

# Report to Business & Transformation Scrutiny Panel

Meeting Date: 31<sup>st</sup> March 2022  
 Portfolio: Finance, Governance & Resources  
 Key Decision: Not Applicable:  
 Within Policy and Budget Framework NO  
 Public / Private Public

Title: CORPORATE RISK REGISTER  
 Report of: Deputy Chief Executive  
 Report Number: CS 15/22

## Purpose / Summary:

The purpose of this report is to update members of the Business and Transformation Scrutiny Panel on the management of the Council's Corporate Risk Register.

## Recommendations:

The Panel is asked to scrutinise and comment on the current Corporate Risk Register, as set out in Appendix One.

## Tracking

Executive:	Not applicable
Overview and Scrutiny:	Not applicable
Council:	Not applicable

## 1. BACKGROUND

In accordance with the Council's Risk Management Assurance Framework, the Corporate Risk Register (CRR) has been submitted to the Business and Transformation Scrutiny Panel for monitoring on a six-monthly basis. This report contains the revised current CRR, attached at Appendix 1 for consideration and comment.

## 2. PROPOSALS

### **Corporate Risk Register – progress since the last report to Business & Transformation Scrutiny Panel on 1<sup>st</sup> April 2021**

- 2.1 Members will be aware that the Corporate Risk Management Group (CRMG) is responsible for delivering and reviewing the Risk Management Assurance Framework, maintaining and improving risk management processes as well as monitoring and advising on the Council's Corporate Risk Register.
- 2.3 The CRMG meets quarterly. Special meetings will be called by the Chair should risks be escalated and require an intervention from the CRMG or Senior Management Team.
- 2.4 The CRR was last reviewed by the CRMG and Senior Management Team w/c 14<sup>th</sup> March. The control strategy narrative as well as assessment dates and target risk scores have been updated since this meeting and an up to date version is attached at Appendix One.
- 2.7 None of the risks have escalated in their RAG rating since this was last reported to Members.
- 2.8 The Council's Risk Management sub-group is due to meet April 2022. This sub-group is chaired by the Chief Executive's Office Manager. Penholders for the risk registers are required to attend meetings and present the operational/project risk register that they are responsible for. The Sub-Group acts as a "critical friend" ensuring that risks are comprehensive; accurately scored; relevant, that a consistent approach has been taken etc. The Sub-Group has now considered each operational risk register from across the Council. It is several years since the first operational

risk register was reviewed by the Group and as such the Group will work its way through the registers for a second time, to ensure standards have been maintained.

- 2.10 Updates of operational risk registers for this period have been completed within the specified timescales as set out in the City Council's Risk Management Assurance Framework. These updates are co-ordinated via SharePoint.
- 2.11 Members will note the addition of a new corporate risk focused on the potential impact of Local Government Reorganisation in Cumbria and the likelihood and impact of any detrimental effects on the Council's delivery of its Carlisle Plan.

Comments on this risk, our stated mitigating actions and the risk scores would be welcomed from the panel.

### **3. CONSULTATION**

Corporate Risk Management Group and SMT w/c 14 March.

### **4. CONCLUSION AND REASONS FOR RECOMMENDATIONS**

The Panel is asked to scrutinise and comment on the Corporate Risk Register as set out in Appendix One.

### **5. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES**

The Corporate Risk Register is reviewed quarterly, it is the strategic risk assessment for the Carlisle Plan.

**Contact Officer: Darren Crossley**

**Ext: 7120**

**Appendices :**

**Appendix 1 – Corporate Risk Register attached to report**

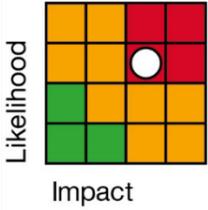
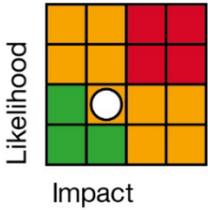
**Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers:**

## Corporate Risk Register – February 2022

The inclusion of the previous and current risk matrices shows the effect that the control strategies have had on risk ratings since the last update. A target risk matrix shows the risk level that the Council is aiming to achieve from the successful implementation of the control strategies and the date for when this will be achieved.

### Preparing for the future funding of local government from 2022

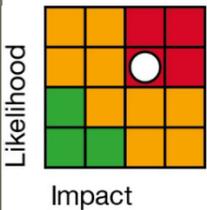
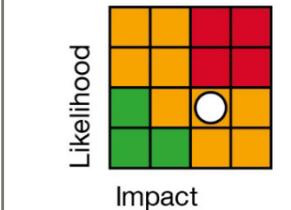
There is a risk that the Government fails to communicate changes to future local government funding from 2022 in a timely manner, meaning that the City Council cannot effectively prepare for these changes.

Present Matrix	Assessment Date	Present Risk Score	Control Strategy/Mitigating Actions	Target Risk Matrix
	February 2022	9	<p>The Senior Management Team and the Finance &amp; Resources Directorate are focussed on monitoring the development of government/local taxation and funding proposals for District Councils. However, the Government has confirmed that the two reviews; A Review of Local Authorities Relative Needs and Resources &amp; The Business Rate Retention Reform (75%), will no longer be implemented in 2022/23; in fact, DLUHC have announced that the 75% BR Retention Reform will no longer proceed as it does not accord with the Government's Levelling Up agenda.</p> <p>The 2021 Spending Review was announced in October 2021, with the final funding settlement announced in February 2022; this again was only a one-year settlement for 2022/23 with no multi-year settlement provided. This means that we still do not yet have a sufficiently clear picture of future funding. It is only when the results of the Fair Funding review are provided that they can be used to inform our baseline funding levels for 2023/24; however, this may not be known until the autumn of 2023, at which point it will be the responsibility of the new Unitary Authority established as a result of Local Government Reorganisation (LGR) in Cumbria. Financial modelling for LGR is based upon the assumption that LGR will be at no detriment to other local authorities and will be based upon the funding envelope for Cumbria.</p> <p>The MTFP and Capital Investment Strategy for 2022/23 to 2026/27 were approved by Council in September 2021. These included up to date announcements and guidance issued by Central Government on baseline funding and other specific grants and funding as a result of COVID-19. Therefore, we await the outcome of the Fair Funding review, and in the meantime, continue to closely monitor our income and expenditure in key areas and keep abreast of any government announcements and guidance issued by the DLUHC.</p>	

<b>Impact Score</b>	3		<b>Target Risk Date</b>	<b>Autumn 2022</b>
<b>Likelihood Score</b>	3		<b>Target Risk Score</b>	<b>4</b>
			<b>Lead Officer</b>	Alison Taylor
			<b>Portfolio Holder</b>	Finance, Governance & Resources
			<b>Scrutiny Panel</b>	BTSP

**RESOURCES**

**There is a risk that the financial impact of the Covid-19 pandemic on the Council’s budget is not fully understood which may require future changes to the Council’s Savings Strategy.**

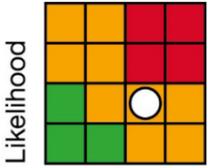
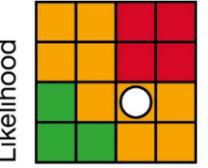
Present Matrix	Assessment Date	Present Risk Scores	Control Strategy/Mitigating Actions	Target Risk Matrix
	February 2022	9	<p>A balanced budget for 2022/23 to 2026/27 was approved by full Council on 1st February 2022; with minimum level of reserves maintained, and no savings required in 2022/23.</p> <p>However, recurring revenue savings of £2.050m are required from 2023/24 onwards and work is underway to identify these savings in line with the approved Savings Strategy. However any savings from 2023/24 will be the responsibility of the new Cumberland Council once budgets, balance sheets and funding gaps have been aggregated and dis-aggregated. Additional COVID funding of approximately £616,000 was received as part of the finance settlement for 2021/22. The financial implications arising from COVID-19 continue to be monitored through monthly returns to the DLUHC. Emergency funding has been provided and a co-funding package, providing a mechanism for irrecoverable sales, fees and charges income, with the Government funding 75% of losses beyond 5% of planned income, has provided funding with the scheme continuing into Q1 of 2021/22. Any deficits within the Collection Fund are subject to a 3-year recovery period; this being a significant risk to the Council in terms of the potential loss of income received from Council Tax and Business Rates. The economic recovery of the city and surrounding areas, following the pandemic, and as part of the Recovery Strategy, is key to ensuring financial sustainability of the Council. The current budget monitoring position shows a healthy financial position with any shortfalls of income (mainly as a result of the pandemic) and in-year savings being accommodated within savings elsewhere in the revenue budget.</p> <p>At the present time the Council’s S151 Officer does not believe that a S114 notice is required; however, this decision is kept under review and is revisited periodically.</p>	

<b>Impact score</b>	3
<b>Likelihood score</b>	3

	<b>Target Risk Date</b>	September 2022
	<b>Target Risk Score</b>	6
	<b>Lead Officer</b>	Alison Taylor
	<b>Portfolio Holder</b>	Finance, Governance and Resources
	<b>Scrutiny Panel</b>	BTSP

**REVENUE/CAPITAL/ASSETS**

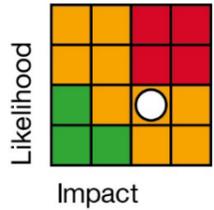
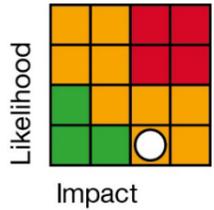
**There is a risk that we fail to fully recognise and manage our operational and investment assets leading to high long-term dilapidation costs and reducing control on future capital decisions**

Present Matrix	Assessment Date	Present Risk Score	Control Strategy/Mitigating Actions	Target Risk Matrix
	February 2022	6	<ul style="list-style-type: none"> <li>The Council has an approved Asset Management Plan which is updated annually in which it sets out its control strategy, including maintenance, of its operational and non-operational assets. Further, Council properties are subject to a rolling programme of inspection. The Medium-Term Financial Plan will also give consideration to the capital requirements of this programme.</li> <li>Following completion of condition surveys on our operational and investment portfolio an investment programme has been prepared and implemented to upgrade areas of the portfolio to ensure properties remain fit for purpose.</li> <li>Covid-19 has impacted on our ability to progress our full capital works programme however this has been re-programmed and will be undertaken in due course.</li> </ul>	

<b>Impact score</b>	3	<b>Target Risk Date</b>	<b>September 2022</b>
<b>Likelihood score</b>	2	<b>Target Risk Score</b>	<b>6</b>
		<b>Lead Officer</b>	Mark Lambert
		<b>Portfolio Holder</b>	Finance, Governance & Resources
		<b>Scrutiny Panel</b>	BTSP

**ECONOMIC REGENERATION/DEVELOPMENT**

There is a risk that we fail to effectively prioritise and resource key city regeneration sites and miss the opportunity to take these forward in a progressive manner that meets the Council's aspirations.

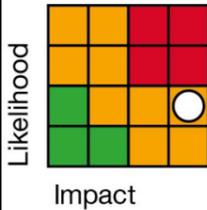
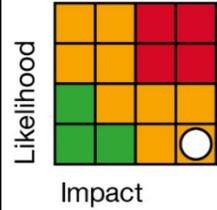
Present Matrix	Assessment Date	Present Risk Scores	Control Strategy/Mitigating Actions	Target Risk Matrix
	February 2022	6	<p>The key city regeneration sites continue to be progressed through the Borderlands Inclusive Growth Deal, Town Deal and Future High Streets Fund.</p> <ul style="list-style-type: none"> <li>– Carlisle Railway Station: the DLUCH has approved the business case to release the £20m funding allocated to the project through the Borderlands Inclusive Growth Deal, that will deliver external and improvements to the station</li> <li>– The Citadels: the DLUCH has approved the business case to release the £50m funding allocated to the project through the Borderlands Inclusive Growth Deal, that will create a new city centre campus for the University of Cumbria and a new business innovation centre. £4m has been allocated within the Carlisle Town Deal to deliver a Business Exchange Centre within the university campus. £1.7m has been secured through Cumbria LEP to support land assembly for the project, through the acquisition and demolition of Paton House.</li> <li>– Caldew Riverside: £850,000 has been secured through the Town Deal to remediate the site and bring it back into the housing land supply. The Council has also been invited to submit a business case to Homes England for further funding to upgrade the infrastructure on the site and prepare it for a residential redevelopment.</li> <li>– Central Plaza: £4.7m funding has been secured through the Future High Streets Fund to support and accelerate the redevelopment of the site.</li> <li>– 6-24 Castle St: £1.2m funding has been secured through the Future High Streets Fund to support and accelerate a repurposing of the building.</li> </ul>	

<b>Impact score</b>	3
<b>Likelihood score</b>	2

<b>Target Risk Date</b>	September 2022
<b>Target Risk Score</b>	3
<b>Lead Officer</b>	Jane Meek
<b>Portfolio Holder</b>	Economy, Enterprise and Housing
<b>Scrutiny Panel</b>	EGSP

**ECONOMIC/ REGENERATION**

**There is a risk that the City Council will not fulfil its obligations as set out in the Carlisle Southern Link Road (CSLR) Grant Determination Agreement with Homes England and that subsequently the funding will be withdrawn, this meaning that the City Council will consequently have to pay the County Council £5m as agreed in the Collaboration Agreement with the County Council.**

Present Matrix	Assessment Date	Present Risk Score	Control Strategy/Mitigating Actions	Target Risk Matrix
	<p>March 2022</p>	<p>8</p>	<p><b>Actions completed to Date:</b></p> <p><b>SCGV Masterplan Framework</b> - finalised and submitted to Homes England in November 2020 and subsequently endorsed as evidence to the emerging Local Plan by Executive (December 2020).</p> <p><b>SCGV Strategic Design Supplementary Planning Document</b> - was consulted on between November and December 2020 and adopted by Executive in April 2021.</p> <p><b>SCGV Final Housing Delivery Statement</b> – scope and content of the HDS agreed with Homes England and both the Outline and Interim Housing Delivery Statements have been successfully submitted to Homes England in accordance with the HIF Agreement. Formal proposal to vary the GDA now agreed by Homes England regarding timescales for adoption of the Local Plan and submission of the Housing Delivery Statement (October 21). Final Housing Delivery Statement to submitted in December '22 will be informed by <i>inter alia</i> the Local Plan submitted to the Secretary of State (detailed below).</p> <p><b>SCGV Local Plan</b> – consultation on the Overview and Scope of the local plan content was undertaken between September and October 2019. This in addition to the SCGV Masterplan Framework informed the Preferred Options Draft (consulted on between November and December 2020). 69 individuals and organisations responded and comments are being analysed. Evidence now commissioned to refine and further inform the Plan’s infrastructure requirements and viability (fundamental to securing a sound plan) and are due to report in July/August '22. Future programme to now be reviewed to confirm the formal Regulation 19 Publication Draft .</p> <p><b>Development Corporation Business Case</b> - Project plan and spend programme agreed by Executive (October '21) and now agreed to prepare the development corporation business case by Summer '23. Programme remains on track with the appointment shortly to be made of the specialist Legal and Financial advice which will be key to the project.</p> <p><b>Wider Control Measures include:</b></p> <ul style="list-style-type: none"> <li>Joint County and City Strategic Partnering Board provide oversight on progress and achievement of milestones. Risk Register for the Board is a standing item on the agenda and is regularly updated.</li> <li>Strong Governance and project management arrangements and detailed project plan for preparing the Masterplan and the Local Plan. Governance arrangements now been reviewed and agreed to reflect the next stage of the Plan’s progression and preparation of the Dev. Co. Business Case. Detailed risk register is a standing item on the St Cuthbert’s Garden Village Strategic Board and is continually updated.</li> </ul>	

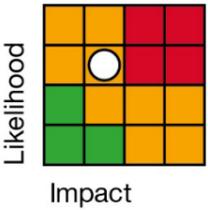
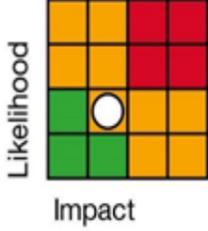
			<ul style="list-style-type: none"> <li>Continued work with cross party St Cuthbert's Garden Village Members' Advisory Group (MAG) to ensure they remained briefed and supportive. MAG fulfil their role especially in relation to championing the project to wider members.</li> <li>Interim Procedures in place to guide early applications – design SPD and procedural guidance by legal advice on the strategy for handling planning applications for land release.</li> <li>Effective engagement strategy/comms plan and strong project management of engagement process. Timely feedback of outcomes of community consultation.</li> </ul>	
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<b>Impact score</b>	4
<b>Likelihood score</b>	2

	<b>Target Risk Date</b>	December '22
	<b>Target Risk Score</b>	4
	<b>Lead Officer</b>	Jane Meek
	<b>Portfolio Holder</b>	Economy, Enterprise & Housing
	<b>Scrutiny Panel</b>	EGSP

**CULTURE & SPORT**

**There is a risk that we fail to deliver the required new leisure facilities at the Sands Centre, on time and within budget and therefore do not meet the saving targets identified in the Medium Term Financial Plan.**

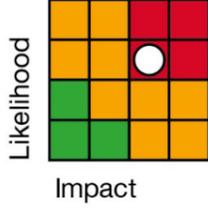
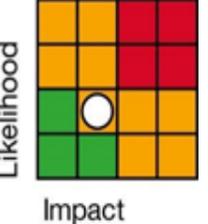
Present Matrix	Assessment Dates	Present Risk Score	Control Strategy/ Mitigating Actions	Target Risk Matrix
	February 2022	9	<p>COVID - An assessment has been made of the impact of Covid-19 based on current guidelines and a range of mitigating measures have been built into the contract and working arrangements. These align with Construction Leadership Council operating procedures. Measures have been put in place to manage and mitigate the ongoing impact of COVID on the procurement and construction of the project.</p> <p>Brexit – We are encountering issues with the procurement and retention of staff and cost and availability of materials as a result of BREXIT. Where possible arrangements are in place to mitigate the impact of delays in the supply of materials which are imported, manufactured from imported materials or are currently produced in the UK by an overseas company.</p> <p>Further work is currently being undertaken on exploring options for monitoring the condition of the Events Hall roof. This work was outlined in previous Executive and Council reports. Once this more detailed survey work has been completed resulting actions / monitoring plans will be produced</p> <p>Work is also underway with GLL to establish the financial impact of Covid-19 and any project delays on the Council’s Leisure Management Contract. The results of these discussions will inform any future risk scoring / mitigating actions.</p> <p>Internally Council officers have also set up a ‘client’ monitoring group to review progress, learn from any lessons and provide a resource for future capital project developments.</p>	

Impact score	3
Likelihood score	3

Target Risk Date	December 2022
Target Risk Score	4
Lead Officer	Darren Crossley
Portfolio Holder	Culture, Heritage & Leisure
Scrutiny Panel	HWSP/BTSP

**Corporate Support**

**There is a risk that critical Information and Technology (I&T) applications or infrastructure become unavailable which impacts on the delivery of council services.**

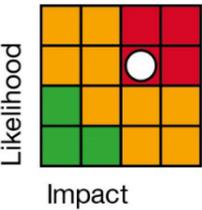
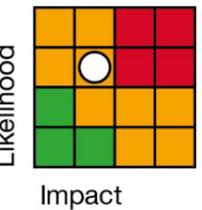
Present Matrix	Assessment Dates	Present Risk Score	Control Strategy/Mitigating Actions	Target Risk Matrix
	March 2022	9	<ul style="list-style-type: none"> <li>• UPS in computer room.</li> <li>• Increased use of cloud based software, such as Salesforce</li> <li>• Resilient Internet connection in place</li> <li>• Antivirus on servers and Windows clients</li> <li>• Virtual server hosts can automatically move virtual servers around</li> <li>• Snapshots of servers before any upgrades are done</li> <li>• Monthly patching of clients</li> <li>• SIEM solution in place monitoring infrastructure and security logs</li> <li>• Barracuda Email Security scanning all inbound email</li> </ul> <p>anned actions: Fully automated patching of servers</p>	

<b>Impact score</b>	3
<b>Likelihood score</b>	3

	<b>Target Risk Date</b>	<b>October 2022</b>
	<b>Target Risk Score</b>	<b>4</b>
	<b>Lead Officer</b>	Jason Gooding
	<b>Portfolio Holder</b>	Corporate Support
	<b>Scrutiny Panel</b>	BTSP

**Corporate Support**

**There is a risk that our digitally held data becomes unavailable, unreliable or is stolen due to error, negligence or malice**

Present Matrix	Assessment Date	Present Risk Score	Control Strategy/Mitigating Actions	Target Risk Matrix
	March 2022	9	<ul style="list-style-type: none"> <li>All user workstations encrypted by BitLocker</li> <li>Mobile devices and USB portable devices encrypted</li> <li>Domain access management of users</li> <li>Implemented basic data loss protection policy in Office 365 including email</li> <li>Egress secure communication in place for Track and Trace team</li> </ul> <p>Planned actions:                      Categorisation of data                      Office 365 Enhanced DLP (Data Loss Prevention) policies                      User access to 3<sup>rd</sup> party hosted systems security review                      MFA for 3<sup>rd</sup> Party Supplier remote support access</p>	

<b>Impact score</b>	3
<b>Likelihood score</b>	3

<b>Target Risk Date</b>	<b>December 2022</b>
<b>Target Risk Score</b>	<b>6</b>
<b>Lead Officer</b>	Jason Gooding
<b>Portfolio Holder</b>	Corporate Support
<b>Scrutiny Panel</b>	BTSP

**Impact of LGR Programme on Carlisle Plan delivery and associated corporate services NEW CORP RISK**

There is a risk that as the LGR Programme enters the design phase (March-April) and prepares for Day 0 (Shadow Authority, Mid-May 2022) and Day 1 (Vesting Day, 1/4/2023) that the demands of fulfilling the programme will begin to compete with the commitments made to delivering the Carlisle Plan and associated corporate services. This may draw resources away from the Carlisle Plan delivery and associated corporate services which could lead to delays and increased costs, due to the need to recruit additional resources.

Present Matrix	Assessment Date	Present Risk Score	Control Strategy/Mitigating Actions	Target Risk Matrix
	March 2022	9	<p>The LGR Programme is entering the design phase for service options, in parallel there is work underway on Day 0 (formation of Shadow Authorities) and Day 1 (1<sup>st</sup> April 2023) preparedness. This has increased the workload for a group of existing officers, many of whom are key to the delivery of the Carlisle Plan and associated corporate services.</p> <p>In cases where officers are seconded into the LGR Programme the impact can be mitigated by back-filling roles on a temporary basis (until the end of March 2023).</p> <p>In cases where officers are balancing the additional workload of the LGR Programme with the delivery of projects and services a dynamic assessment is required, which will need to be controlled initially by Corporate Directors and if need be escalated to Senior Management Team and Executive.</p> <p>The impact of any additional orders placing restrictions on the Council’s capital and revenue decisions once the Structural Change Order is passed by Parliament will also be a factor in delivering plans and projects. The Council will need to carefully consider its position on approving any key project capital spending during this period and where necessary engage with the Shadow Authority for Cumberland Council.</p>	

<b>Impact score</b>	3
<b>Likelihood score</b>	3

<b>Target Risk Date</b>	December 2022
<b>Target Risk Score</b>	4
<b>Lead Officer</b>	Jason Gooding
<b>Portfolio Holder</b>	Corporate Support
<b>Scrutiny Panel</b>	BTSP