

RISK REGISTER 2023/24

Presented by the Corporate Director (S&L)

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 Chair 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 ongoing basis and signed off at each Audit Committee.
- 9 Members last considered the risk register at the Audit Committee in February 2023 (Paper AUD/131/23).
- 10 Since the February 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.

Risk	Residual Risks 23 September 2021	Residual Risks 24 February 2022	Residual Risks 24 June 2022	Residual Risks 22 September 2022	Residual Risks 23 February 2023	Residual Risks 22 June 2023
	2	0	0	1	1	1
	12	15	18	21	17	16
	9	8	8	10	12	13
Total Risks	23	23	26	32	30	30
Notional Score	547	512	591	759	665	638

- 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 improvement in the residual risks for some items such as Lee Valley Ice Centre delivery. Several of the original inherent risks have also shown a reduction in the residual score and additional risks that had been added to the risk register as a result of the Covid-19 situation including the possible effect of 'long-Covid' have been removed. There are currently two items that are for consideration for removal from the Risk Register; SR3.3 and SR3.4. Both items are no longer considered a risk to the Authority.
- 13 Energy prices continue to be of concern, increasing risk around utility costs and considering the effect of the removal of the Energy Bills Discount Scheme. The Authority's two year fixed price agreement with Laser (public bodies energy procurement consortium) ended in October 2022, and like all organisations we have seen exceptional increases in the price of electricity (+100%) and gas (+400%). Laser have secured medium term prices on purchase of energy which have allowed them to guarantee us fixed prices for electricity and gas until October 2023, at levels at or below the Government's Energy Price Cap. This has reduced our exposure to price increases until the second half of 2023. The Authority has supported GLL in obtaining the same basket prices as us, however their prices from October 2022 have been confirmed at a higher rate. GLL have been unable to negotiate better rates with Laser. The 2023/24 budget has been built based on current consumption levels, the known prices for both the Authority and GLL up to September, and anticipated price increases from October based on Laser's forecasts. There is also a general contingency

budget which is partly intended to cover any additional utility price increases. Based on our current understanding of consumption and pricing, and the reduction to consumption as a result of the LED projects at the venues. We are anticipating there will be sufficient coverage within the budget.

- 14 Decisions taken to mitigate these risks will be approved by full Authority and monitoring of these risks is taking place at each Executive Committee, along with the Senior Management Team and Heads of Service level.
- 15 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.
- 16 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

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

EQUALITY IMPLICATIONS

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

FINANCIAL IMPLICATIONS

- 19 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.
- 20 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.
- 21 Utility costs are a significant risk that will have a material impact on the Authority's revenue outturn position. Officers will report the anticipated impact to Members in the Q3 revenue monitoring report by which time the new unit rates from Laser, as noted in paragraph 13, and any further updates on government support should have been announced.

HUMAN RESOURCE IMPLICATIONS

- 22 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

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

RISK MANAGEMENT IMPLICATIONS

- 24 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.

Author: Vince Donaldson, 01992 709 816, vdonaldson@leevalleypark.org.uk

BACKGROUND REPORTS

Lee Valley Regional Park Authority Risk Management Strategy June 2018

PREVIOUS COMMITTEE REPORTS

Audit Committee	AUD/131/22	Risk Register 2022/23	23 February 2022
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))

This page is blank

SR#	Risk Description	Impact	Probability	Exposure	Current Status	Responsible Party	Start Date	End Date	Frequency	Priority	Control Measures	Review Date	Notes
SR# 1	Impact on the Authority's provision to other service providers from any constraints on the service delivery, financial solvability and/or contractor relationships.	Medium	High	High	Medium	CEO	9	7	63	High	<ul style="list-style-type: none"> Review of service contract terms and conditions. Proactive monitoring, update relations, update engagement and stakeholder engagement. 	31/05/2023	<ul style="list-style-type: none"> Key increased by 2023/24. The maximum amount that the Authority can pay for the services is capped at \$100 million. Long term award contracts for the Authority are being reviewed. Long term award contracts for the Authority are being reviewed. Long term award contracts for the Authority are being reviewed.
SR# 2	Impact on Authority's reputation due to service delivery, financial solvability and/or contractor relationships.	Medium	Medium	Medium	Medium	HMC	7	5	35	Medium	<ul style="list-style-type: none"> Managed via social media, web and digital updates. Media relations. Internal communications. Internal communications. Internal communications. 	31/05/2023	<ul style="list-style-type: none"> Key increased by 2023/24. The maximum amount that the Authority can pay for the services is capped at \$100 million. Long term award contracts for the Authority are being reviewed. Long term award contracts for the Authority are being reviewed. Long term award contracts for the Authority are being reviewed.
SR# 3	Impact on Authority's reputation due to service delivery, financial solvability and/or contractor relationships.	Medium	High	High	Medium	CEO	6	5	30	High	<ul style="list-style-type: none"> Business Continuity Plan. Business Continuity Plan. Business Continuity Plan. Business Continuity Plan. Business Continuity Plan. 	31/05/2023	<ul style="list-style-type: none"> Key increased by 2023/24. The maximum amount that the Authority can pay for the services is capped at \$100 million. Long term award contracts for the Authority are being reviewed. Long term award contracts for the Authority are being reviewed. Long term award contracts for the Authority are being reviewed.
SR# 4	Impact on Authority's reputation due to service delivery, financial solvability and/or contractor relationships.	Medium	High	High	Medium	CEO	9	7	63	High	<ul style="list-style-type: none"> Business Continuity Plan. Business Continuity Plan. Business Continuity Plan. Business Continuity Plan. Business Continuity Plan. 	31/05/2023	<ul style="list-style-type: none"> Key increased by 2023/24. The maximum amount that the Authority can pay for the services is capped at \$100 million. Long term award contracts for the Authority are being reviewed. Long term award contracts for the Authority are being reviewed. Long term award contracts for the Authority are being reviewed.
SR# 5	Impact on Authority's reputation due to service delivery, financial solvability and/or contractor relationships.	Medium	High	High	Medium	CEO	9	8	72	High	<ul style="list-style-type: none"> Business Continuity Plan. Business Continuity Plan. Business Continuity Plan. Business Continuity Plan. Business Continuity Plan. 	31/05/2023	<ul style="list-style-type: none"> Key increased by 2023/24. The maximum amount that the Authority can pay for the services is capped at \$100 million. Long term award contracts for the Authority are being reviewed. Long term award contracts for the Authority are being reviewed. Long term award contracts for the Authority are being reviewed.

STRATEGIC RISK REGISTER AS AT 22 JUNE 2023

Risk ID	Risk Description	Impact	Probability	Severity	Current Status	Responsible Party	Start Date	End Date	Update	Notes
SR002	Public Land Development Follows in Strategic Sites 1-3 above in the development of the Phoenix track class 0/1m project and Legal Challenge	Legal Advice Provisional Conditions Finalisation of the Phoenix track class 0/1m project and Legal Challenge	5	5	64	Legal Advice Provisional Conditions Finalisation of the Phoenix track class 0/1m project and Legal Challenge	11/06/2023	06/07/2023	100%	<ul style="list-style-type: none"> 11 - Reports 12 - Weekly Working Meetings 13 - Monthly Meetings 14 - Monthly Meetings 15 - Monthly Meetings 16 - Annual Audit Letter
SR003	Development of Improvements Land & Public Land Development Follows in Strategic Sites 1-3 above in the development of the Phoenix track class 0/1m project and Legal Challenge	Legal Advice - Public Land Finalisation of the Phoenix track class 0/1m project and Legal Challenge	5	5	46	Legal Advice - Public Land Finalisation of the Phoenix track class 0/1m project and Legal Challenge	11/06/2023	06/07/2023	100%	<ul style="list-style-type: none"> 11 - Reports 12 - Weekly Working Meetings 13 - Monthly Meetings 14 - Monthly Meetings 15 - Monthly Meetings 16 - Annual Audit Letter
SR004	Development of Improvements Land & Public Land Development Follows in Strategic Sites 1-3 above in the development of the Phoenix track class 0/1m project and Legal Challenge	Legal Advice - Public Land Finalisation of the Phoenix track class 0/1m project and Legal Challenge	5	5	56	Legal Advice - Public Land Finalisation of the Phoenix track class 0/1m project and Legal Challenge	11/06/2023	06/07/2023	100%	<ul style="list-style-type: none"> 11 - Reports 12 - Weekly Working Meetings 13 - Monthly Meetings 14 - Monthly Meetings 15 - Monthly Meetings 16 - Annual Audit Letter
SR005	Development of Improvements Land & Public Land Development Follows in Strategic Sites 1-3 above in the development of the Phoenix track class 0/1m project and Legal Challenge	Legal Advice - Public Land Finalisation of the Phoenix track class 0/1m project and Legal Challenge	5	5	63	Legal Advice - Public Land Finalisation of the Phoenix track class 0/1m project and Legal Challenge	11/06/2023	06/07/2023	100%	<ul style="list-style-type: none"> 11 - Reports 12 - Weekly Working Meetings 13 - Monthly Meetings 14 - Monthly Meetings 15 - Monthly Meetings 16 - Annual Audit Letter

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

100%

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.

	Impact	Likelihood
1	No impact	<1% likely to occur in next 12 months
2	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
3	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
4	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
5	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
6	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
7	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
8	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
9	Financial loss above £1 million or major impact at strategic level or closure/transfer of business	>80% likely to occur in next 12 months