

## **RISK REGISTER 2023/24**

Presented by the Corporate Director

### **SUMMARY**

At each Audit Committee Members review the Risk Register for progress against existing actions and to ensure that the Risk Register remains relevant to deal with the corporate risks facing the organisation.

At the Audit Committee in June 2022 (Paper AUD/126/22) Members approved the updated risk management strategy and corporate risk register following the Risk Management Workshop held on 22 March 2022. This workshop analysed and reviewed the risk management strategy and corporate risk register in detail to ensure that this committee could proactively input into, manage and monitor the register going forward, with up to date risks identified that are relevant to the Authority's business over the coming years. This included some minor changes which were made to ensure that the Authority Chairman and Executive Committee are part of the approval process.

The risk management strategy and corporate risk register assists Members in their consideration and approval of the Annual Governance Statement as a key part of the financial statements. A robust risk management framework and register is one key element of the Annual Governance Statement and a source of assurance for Members in approving this statement year on year as part of the published accounts.

### **RECOMMENDATION**

Members Approve (1) the Corporate Risk Register included at Appendix A to this report.

### **BACKGROUND**

1 Risk management is one of the key internal controls for an organisation. Members need to ensure that a sound system of internal control is maintained and an annual review of the effectiveness of the system of internal control is conducted to provide sufficient, relevant and reliable assurance to enable them to authorise the signing of the Authority's Annual Governance Statement (which is published with the financial statements).

2 Regulation 3 of the Accounts and Audit Regulations 2015 requires that:

"A relevant authority must ensure that it has a sound system of internal control which:

- facilitates the effective exercise of its functions and the achievement of its aims and objectives;
- ensures that the financial and operational management of the authority is effective; and
- includes effective arrangements for the management of risk."

In this context "relevant authority" is referring to Lee Valley Regional Park Authority.

- 3 Each financial year the relevant authority must:
  - conduct a review of the effectiveness of the system of internal control required by regulation 3; and
  - prepare an Annual Governance Statement - this statement must be published together with the statement of accounts and the narrative statement in accordance with regulation 10.
- 4 Assurance of the Authority's internal control system is derived through the work of the internal audit function (undertaken by Mazars for the Authority); and also through the monitoring of processes put in place by management and other external bodies, including those around risk management and health & safety. This provides evidence which allows the Authority to form conclusions on the adequacy and effectiveness of the systems of internal control and also on the efficiency of operations.
- 5 Risk management is not solely a focus on the finances of the Authority. The scope of internal control spans the whole range of the Authority's activities and includes those controls designed to ensure:
  - the Authority's policies are put into practice;
  - the organisation's values are met;
  - laws and regulations are complied with;
  - required processes are adhered to;
  - financial statements and other published information is accurate and reliable; and
  - human, financial and other resources are managed efficiently and effectively.
- 6 The Authority approved a Risk Management Framework in April 2005 (Paper A/3798/05). The Risk Management Framework and more specifically, the Risk Register was developed by Members and senior officers under the guidance of the internal auditors through a number of workshops and meetings. Members have regularly reviewed the register at each Audit Committee, adding in their own comments and improvements.
- 7 Since this time Members have consistently (and in depth) reviewed the Corporate Risk Register and revised the strategy, format, and content. The strategy has been revised and updated twice since 2005 at the Audit Committee (May 2010, Paper AUD/06/10 and June 2012 Paper AUD/30/12). The strategy was reviewed by officers and Members as part of a Risk Management Workshop and was formally approved by the Audit Committee in June 2018 (Paper AUD/90/18). Subsequent to this workshop, a further workshop was held in March 2022 and an invitation to attend was extended to all Members and the strategy, format and content was reviewed again and was formally approved by the Audit Committee in June 2022 (Paper AUD/126/22).

**REVIEW OF THE STRATEGIC RISK REGISTER**

- 8 The current Strategic Risk Register is reviewed by officers and Members on an on-going basis and signed off at each Audit Committee.
- 9 Members last considered the risk register at the Audit Committee in June 2023 (Paper AUD/132/23).
- 10 Since the June Committee, officers have incorporated approved Member revisions, reviewed the register, considered and added potential new risks and updated the scoring.

The table below sets out the movement in managing the residual risks and sets out a summary of the total notional score.

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Risk	Residual Risks 24 Feb 2022	Residual Risks 24 June 2022	Residual Risks 22 Sept 2022	Residual Risks 23 Feb 2023	Residual Risks 22 June 2023	Residual Risks 21 Sept 2023
	0	0	1	1	1	1
	15	18	21	17	16	15
	8	8	10	12	13	12
<b>Total Risks</b>	<b>23</b>	<b>26</b>	<b>32</b>	<b>30</b>	<b>30</b>	<b>28</b>
<b>Notional Score</b>	<b>512</b>	<b>591</b>	<b>759</b>	<b>665</b>	<b>638</b>	<b>596</b>

- 12 The key point to note since the last review of the Authority Strategic Risk Register is the overall decrease in the corporate risk register residual notional score. This is due to the removal of two risks from the register coupled with improvement in the residual risks for some, such as utility costs and income levels for the Leisure Services Contract (LSC). A breakdown of the changes to scores is outlined in the following paragraph.
- 13 The specific changes to scores are outlined in the following table with the changes to score from the previous paper and the reason for change outlined:

Risk I.D.	Inherent Score	New Inherent Score	Change in Score +/-	Residual Score	New Residual Score	Change in Score +/-	Reason for change
SR2.4		N/A	N/A	64	72	+8	Concerns due to BG administration potential situation
SR4.1	63	N/A	N/A	40	32	-8	Utility costs stabilising and budget has built in contingency
SR4.3	54	N/A	N/A	40	16	-24	Income levels in year 1 sufficient not to need renegotiation for year 2

SR9.1	72	N/A	N/A	18	24	+6	Concerns due to BG potential administration situation
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- 14 Buckingham Constructing Group gave notice of intention to appoint administrators on 17 August 2023 and had this extended by a further 10 days on 31 August 2023. This is not causing any operational issues as the building is complete. There is, however, a snagging list, which Buckingham had previously been working through, but has not fully completed. The Authority must wait until this process is completed and what is planned for the business before it can fully consider its next step. In the meantime, officers are working with the project and legal team to obtain the best information possible and to consider the Authority's options. The Authority holds retention money and has all sub-contractor warranties in place and the project is therefore in a good overall position despite the potential administration issue.
- 15 Regarding the LSC and the Authority's tariff risk for utilities, the 2023/24 budget is sufficient for current levels of consumption at known prices to September 2023 and then at the prices forecast by Laser from October, with a contingency for additional price increases. Consumption has been reduced through more efficient management practices and the initial LED investment at Lee Valley VeloPark. Further consumption reductions from LEDs at Lee Valley Hockey & Tennis Centre, Lee Valley Athletics Centre, Lee Valley White Water Centre and Lee Valley Riding Centre will further mitigate this risk. Updated forecasts from Laser suggest the tariff from October will be lower than anticipated.
- 16 Decisions taken to mitigate these risks will be approved by full Authority and monitoring of these risks is taking place at Executive Committee, along with the Senior Management Team and Heads of Service levels.
- 17 The Risk Management audit carried out by Mazars has some recommendations which will be completed over the coming months, with input from the Authority's Senior Management Team. The result of the audit will form part of the annual review produced by Mazars.
- 18 A verbal update will be presented at the meeting to advise Members regarding the changes to the register which are in red font to indicate changes since the last Audit Committee risk register paper.

#### **ENVIRONMENTAL IMPLICATIONS**

- 19 There are no environmental implications arising directly from the recommendations in this report.

#### **EQUALITY IMPLICATIONS**

- 20 There are no equality implications arising directly from the recommendations in this report.

#### **FINANCIAL IMPLICATIONS**

- 21 Revision of the Strategic Risk Register is a key element of this Authority's system of internal control that contributes to safeguarding the assets of the Authority and its reputation for sound financial management of public funds. This is reflected in

the Authority's Annual Governance Statement published within the annual accounts and approved by this Committee.

- 22 Where actions require additional resources these will be identified and approved through the normal budget setting/service planning and management processes in accordance with Financial Regulations.
- 23 Utility costs are a significant risk that will have a material impact on the Authority's revenue outturn position but forecasts from Laser indicate the tariff from October will be lower than anticipated.

## HUMAN RESOURCE IMPLICATIONS

- 24 The additional human resource implications arising directly from this report have been outlined within the risk register actions and can be met from existing employee resources.

## LEGAL IMPLICATIONS

- 25 There are no legal implications arising directly from the recommendations in this report.

## RISK MANAGEMENT IMPLICATIONS

- 26 These are dealt with through the main body of the report and through the revised register. The Lee Valley Ice Centre redevelopment; the Picketts Lock development; the Leisure Services Contract; and the Land & Property Strategy are recognised as the highest corporate risks still facing the organisation at present. Continuing mitigation against these identified risks is demonstrated by the proposed actions in the Strategic Risk Register as set out in Appendix A to this report and primarily through implementing and delivering a Corporate Work Programme for 2023/24 followed by a revised approved Business Plan and Business Plan Objective list. In addition, the Authority will review the current version of the National Risk Register (2020) to consider any relevant implications that could impact on the business of the Authority as a whole.

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## BACKGROUND REPORTS

Lee Valley Regional Park Authority Risk Management Strategy June 2018

## PREVIOUS COMMITTEE REPORTS

Audit Committee	AUD/132/23	Risk Register 2023/24	23 June 2023
Audit Committee	AUD/131/23	Risk Register 2022/23	23 February 2023
Audit Committee	AUD/129/22	Risk Register 2022/23	22 September 2022
Audit Committee	AUD/126/22	Risk Register 2021/22	23 June 2022
Risk Management Workshop			24 March 2022
Audit Committee	AUD/124/22	Risk Register 2021/22	24 February 2022
Audit Committee	AUD/123/21	Risk Register 2021/22	23 September 2021
Audit Committee	AUD/118/21	Risk Register 2020/21	24 June 2021
Audit Committee	AUD/116/21	Risk Register 2020/21	25 February 2021

Audit Committee	AUD/113/20	Risk Register 2020/21	22 October 2020
Audit Committee	AUD/111/20	Risk Register 2020/21	25 June 2020
Executive Committee	E/674/20	Emergency Budget 2020/21	21 May 2020
Audit Committee	AUD/106/20	Risk Register 2019/20	27 February 2020
Audit Committee	AUD/104/19	Risk Register 2019/20	19 September 2019
Audit Committee	AUD/101/19	Risk Register 2019/20	20 June 2019
Audit Committee	AUD/97/19	Risk Register 2018/19	14 February 2019
Audit Risk Workshop			07 June 2018

**APPENDICES ATTACHED**

Appendix A	2023/24 Corporate Risk Register – Authority
Appendix B	Risk Scoring Criteria (extract from the approved risk management strategy (June 2022))







STRATEGIC RISK REGISTER AS AT 21 SEPTEMBER 2023

Strategic Risk	Impact	Probability	Current Rating	Residual Rating	Control Measures	Responsible Party	Frequency	Next Review	Notes
SR1.1 Lack of a clear corporate direction	Impact on the Authority's performance and ability to deliver its strategic vision	High	7	6B	Leadership meetings Business Plan 2024-29 MTRP to 2024 MTRP Weekly Meetings MTRP Strategy and Property Strategy MTRP Weekly Meetings MTRP at level MTRP Weekly Meetings	MTRP	9 2 18	Tolerate	The Authority's 3 year Business Plan for 2024/25-2028/27 will be completed by 2025.
SR2.2 Impact on the Authority's capacity to deliver its strategic vision from many construction contracts	Impact on the Authority's capacity to deliver its strategic vision from many construction contracts	High	7	6B	Business Plan 2024-29 MTRP to 2024 MTRP Strategy and Property Strategy MTRP Weekly Meetings MTRP at level MTRP Weekly Meetings	MTRP	9 1 9	Tolerate	The Authority's 3 year Business Plan for 2024/25-2028/27 will be completed by 2025.
SR1.2 Impact on the Authority's reputation due to service failures, damaged and/or contractor relationships	Impact on the Authority's reputation due to service failures, damaged and/or contractor relationships	High	7	5	Business Plan 2024-29 MTRP to 2024 MTRP Strategy and Property Strategy MTRP Weekly Meetings MTRP at level MTRP Weekly Meetings	MTRP	9 3 18	Tolerate	The Authority's 3 year Business Plan for 2024/25-2028/27 will be completed by 2025.
SR2.3 Impact on the Authority's reputation due to service failures caused by Covid-19 or any other pandemic or infectious disease, through contractor and/or contractor relationships	Impact on the Authority's reputation due to service failures caused by Covid-19 or any other pandemic or infectious disease, through contractor and/or contractor relationships	High	7	5	Business Plan 2024-29 MTRP to 2024 MTRP Strategy and Property Strategy MTRP Weekly Meetings MTRP at level MTRP Weekly Meetings	MTRP	9 3 18	Tolerate	The Authority's 3 year Business Plan for 2024/25-2028/27 will be completed by 2025.
SR2.4 Impact on the Authority's reputation due to service failures caused by Covid-19 or any other pandemic or infectious disease, through contractor and/or contractor relationships	Impact on the Authority's reputation due to service failures caused by Covid-19 or any other pandemic or infectious disease, through contractor and/or contractor relationships	High	7	5	Business Plan 2024-29 MTRP to 2024 MTRP Strategy and Property Strategy MTRP Weekly Meetings MTRP at level MTRP Weekly Meetings	MTRP	9 3 18	Tolerate	The Authority's 3 year Business Plan for 2024/25-2028/27 will be completed by 2025.
SR2.5 Impact on the Authority's reputation due to service failures caused by Covid-19 or any other pandemic or infectious disease, through contractor and/or contractor relationships	Impact on the Authority's reputation due to service failures caused by Covid-19 or any other pandemic or infectious disease, through contractor and/or contractor relationships	High	7	5	Business Plan 2024-29 MTRP to 2024 MTRP Strategy and Property Strategy MTRP Weekly Meetings MTRP at level MTRP Weekly Meetings	MTRP	9 3 18	Tolerate	The Authority's 3 year Business Plan for 2024/25-2028/27 will be completed by 2025.
SR2.6 Impact on the Authority's reputation due to service failures caused by Covid-19 or any other pandemic or infectious disease, through contractor and/or contractor relationships	Impact on the Authority's reputation due to service failures caused by Covid-19 or any other pandemic or infectious disease, through contractor and/or contractor relationships	High	7	5	Business Plan 2024-29 MTRP to 2024 MTRP Strategy and Property Strategy MTRP Weekly Meetings MTRP at level MTRP Weekly Meetings	MTRP	9 3 18	Tolerate	The Authority's 3 year Business Plan for 2024/25-2028/27 will be completed by 2025.
SR2.7 Impact on the Authority's reputation due to service failures caused by Covid-19 or any other pandemic or infectious disease, through contractor and/or contractor relationships	Impact on the Authority's reputation due to service failures caused by Covid-19 or any other pandemic or infectious disease, through contractor and/or contractor relationships	High	7	5	Business Plan 2024-29 MTRP to 2024 MTRP Strategy and Property Strategy MTRP Weekly Meetings MTRP at level MTRP Weekly Meetings	MTRP	9 3 18	Tolerate	The Authority's 3 year Business Plan for 2024/25-2028/27 will be completed by 2025.



## Risk Appetite

Risks are currently assessed using a 1-9 scale for both impact and likelihood. The Authority's risk appetite is then defined using the scoring matrix below.

Impact	9	9	18	27	36	45	54	63	72	81
	8	8	16	24	32	40	48	56	64	72
	7	7	14	21	28	35	42	49	56	63
	6	6	12	18	24	30	36	42	48	54
	5	5	10	15	20	25	30	35	40	45
	4	4	8	12	16	20	24	28	32	36
	3	3	6	9	12	15	18	21	24	27
	2	2	4	6	8	10	12	14	16	18
	1	1	2	3	4	5	6	7	8	9
		1	2	3	4	5	6	7	8	9
		Likelihood								

Those risks with a residual score in the green zone are generally considered to be managed to an acceptable level and hence limited or no further actions would be expected.

For those risks with a residual score in the amber zone, the exposure is considered to be partially acceptable. Further actions would be needed to lower this into the green zone, although a decision has to be made as to whether this is cost effective, given that resources are constrained.

Those risks with a residual score in the red zone are considered to have an exposure that is at an unacceptable level and hence further actions are needed to lower this.

On some occasions a decision may be made to accept a higher level of residual risk, although this will be subject to ongoing review and consideration at both Senior Management Team and Member level.

## Scoring Criteria

Each risk is scored on the basis of the following criteria for impact and likelihood, both for inherent and residual risk. Whilst the assessment remains subjective, these criteria serve as a guide and are used to help ensure consistency in scoring across each of the risks identified.

	<b>Impact</b>	<b>Likelihood</b>
<b>1</b>	No Impact	<1% likely to occur in next 12 months
<b>2</b>	Financial loss up to £1,000 or no impact outside single objective or no adverse publicity	1%-5% likely to occur in next 12 months
<b>3</b>	Financial loss between £1,000 and £10,000 or no impact outside single objective or no adverse publicity	5%-10% likely to occur in next 12 months
<b>4</b>	Financial loss between £10,000 and £25,000 or minor regulatory consequence or some impact on other objectives	10%-20% likely to occur in next 12 months
<b>5</b>	Financial loss between £25,000 and £50,000 or impact on other objectives or local adverse publicity or strong regulatory criticism	20%-30% likely to occur in next 12 months
<b>6</b>	Financial loss between £50,000 to £250,000 or impact on many other processes or local adverse publicity or regulatory sanctions (such as intervention, public interest reports)	30%-40% likely to occur in next 12 months
<b>7</b>	Financial loss between £250,000 to 500,000 or impact on strategic level objectives or national adverse publicity or strong regulatory sanctions	40%-60% likely to occur in next 12 months
<b>8</b>	Financial loss between £500,000 to £1 million or impact at strategic level or national adverse publicity or Central Government take over administration	60%-80% likely to occur in next 12 months
<b>9</b>	Financial loss above £1 million or major impact at strategic level or closure/transfer of business	>80% likely to occur in next 12 months