

EVALUATION OF RISK

Risk Management Framework

The Risk Management Framework (RMF) sets out the Board's policy, strategy and methodology for managing risk. The purpose of this Register is to inform those responsible for managing risks about actions taken and planned to mitigate them. In accordance with the RMF, each risk is scored for both probability (PS) and impact (IS) using scales based on Defra definitions (below) and these scores are multiplied together to arrive at a total score (TS). Scores are calculated for 'Inherent Risk' and for 'Residual Risk' i.e. both before and after any mitigation. This enables the Board to identify those risks which require urgent attention, and the level at which they should be addressed.

Probability Score (PS)

<i>Rating</i>	<i>Likelihood</i>	<i>Definition</i>	<i>Score</i>
Very Low	Rare	The risk may occur in exceptional circumstances	1
Low	Possible	The risk may occur in the next three years	2
Medium	Likely	The risk is likely to occur more than once in the next three years	3
High	Almost certain	The risk is likely to occur this year or at frequent intervals	4

Impact Score (IS)

<i>Rating</i>	<i>Definition</i>	<i>Score</i>
Very Low	No financial loss; service delivery unaffected; no legal implications; unlikely to damage reputation	1
Low	Small financial loss (e.g. up to £10k); re-prioritising of delivery required; minor legal concerns raised; short-term damage to reputation.	2
Medium	Significant financial loss (e.g. £10k-£50k); deadlines re-negotiated with customers; potentially serious legal implications (e.g. successful legal challenge); longer-term damage to reputation	3
High	Major financial loss (e.g. over £50k); key deadlines missed; very serious legal concerns (e.g. high risk of successful legal challenge), with substantial implications for the Board; loss of public confidence	4

Tables

Table 1 ranks those areas which are considered to have a Residual Risk Rating of 6 or more within the last 12 months. Table 2 describes the assessment of each of those areas. Table 3 lists other potential areas of significant risk which have been considered, but which are currently assessed at a Residual Risk Rating of 5 or less.

TABLE 1: AREAS OF KEY RISK

RANK	RISK	INHERENT RISK RATING Nov 2022	RESIDUAL RISK RATING Nov 2022
1	Leased Premises	16	12
2	Financial Reserves	16	9
3	Core Funding Base	12	6
4	Other Funding Streams, e.g. grants / private sector	9	6
5	Reputational Management	9	6
	Total Score	62	39

TABLE 2: KEY RISK REGISTER

Inherent Risk	Inherent Risk Rating			Controls in Place	Residual Risk Rating			Further Action Planned	Target Date	Owner
	PS	IS	TS		PS	IS	TS			
1. Leased Premises The conditions of the lease (fully repairing) results in a significant financial liability at the lease break in July 2023.	4	4	16	Early dialogue with landlords to discuss our intentions to vacate in 2023 and to encourage positive dialogue. Appointed dilapidations surveyor to understand the potential liability. Taking advice from the Board's solicitor and the Finance and Governance Sub-Committee. Included significant property costs in the draft 2022/23 budget and managed/ reduced other areas of potential spend. Survey shared with landlords and agreed a way forward, i.e. complete roof repairs/replacement and negotiate a figure for the remaining works.	4	3	12	Complete negotiations and roof works.	Mar-23	Chief Executive

Inherent Risk	Inherent Risk Rating			Controls in Place	Residual Risk Rating			Further Action Planned	Target Date	Owner
	PS	IS	TS		PS	IS	TS			
<p>2. Financial Reserves</p> <p>A shortfall in Reserves constrains Board activities.</p> <p>The impact of future pay awards, in an attempt to keep up with high inflation, reduces the Board's General Fund.</p> <p>Contractor, fuel, material and equipment costs escalate due to high inflation, putting additional pressure on the Board's General Fund.</p>	4	4	16	<p>The Board achieved its Reserves target (£110k-£130k) one year ahead of plan.</p> <p>Budgets prepared and approved annually and management accounts and reforecasts prepared quarterly.</p> <p>Reserves KPI reported to Exec and Board.</p> <p>Establishment of Finance & Governance Working Group, providing more scrutiny of financial performance, management and decision making.</p> <p>A formal Reserves Policy was approved by the Board in June 2019.</p> <p>New office accommodation secured that provides significantly more financial security for the organisation.</p>	3	3	9	<p>Prepare a mid-term financial plan through to 2025/26.</p> <p>Review and recommend a revised Reserves target in light of the Board's growing and changing operation.</p>	<p>Jun-23</p> <p>Jun-23</p>	<p>Chief Executive & Head of Finance</p>

Inherent Risk	Inherent Risk Rating			Controls in Place	Residual Risk Rating			Further Action Planned	Target Date	Owner
	PS	IS	PS		PS	IS	TS			
<p>3. Core Funding Base</p> <p>Defra funding unlikely to significantly increase in the short-term term.</p> <p>Local authorities respond to their own financial challenges by reducing their funding to the Board.</p> <p>Natural England funding (via Defra) for the Cotswold Way National Trail fails to increase.</p>	3	4	12	<p>Defra funding for the next three year period confirmed.</p> <p>Government response to the Landscapes Review identified the need to increase AONB resources.</p> <p>Good relationships built with key Defra officials and the Minister.</p> <p>Early discussions with local authorities to ensure their contributions are included in their budgeting process.</p> <p>Positive dialogue and engagement with Natural England, the Cotswold Trails and Access Partnership, other National Trails.</p> <p>The Voluntary Wardens are highly committed to ensuring that the Cotswold Way is well managed.</p> <p>MoU signed with CWA in January 2021 to formalise relationship and to maximise donations for CW projects.</p>	2	3	6	<p>Confirm local authority funding settlements for 2023/24.</p> <p>Continue to engage with local authority Board Members, Leaders, CEO's etc.</p> <p>Continue to liaise with Defra, Natural England and the NAAONB to demonstrate the value of the CNL and National Trail network</p> <p>Understand the remit/ scope of the new National Trails charity and how it might impact on local funding.</p>	<p>Feb-23</p> <p>Ongoing</p> <p>Ongoing</p> <p>Mar-23</p>	<p>Chief Executive & Access and Volunteer Lead</p>

Inherent Risk	Inherent Risk Rating			Controls in Place	Residual Risk Rating			Further Action Planned	Target Date	Owner
	PS	IS	TS		PS	IS	TS			
<p>4. Other Funding Streams</p> <p>Failure to secure grant funding to support operational objectives.</p> <p>Failure to secure private sector investment in the Cotswolds.</p>	3	3	9	<p>Partnerships and Fundraising role in place and performing well.</p> <p>The Board operates a Fundraising Working Group.</p> <p>Building a track record of delivery, e.g. Kingfisher Trail.</p> <p>Grant funding received via various sources during 2022/23.</p> <p>New partnership contracts in place with National Highways, Severn Trent Water and Thames Water.</p> <p>Externally funded projects contribute to core organisational costs.</p>	2	3	6	Continue close liaison with National Highways to maximise the benefit of Designated Funds.	Ongoing	Chief Executive & Partnerships and Fundraising Lead

Inherent Risk	Inherent Risk Rating			Controls in Place	Residual Risk Rating			Further Action Planned	Target Date	Owner
	PS	IS	TS		PS	IS	TS			
<p>5. Reputational Management</p> <p>With Climate Action being a new and priority area of work there is a risk of significant reputational damage if the Board's positions and statements lack the required balance, or are mis-interpreted by its intended audiences.</p>	3	3	9	<p>A new Climate Action working group, including experienced Board Members, provide advice and guidance to the team.</p> <p>External stakeholder engagement is already happening and the Board's work in this area has been well received to date.</p> <p>The Board has a well performing comms and PR strategy, managed by the CEO and Comms Lead.</p>	2	3	6	<p>The carbon baseline assessment, carried out by Small World Consulting, will be published and accompanied by a non-technical/ inclusive version.</p> <p>The Board will be asked to agree its position and identify internal actions.</p> <p>A detailed comms and engagement strategy will be developed.</p> <p>Public launch and subsequent engagement with local authorities, land managers, parish councils and communities.</p>	<p>Mar-23</p> <p>Jun-23</p> <p>Apr-23</p> <p>Jul-23</p>	<p>Climate Action Lead</p> <p>Chief Executive</p> <p>Climate Action Lead and Comms Lead</p> <p>Climate Action Lead and Comms Lead</p>

TABLE 3: RISKS ALSO CONSIDERED

The following risks have been reviewed and show a Residual Risk Total Score of five or less. As such, they are not considered to warrant detailed reporting. They will however continue to be actively monitored, and if their risk level appears to rise in future, they will be added to the Key Risk Register.

Area	PS	IS	TS	Evaluation
Covid-19/ Other Pandemics	2	2	4	Evidence that the impacts of Covid-19 on the Board's operations have been well managed since the pandemic started.
Cash Flow	2	2	4	Arrangements are in place to monitor and manage cash flow. Unused cash invested in low-risk deposits.
Information Technology	2	2	4	Significant upgrades to the Board's technology infrastructure are currently being progressed, including cyber security.
Insurance	2	2	4	Appropriate cover is provided by Zurich. This includes employers' liability, public liability, contents, material damage, libel and slander, motor vehicles, fidelity guarantee, professional indemnity, travel and personal accident.
Small Team	2	2	4	Arrangements are in place for deputising, filling vacancies, recruiting, support services, sound business planning and communications.
Well-motivated Team	2	2	4	The Board has implemented appropriate management systems and a safe and healthy work environment.
Theft and Fraud	2	2	4	Inventories of property are maintained. Anti-Fraud and Corruption Policy in place. Insurance cover in place.
AONB Management Plan	2	2	4	The planning and development process for the next Management Plan period (2023-28) is underway. The Board has consulted extensively on key areas, e.g. Vision Statement, Nature Recovery Plan, Climate Change Strategy, Housing and Development Position Statements and a questionnaire for residents and visitors has also recently been completed. The Board is also in regular liaison with Defra, Natural England, etc. to ensure national priorities are well considered.
Conduct	1	3	3	The Board has appropriate controls in place to manage issues in relation to member and employee conduct.
Financial Management	1	3	3	Arrangements are in place to ensure sound financial management. Successive audit reports indicate a good record of financial management.
Non-compliance	1	3	3	Arrangements are in place to ensure compliance with the law, regulation, policies and procedures. Audit reports indicate a good record of compliance.
Voluntary Warden Activity	2	1	2	Appropriate risk assessments and control measures are implemented for Voluntary Warden activity. Voluntary wardens have a good track record and public reputation. Public and Employee Liability and Personal Accident Insurance are in place to cover Voluntary Wardens.
Work Programme	2	1	2	The Business Plan and performance management systems are in place and reviewed regularly by the Executive Committee and Board.
Pensions	1	1	1	The Board has an approved pensions policy.