflation and interest rates and EU Transition.	<ol style="list-style-type: none"> <li>1. KLIC and related skills &amp; training initiatives with partners and business sectors.</li> <li>2. The release of Council owned employment land at Hardwick and Campbell's Meadows in KL and at St John's Business Estate in Downham Market.</li> <li>3. Information packs on the local area and to aid recruitment are provided on request.</li> <li>4. Maintain regular contact with Department for International Trade and market investment opportunities with them.</li> <li>5. Effectively handle enquires received direct, whether from inside or outside the Borough.</li> <li>6. Active involvement with New Anglia LEP.</li> <li>7. Enterprise Zone development.</li> <li>8. Use of external funds to de-risk developments.</li> <li>9. Gas main diversion completed at Nar Ouse.</li> <li>10. Towns Fund Youth and Retraining Pledge project.</li> </ol>	<p>Land at Downham Market and NORA is actively marketed. The KLIC has a stable but high occupancy. A marketing plan for the Nar Ouse Business Park Enterprise Zone implemented. Nar Ouse site infrastructure &amp; 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 macro-economic events may delay company investment decisions. Pre-Covid 19, unemployment rate was at a low level but has risen with economic impact of Covid 19 although the claimant rates has subsequently improved. H&amp;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 Towns Fund and Levelling Up. Economic recovery strategies at borough, county and LEP areas. New businesses enquiries being received and a role to open up new allocated employment land in Borough. Pressures upon resilient supply chains as labour rates elsewhere become more attractive and demand from significant construction projects in region. Local evidence of 20-25% vacancies within some employers. National data indicates more vacancies than labour supply. Rising cost of living placing pressures on households with low incomes with potential consequences for spending in the local economy. Inflation leading to rising business costs coupled with interest rate increases. Also link to Risk 1.15 Pay pressures.</p> <p>Actions:</p> <ol style="list-style-type: none"> <li>1. Local Plan review - employment land (current allocated land is unviable due to need to raise levels).</li> <li>2. Ongoing monitoring of Levelling Up proposals and support to increase the numbers of people to fulfil roles at all skill levels post-Covid/EU Transition, Mar 22</li> <li>3. Apprenticeships/ training programmes encouraged within major housing contracts and sub-contractors, Mar 22</li> <li>4. Explore options for innovation centres, advanced manufacturing centres of excellence, etc through Government funding.</li> <li>5. Shared Prosperity Fund and development of West Norfolk Investment Plan to improve work based skills programme.</li> <li>6. Consideration of Youth and Re-Training Pledge Project and broader role going forward.</li> </ol>

**Risk name: Empty retail properties / town centre decline**

**Risk score = 16**

**Impact: Major (4)**

**Likelihood: Likely (4)**

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"> <li>1. Continued support to businesses through hardship relief.</li> <li>2. Active management of lettings and promotion of a positive image of the town to potential businesses.</li> <li>3. Initiatives to promote the town to visitors, shoppers and businesses.</li> <li>4. Town Centre Partnership/BID.</li> <li>5. Transport and town centre studies.</li> <li>6. Bids for external funding such as Town Fund, Levelling Up, etc.</li> <li>7. Improvements to key access roads and junctions.</li> <li>8. Management capacity.</li> <li>9. Covid 19 response to reopening high street</li> <li>10. Payment plans for commercial tenants</li> <li>11. Change in use class Order E.</li> <li>12. Town Investment Plan.</li> <li>13. Brownfield land within town centres released for housing.</li> <li>14. Towns Fund approved business case for Public Realm improvements.</li> </ol>	<p>National retail statistics indicate reductions in town centre footfall compounded by ongoing economic uncertainty, Covid-19 concerns and behavioural shift to online shopping. Range of national retailers and hospitality businesses reducing their town centre operations. Events programme and initiatives to promote the town recommenced. Opportunities to improve new housing delivery in the town centre.</p> <p>Town centre car parking remains below pre-Covid-19 levels. Some signs of churn within town centre premises and property market. Town Deal Repurposing project indicates that a few large King's Lynn town centre premises closed due to wider economic factors but businesses are churning. Market failure does not appear to be demonstrated in King's Lynn relative to other towns due its unique geopolitical and economic attributes. Cost of living challenges may reduce household disposable income and impact upon some businesses.</p> <p>Actions:</p> <ol style="list-style-type: none"> <li>1. 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, Mar 2022</li> <li>2. Developing business cases for MUCH, Guildhall and Riverfront.</li> <li>3. Explore alternative purposes for King's Lynn Town Centre - Town Investment Plan viewing the town centre as a multi-purpose destination rather than just retail.</li> <li>4. Consideration of the housing element within King's Lynn town centre and contribution of LCWIP and ACC Towns Fund Project towards the 15 minute neighbourhood concept.</li> <li>5. Development of the car parking strategy.</li> <li>6. Repurposing of vacant town centre units for purposes such as leisure.</li> </ol>

**Risk name: Major Projects Programme**

**Risk score = 15**

**Impact: Moderate (3)**

**Likelihood: Almost certain (5)**

Ref	Description	Mitigation	Progress
2.9	<p>The failure to deliver the programme of major projects to its approved parameters impacts upon the council's finances and delivery of council services. A major project being any approved property project that can cause significant financial, legal, reputational or compliance issues or prevent the council from delivering a priority or key objective.</p>	<ol style="list-style-type: none"> <li>1. Project management principles applied with use of briefs, PIDs, risk, etc.</li> <li>2. Officer Major Projects Board for approval of projects and oversight of delivery and involving senior officers representing key disciplines.</li> <li>3. Member Major Projects Board oversight with updates to Audit Committee.</li> <li>4. Use of external professional advisers on technical and professional matters e.g. architects, engineers, etc.</li> <li>5. Broad programme agreed by Cabinet with updates via Cabinet briefings and to portfolio holders.</li> <li>6. Due diligence undertaken on investments, partnerships, third parties, etc and recorded in contracts, reports, etc.</li> <li>7. Skills development for project delivery teams.</li> <li>8. Use of external funds to de-risk developments.</li> <li>9. Change control logs, risk registers on Major Housing Projects.</li> <li>10. Descoping, reprioritising and seeking alternative funding streams to address cost inflation.</li> <li>11. New Executive Director post.</li> <li>12. Independent business case assessments and subsidy control checks for Town Deal projects.</li> </ol>	<p>Risks and mitigation measures identified in project documents. Officer and Member Major Projects Boards provide oversight and assurance.</p> <p>Due diligence checklist in development covering site, legal, financial, communications, resource issues and development options. Wide range of external funds to de-risk development financing such as Town Fund, Levelling Up, Business Rates Pool, Accelerated Construction Programme, Coastal Revival Fund, etc. Change in focus of funding appears directed to 'shovel-ready' projects. Implications of Covid-19 impact on council's financial resources resulting in review of budgets and capital programme and re-prioritising projects to ensure sustainable, affordable programme going forward. Labour market challenges leading to potential risks around availability of required skills/competency/experience when recruiting e.g. project management.</p> <p>Macro-economic factors and consumer confidence not yet feeding through into local housing market but anticipated impact. Exploring options related to private rental housing and build to rent with consequent revenue stream.</p> <p>Vacancies exceeding job seekers with a potential impact on availability of consultants and advisers to support bids for competitive Government funding further compounded by tight timescales.</p> <p>Actions:</p> <ol style="list-style-type: none"> <li>1. Consider succession planning, apprenticeships, etc as a future approach to minimising risks, Mar 2022.</li> <li>2. New Executive Director post to be recruited.</li> <li>3. Officer Project Development Group to be established, Aug 2022</li> </ol>

**Risk name: Preventing homelessness**

**Risk score = 16**

**Impact: Major (4)**

**Likelihood: Likely (4)**

Ref	Description	Mitigation	Progress
4.2	A very small significant number of highly vulnerable complex needs individuals become homeless in a chronic way and be in danger of rough sleeping.	<ol style="list-style-type: none"> <li>1. Staff capacity.</li> <li>2. Training and development programme on new responsibilities.</li> <li>3. ICT development to support case management.</li> <li>4. Support commissioned from voluntary and community sectors.</li> <li>5. Partnership and network arrangements.</li> <li>6. Communications support.</li> <li>7. Accommodation options improved by Broad Street.</li> <li>8. Reduction in working age population.</li> <li>9. Strategic Housing Market Assessment identifies increasing prevalence of families sharing accommodation with families.</li> </ol>	<p>Key aspect to deal with anticipated increase in homelessness is capital and revenue funding announced in June 2020. Focus will be conversion of existing vacant residential and commercial units. Also funding offsite constructed modular units to be delivered by housing association partners on council owned land. Potential for those who were accommodated under Everyone In policy losing accommodation and being homeless again or rough sleeping. Plan agreed for all Norfolk authorities to work together to deliver a housing related support strategy - "no homeless in Norfolk". This will be based on a shared approach but with local delivery models to fit local accommodation solutions. Ongoing lobbying of Government departments for funding and preparation of a joint bid for MHCLG homelessness funding. Marginally improved staffing. Temporary COMF funding. Ongoing lobbying of Government departments for funding and use of funding from Everyone In initiative, Next Steps Accommodation Programme and Rough Sleeper Initiative. Only 1 rough sleeper reported to Government as part of annual snapshot survey.</p> <p>Emerging issues:</p> <ol style="list-style-type: none"> <li>1. Increased pressures arising from housing market changes related to changing lifestyles prompted by Covid-19 and home working compounded by a rapid change in private rental market capacity with landlords selling properties given buoyant house prices.</li> <li>2. Potential issue that housing availability and support may not be in place in the future for refugees that are seeking to move on from their current accommodation.</li> </ol> <p>Actions:</p> <ol style="list-style-type: none"> <li>1. Asylum seekers - potential placings under review, Mar 2022</li> <li>2. Consider impact of proposed legislation on second homes.</li> <li>3. Consideration to be given to re-examining social housing provision and exploration of measures to mitigate the reduction in private rented sector capacity. Refocus efforts on providing additional social and private rented housing.</li> </ol>

**Risk name: Provision of leisure and cultural services Risk score = 15**

**Impact: Moderate (3)**

**Likelihood: Almost certain (5)**

Ref	Description	Mitigation	Progress
6.1	Alive West Norfolk does not perform to expectations and business plan.	<ol style="list-style-type: none"> <li>1. Due diligence; financial and legal arrangements.</li> <li>2. Legal advice and technical expertise bought in where required.</li> <li>3. Project board established.</li> <li>4. Strategy, business case, business plan development and management of project risk register.</li> <li>5. Stakeholder engagement. Communications support.</li> <li>6. Consideration of VAT issues arising from a change in delivery model.</li> <li>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.</li> <li>8. Heads of Terms agreement agreed and aiming for 1 July 2019 handover.</li> <li>9. Alive West Norfolk council wholly owned company established and directors appointed.</li> <li>10. Financial ledger for new company.</li> <li>11. Contract monitoring role within 2019/20 management restructure.</li> <li>12. Furloughing of staff in response to Covid 19</li> <li>13. Revised business plan responding to Covid 19</li> <li>14. AWN Strategy agreed by AWN Board April 21</li> <li>15 AWN Operational plan aligned to Strategy April 21</li> <li>16 AWN High Level Business Plan to AWN Board Dec21</li> <li>17 National Leisure Recovery Grant of £636k used to support AWN during 20/21</li> <li>18 Culture Recovery fund of £223k used to support AWN during 20/21</li> </ol>	<p>Company operational July 2019. Internal Audit reviewing project to identify gaps. Confirmation of Government partial compensation for loss of income. Alive Corn Exchange awarded £247,690 from Government's Culture Recovery Fund. Facilities and services operational following lifting of national Covid-19 restrictions. Energy costs are met by the council. Company has mitigation plans in place for water treatment. No signs of a reduction in customer demand arising from pressures on household disposable incomes.</p> <p>Action:</p> <ol style="list-style-type: none"> <li>1. Council companies review to be considered by Corporate Performance Panel and Cabinet.</li> </ol>

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

Ref	Title	The risk that:	Score
1.1	Business continuity (Internal) Including loss of staff and loss of King's Court	The Council is unable to meet its obligations as a Category 1 responder under the Civil Contingencies Act 2004 which requires that the Council has effective, organisation wide plans based on risk assessment. In addition, the Council appears to be ineffective in times of emergency.	12
1.2	Cost Reduction Programme (staff morale & members' expectations).	The process of cost reduction programme necessary to assist the Cabinet to meet the future budget shortfall could lead to a drop in staff morale and consequently an increase in sickness absence. Members may not fully realise the impact of the necessary budget cuts on the level of service delivery.	12
1.4	Due diligence	Increasing pressure on the Council to find alternative ways to deliver service objectives means that new, innovative projects are being considered, which may not generate savings as anticipated or have sufficient staff resources with the required skills to deliver.	12
1.8	Fraud and corruption	The Council, like any other organisation, is vulnerable to fraud and corruption. The Council suffers a loss and/or reputational damage.	12
1.14	Cyber security attack	Data and systems could be compromised by way of ransomware, virus and / or phishing attacks.	12
1.15	Pay pressures	Current Council pay arrangements could be disrupted by changes in the Government's public sector pay policy, having an impact on recruitment and retention of employees and financial implications for the Council.	
1.19	Waste and recycling contract	Service delivery arrangement does not perform according to expectations and outcomes set out in the service contract.	12
2.3	Major housing developments	Local opposition may result in planning permission not being obtained for the development, leading to contractual problems with the developer.	12
2.4	5-year land supply and housing delivery and housing delivery test	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.	12
2.6	Strategic land and property acquisition	The Council has a finite amount of land/properties in its portfolio which will limit future opportunities for development/investment and associated financial return.	12
2.8	Accelerated Construction Programme	Delivery breaches agreed contract terms with Homes England.	12
3.2	Carbon emissions	Failure to reduce the council's carbon emissions and encourage reduction in borough wide emissions by 2035 leading to reputational damage.	12
5.2	Council Reputation	An avoidable incident occurs which could result in the council's reputation being adversely affected, resulting in loss of confidence from the public. Such incidents could relate to HMO's, food safety, leisure activities, asbestos, legionnaires disease.  A failure to identify and mitigate risks associated with contracts.	12
6.2	Emergency response (External)	The Borough is vulnerable to the effects of flooding and it is anticipated that the local area will be flooded at some stage.	12
6.3	Health and Safety	Compliance with Health & Safety legislation relevant to the Council's activities is a mandatory requirement. Failure to comply with H&S requirements can lead to injury and ill health to employees and the public at large who might be affected by Council activities. Compliance failure can also lead to enforcement action by the Health and Safety Executive.	12

**APPENDIX 2 - After May 2022 review**

LIKELIHOOD

5 Almost Certain	(Green)	(Orange)	(Red) 1.7, 2.9	(Red) 2.1, 6.1	(Red)
4 Likely		(Green)	(Orange) 1.2, 2.4, 5.2	(Red) 1.21, 2.2, 4.2	(Red) 1.10, 1.12
3 Possible		(Green) 4.1, 4.3	(Green) 1.3, 1.13, 1.16, 1.17, 1.18, 1.20, 2.5, 2.7, 5.3	(Orange) 1.1, 1.4, 1.8, 1.14, 1.15, 1.19, 2.3, 2.6, 2.8, 3.2, 6.2, 6.3	(Red)
2 Unlikely			(Green) 1.5, 1.9, 1.11, 5.1	(Green) 1.6, 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
1.10	Financial plan	20
1.12	Business Rates	20
2.1	Local employment	20
6.1	Provision of leisure and cultural services	20
1.21	Rapidly rising costs	16
2.2	Empty retail properties / town centre decline	16
4.2	Preventing homelessness	16
1.7	Capacity	15
2.9	Major projects programme	15
1.1	Business continuity (Internal) Including loss of staff and loss of King's Court	12
1.2	Cost management and income generation	12
1.4	Due diligence	12
1.8	Fraud and corruption	12
1.14	Cyber security attack	12
1.15	Pay pressures	12
1.19	Waste and Recycling Contract	12
2.3	Major housing developments	12
2.4	5-year land supply and housing delivery and housing delivery test	12
2.6	Strategic land and property acquisition	12
2.8	Accelerated Construction Programme	12
3.2	Carbon emissions	12
5.2	Council Reputation	12
6.2	Emergency response (External)	12
6.3	Health and Safety	12
1.3	Reputation management	9
1.13	Channel Shift	9
1.16	General Data Protection Regulations (GDPR)	9
1.17	Financial ledger software implementation and development	9
1.18	Conflicting aims (with Partners)	9
1.20	Covid 19	9
2.5	Housing market	9
2.7	West Winch/North Runcton Strategic Growth Area	9
5.3	Improvements to heritage buildings	9
1.6	ICT failure of backup	8
3.1	Flood management and coastal erosion	8
1.5	Loss of ICT	6
1.9	VAT	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
Financial ledger software implementation and development	Failure to effectively implement and develop 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.	May 2022
VAT	The Housing Stock Transfer had a potentially significant impact from April 2007 on the Council's ability to reclaim VAT on purchases and could result in a big increase in expenditure (possibly £200k).	May 2022
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