

EVALUATION OF RISK – KEY RISK REGISTER

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 less than 6.

TABLE 1: AREAS OF KEY RISK

January 2023

RANK	RISK	INHERENT RISK RATING	RESIDUAL RISK RATING
1	Leased Premises	16	12
2	Financial Reserves	16	9
3	Core Funding Base	12	6
4	Non-Core Funding Streams	9	6
5	Reputational Management	9	6
	Total Score	62	39

January 2024

RANK	RISK	INHERENT RISK RATING	RESIDUAL RISK RATING
1	Non-Core Funding Base (post March 2025)	16	12
2	Financial Reserves	12	9
3	Employee Retention (<i>new area of 'key risk'</i>)	9	6
4	Core Funding Base	8	6
5	Reputational Management	9	6
	Total Score	54	39

**The 'Leased Premises' risk has been terminated following the exit from the Old Prison in May 2023.*

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			
<p>1. Non-Core Funding (post March 2025)</p> <p><u>DEFRA</u> No replacement for the FiPL programme, and no additional capital funding</p> <p><u>NATIONAL HIGHWAYS</u> Failure to secure Designated Funds to deliver the Biodiversity programme for year 3</p> <p><u>THAMES WATER</u> Failure to secure an extension/expansion to the Smarter Water Catchments funded programme</p> <p><u>SEVERN TRENT WATER</u> Failure to secure an extension/expansion to the Great Big Nature Boost funded project</p>	4	4	16	<p>Senior team involved in national discussions about the role of PLs in farming post FiPL.</p> <p>Building reputation as a trusted delivery partner in current funding period (RIS2).</p> <p>Built a reputation as a willing, collaborative partner with exceptional delivery outcomes.</p> <p>Built a reputation as a willing, collaborative partner with exceptional delivery outcomes.</p> <p>Externally funded projects contribute to core organisational costs.</p>	3	4	12	<p>Continue close liaison with DEFRA and demonstrate the value of the FiPL programme across the CNL.</p> <p>Liaise with NH to understand their RIS3 priorities and how the CNL team can continue to deliver nature restoration projects.</p> <p>Continue to liaise with TW and understand their AMP8 (2025-30) funding period priorities.</p> <p>Continue to liaise with STW and understand their AMP8 (2025-30) funding period.</p> <p>Seek new and alternative funding sources / large scale project funding, e.g. National Lottery Heritage Fund and Green Finance opportunities.</p>	<p>Dec '24</p> <p>Dec '24</p> <p>Dec'24</p> <p>Dec '24</p> <p>Mar '25</p>	<p>CEO, Land Management Lead</p> <p>CEO, Nature Recovery Lead</p> <p>CEO, Partnerships Lead</p> <p>CEO, GCG team</p> <p>CEO, Partnerships Lead, Head of Finance</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>2. Financial Reserves</p> <p>A shortfall in Reserves constrains Board activities.</p> <p>A reduction in income post March 2025 negatively impacts on the useable Reserves position</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>Property, contractor, fuel, vehicle, material and equipment costs escalate due to high inflation, putting additional pressure on the Board's General Fund.</p> <p>The Development Fund (Designated Reserve) fails to grow.</p>	3	4	12	<p>The Board is currently reviewing its Reserves Policy to reflect the growth of the organisation.</p> <p>Budgets prepared and approved annually, management accounts produced monthly and two reforecasts prepared.</p> <p>Highly effective Finance and Governance Committee, providing more scrutiny of financial performance, management and decision making.</p> <p>New office accommodation secured, removing the risks associated with the Old Prison lease arrangements.</p> <p>A new KPI is focused on the Development Fund, as it is the key measure of the organisation's ability to grow.</p>	3	3	9	<p>Seek Board adoption of the new Reserves Policy</p> <p>Invest longer term cash holdings to ensure a safe and consistent financial return/income stream.</p> <p>Further reduce property costs by seeking to exit the licence agreement at Cotswold Business Centre earlier than March 2025.</p> <p>Ensure a 'minimum operating model' is designed and budgeted so that the organisation can act swiftly to minimise the impact of reduced non-core funding post March 2025.</p> <p>Continue to prioritise the growth of the Development Fund, whilst maintaining general Fund at £70-£75k.</p>	<p>Jun-24</p> <p>Ongoing</p> <p>Dec-24</p> <p>Jun-24</p> <p>Ongoing</p>	<p>Head of Finance</p> <p>Head of Finance</p> <p>CEO</p> <p>CEO, Head of Finance</p> <p>CEO, Head of Finance</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>3. Employee Retention</p> <p>Failure to retain highly skilled and high performing team members due to cessation of non-core funding streams</p> <p>Early departure of team members as they secure new roles elsewhere, leaving the projects under-resourced and at risk of a successful conclusion.</p> <p>There is a risk of redundancy costs involved.</p>	3	3	9	<p>Open channels of communication with all team members who will shortly be entering the last 12 months of their fixed term contracts.</p> <p>All other controls are recorded under Key Risk 1.</p>	3	2	6	<p>Consider alternative job opportunities with the organisation, e.g. green finance.</p> <p>Liaise with Publica to understand the redundancy liability.</p> <p>All other planned actions are recorded under Key Risk 1.</p>	<p>Ongoing</p> <p>Sept-24</p>	<p>CEO, Line Managers</p> <p>CEO</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>4. Core Funding Base</p> <p>DEFRA only offer a one-year rollover/flat award (2025/26), ahead of the Comprehensive Spending Review (likely to be in 2025)</p> <p>The outcome of the Comprehensive Spending Review is no increase (or a decrease) in core funding</p> <p>DEFRA increase core funding but fail to remove or reduce the requirement for 20% match funding</p> <p>Local authorities respond to their own financial challenges by reducing their funding to the Board</p> <p>Natural England funding for the Cotswold Way National Trail fails to increase</p>	2	4	8	<p>Continued dialogue with DEFRA to ensure advanced notification of the 2025/26 settlement.</p> <p>Government response to the Landscapes Review identified the need to increase National Landscape resources. DEFRA committed to 'levelling up' being part of their CSR business case strategy.</p> <p>Ongoing discussions with local authority members and senior role-holders. Some increases awarded for 2024/25.</p> <p>Positive dialogue and engagement with Natural England, the Cotswold Trails and Access Partnership, other National Trails.</p> <p>Positive liaison with National Trails UK (charity), who are lobbying government on behalf of the National Trails network.</p> <p>The Voluntary Wardens are highly committed to ensuring that the Cotswold Way is well managed.</p>	2	3	6	<p>Confirm DEFRA funding settlements for 2025/26.</p> <p>Ensure enough resources are made available to support DEFRA's business case for CSR, including providing metrics, case studies, funding breakdown, etc.</p> <p>Continue to engage with local authority Board Members, Leaders, CEO's, etc.</p> <p>Continue to liaise with Natural England and NTUK to demonstrate the value of the National Trail network and the need to increase core funding in light of escalating salaries and other associated costs.</p>	<p>Feb-25</p> <p>Ongoing</p> <p>Ongoing</p> <p>Feb-25</p>	<p>CEO</p> <p>CEO, Head of Finance</p> <p>CEO, Chair</p> <p>CEO, 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>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, actions and statements lack the required balance, or are mis-interpreted by its intended audiences.</p> <p>The National Highways 'Designated Funds' Biodiversity 30-year project leads to fractured relationships with farmers and land managers due to conditions with the S39 Management Agreements</p>	3	3	9	<p>The Climate Action Working Group is operating effectively.</p> <p>The stakeholder engagement workshops were successful and demonstrated the Board's willingness to listen and learn.</p> <p>The 3Keel report and pathway is being drafted.</p> <p>A new Climate Action Lead is being recruited.</p> <p>Legal advice being received on the agreements, including treatment of VAT.</p> <p>Monitoring other payment options, including legislative BNG and Countryside Stewardship.</p> <p>Created flexibility for farmers to opt-out of our payments for more lucrative alternatives.</p>	2	3	6	<p>A Climate Action Lead is recruited.</p> <p>The CNL Board to adopt the 3Keel report, which is then published – setting out clearly the Board's position on how it intends to work collaboratively.</p> <p>A comms and PR strategy is in place to support this area of work.</p> <p>Finalise the agreements and have full transparency on the treatment of VAT.</p> <p>Continue to advise farmers honestly and recommend other schemes if they offer greater reward.</p> <p>Continue to work closely with National Highways to ensure the best outcomes.</p>	<p>Apr-24</p> <p>Apr-24</p> <p>May-24</p> <p>Apr-24</p> <p>Ongoing</p> <p>Ongoing</p>	<p>CEO,</p> <p>CEO, Climate Action Lead</p> <p>Climate Action Lead, Comms Lead</p> <p>Nature Recovery Lead, GCG team GCG team</p> <p>Nature Recovery Lead, GCG team</p>

TABLE 3: RISKS ALSO CONSIDERED

The following areas of risk 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. Conversations ongoing with DEFRA FiPL team in regards to timing of payments for Year 4. This risk will be reviewed in light of outcome of those discussions.
Information Technology	2	2	4	Significant upgrades to the Board's technology infrastructure are currently being progressed, including cyber security. New Managed Service Provider in place with Orbits IT.
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.
Well-motivated Team	2	2	4	The Board has implemented appropriate management systems and a safe and healthy work environment. Currently seeking Investor's in People assessment and accreditation.
Theft and Fraud	2	2	4	Inventories of property are maintained. Anti-Fraud and Corruption Policy in place. Insurance cover in place.
CNL Management Plan	2	2	4	The current Management Plan (2023-25) was adopted in February 2023 and endorsements are being received by local authorities. Planning, consultation and development of the next Plan (2025-30) is now underway, with consideration being given to: changes in legislation, net zero pathway, national outcomes/targets, new management plan guidance. Senior members of the CNL team are regularly involved in these national discussions.
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. Finance team structure reviewed and updated in 2023.
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.

*Employee Retention has been escalated to a Key Risk due to the uncertainty of non-core funding beyond March 2025.