

RISK REGISTER 2020/21

Presented by the Corporate Director (Sports & Leisure)

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 2018 (Paper AUD/90/18) Members approved the updated risk management strategy and corporate risk register following the Risk Management Workshop held on 7 June 2018. 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.

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 and the sub-registers at Appendices B and C of 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 (AGS) (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 -

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

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

- 3 Each financial year the relevant authority must –**
 - (a) conduct a review of the effectiveness of the system of internal control required by regulation 3; and**
 - (b) 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 are 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 has been reviewed again by officers and Members as part of the risk management workshop and was formally approved by the Audit Committee in June 2018 (Paper AUD/90/18).**

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 October 2020 (Paper AUD/113/20).
- 10 Since the October Committee officers have incorporated approved Member revisions, reviewed the register, considered potential new risks and the scoring. This includes the risk sub register that was considered and agreed by the Leisure Services Contract (LSC) Working Group to give greater detail and management emphasis to managing the risks and actions in relation to the LSC Contract Retender (Strategic Risk SR9). This is attached as Appendix B to this report. Further impacts of the Covid-19 pandemic had been included within the current Risk Register but a sub risk register was populated to specifically review these impacts. This is attached as Appendix C to this report.

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 20 June 2019	Residual Risks 19 September 2019	Residual Risks 27 February 2020	Residual Risks 25 June 2020	Residual Risks 22 October 2020	Residual Risks 25 February 2021
	3	2	3	5	5	4
	9	9	7	7	7	10
	7	8	9	8	8	8
Total Risks	19	19	19	20	20	22
Notional Score	479	462	478	599	581	602

- 12 The key point to note since the last review of the register is the overall increase in the corporate risk register residual notional score. Although several of the original risks have shown a reduction, additional risks have been added to the risk register as a result of the current Covid-19 situation. The operational and financial risks from the LSC Contract Retender (SR9) have decreased after the withdrawal of the legal challenge from Lee Valley Leisure Trust Ltd and satisfactory progress with Greenwich Leisure Ltd towards the contract initiation. This is also reflected within the LSC sub register where some of the individual risks are showing an improvement. Some uncertainty still exists, however, as a result of the Covid-19 situation resulting in a further delay, currently to October 2021, to the commencement of the LSC contract. Decisions taken to mitigate these risks have been approved by full Authority and monitoring of these risks is taking place at each Executive Committee, Senior Management and officer level.
- 13 A verbal update will be presented at Committee to advise Members regarding progress of the LSC sub register. There are still continued financial and operational risks caused by the Covid-19 pandemic and its effects on the Authority's business and flow of income. Changes to the register are in red font to indicate changes since the last Audit Committee risk register paper and the changes due to risks within SR9 and the sub-registers are also highlighted red.

ENVIRONMENTAL IMPLICATIONS

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

EQUALITY IMPLICATIONS

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

FINANCIAL IMPLICATIONS

- 16 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 AGS published within the annual accounts and approved by this Committee.
- 17 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.
- 18 Due to the impact of the Covid-19 pandemic, an emergency budget was approved by Members in May 2020 at Executive Committee (Paper E/674/20) following a briefing paper to full Authority on the budget implications in April 2020. The impact of Covid-19 will have a long term effect on both the Authority and other businesses and will require close monitoring of the Authority's cash reserves over the coming year as well as being an important factor in the 2021/22 budget/levy setting process and for the medium term financial plan.

HUMAN RESOURCE IMPLICATIONS

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

LEGAL IMPLICATIONS

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

RISK MANAGEMENT IMPLICATIONS

- 21 These are dealt with through the main body of the report and through the revised register. Covid-19; the Ice Centre; the Picketts Lock development; the LSC retender projects; and the implementation of the Land & Property Strategy are recognised as the highest corporate risks facing the organisation. Continuing mitigation against these identified risks is demonstrated by the proposed actions in the strategic register as set out in Appendix A to this report and primarily through implementing and delivering a Corporate Work Programme for 2021/22 followed by a revised approved Business Plan. In addition, the Authority will review the updated 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/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 Committee	AUD/94/18	Risk Register 2018/19	20 September 2018
Audit Committee	AUD/90/18	Risk Register 2018/19	21 June 2018
Audit Risk Workshop			07 June 2018

APPENDICES ATTACHED

Appendix A	2020/21 Corporate Risk Register – Authority
Appendix B	2020/21 Sub Register LSC tender (SR9)
Appendix C	2020/21 Sub Register Covid 19 Pandemic
Appendix D	Risk Scoring Criteria (extract from the approved risk management strategy (June 2018)).

ABBREVIATIONS

LSC	Leisure Services Contract
AGS	Annual Governance Statement

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STRATEGIC RISK REGISTER AS AT 25 FEBRUARY 2021

Strategic Risk	Impact	Probability	Current Rating	Residual Rating	Control Measures	Responsible Officer	Review Date	Reporting Frequency	Notes
SR1.1 Failure to comply with the 2016 Public Health Act and statutory requirements.	High	High	High	Medium	Provision of legal services to ensure compliance with the 2016 Public Health Act and statutory requirements.	IA - Annual Audit Letter IA - Annual Plan IA - Annual Meeting Minutes IA - Dec 2020 Report	6	1	6
SR1.2 Failure to comply with Health & Safety legislation	High	High	High	Medium	Health and safety management systems in place. Regular safety audits. Risk Reduction Plan complete. Annual HSE Assessment 5. Annual Report to Health	HR/SMT - Safety Reports S21 to cost - review S21 to cost - review S21 to cost - review S21 to cost - review S21 to cost - review S21 to cost - review	7	2	5
SR2.1 Agreeing to accept a partner's financial terms and conditions that will place an unacceptable long term liability on the Authority	High	High	High	Medium	Reports to SMT and Members. Financial Approval of advances in accordance with contract terms. Risk management by SMT. Performance Reports to Executive & Strategy Committees	IA - Dec 2020 Report IA - Dec 2020 Report IA - Dec 2020 Report IA - Dec 2020 Report IA - Dec 2020 Report IA - Dec 2020 Report	8	2	6
SR2.2 Contracting, engaging bodies, or third party operators with an unclear or ambiguous objective/contract	High	High	High	Medium	Contract review prior to commencement by SMT. Performance Reports to Executive & Strategy Committees	IA - Dec 2020 Report IA - Dec 2020 Report IA - Dec 2020 Report IA - Dec 2020 Report IA - Dec 2020 Report IA - Dec 2020 Report	7	3	4
SR3.1 Management of Facilities Contracts & SMTs to ensure value for money and to ensure operational effectiveness	High	High	High	Medium	Agree and support JMW/JMD joint contractual arrangements. Regular communication with contractors. Performance Reports to Executive & Strategy Committees	Annual Report Annual Report Annual Report Annual Report Annual Report Annual Report	9	3	6
SR3.2 Excessive liability retained by external contractors or suppliers in the event of a claim	High	High	High	Medium	Reports to SMT and Members. Financial Approval of advances in accordance with contract terms. Risk management by SMT. Performance Reports to Executive & Strategy Committees	IA - Dec 2020 Report IA - Dec 2020 Report IA - Dec 2020 Report IA - Dec 2020 Report IA - Dec 2020 Report IA - Dec 2020 Report	9	3	6
SR4.1 Infrastructure does not meet future business needs	High	High	High	Medium	Reports to Members. Financial Approval of advances in accordance with contract terms. Risk management by SMT. Performance Reports to Executive & Strategy Committees	IA - Dec 2020 Report IA - Dec 2020 Report IA - Dec 2020 Report IA - Dec 2020 Report IA - Dec 2020 Report IA - Dec 2020 Report	9	4	5
SR4.2 Authority fails to meet health staff at all levels of the appropriate skills	High	High	High	Medium	Agree and support JMW/JMD joint contractual arrangements. Regular communication with contractors. Performance Reports to Executive & Strategy Committees	Annual Report Annual Report Annual Report Annual Report Annual Report Annual Report	9	4	5
SR5.1 Financial risks of insufficient spend through non-achievement of income targets or increased expenditure, resulting in reduced or no income	High	High	High	Medium	Reports to Members. Financial Approval of advances in accordance with contract terms. Risk management by SMT. Performance Reports to Executive & Strategy Committees	IA - Dec 2020 Report IA - Dec 2020 Report IA - Dec 2020 Report IA - Dec 2020 Report IA - Dec 2020 Report IA - Dec 2020 Report	9	5	4
SR5.2 Financial risks of either grossly increased income costs or income below target levels, due to increased costs brought on by prevailing conditions	High	High	High	Medium	Reports to Members. Financial Approval of advances in accordance with contract terms. Risk management by SMT. Performance Reports to Executive & Strategy Committees	IA - Dec 2020 Report IA - Dec 2020 Report IA - Dec 2020 Report IA - Dec 2020 Report IA - Dec 2020 Report IA - Dec 2020 Report	9	7	2
SR6.1 Inability to meet obligations to other stakeholders	High	High	High	Medium	Reports to Members. Financial Approval of advances in accordance with contract terms. Risk management by SMT. Performance Reports to Executive & Strategy Committees	IA - Dec 2020 Report IA - Dec 2020 Report IA - Dec 2020 Report IA - Dec 2020 Report IA - Dec 2020 Report IA - Dec 2020 Report	9	9	1
SR6.2 Inability to meet obligations to other stakeholders	High	High	High	Medium	Reports to Members. Financial Approval of advances in accordance with contract terms. Risk management by SMT. Performance Reports to Executive & Strategy Committees	IA - Dec 2020 Report IA - Dec 2020 Report IA - Dec 2020 Report IA - Dec 2020 Report IA - Dec 2020 Report IA - Dec 2020 Report	9	9	1

COVID-19 PANDEMIC SUB RISK REGISTER AS AT 25 FEBRUARY 2021

Item No.	Issue	Sub Issue	Impact	Priority	Owner	Responsible	Start Date	End Date	Current Status	Notes
202	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic
203	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic
204	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic
205	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic
206	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic
207	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic
208	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic
209	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic
210	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic	COVID-19 Pandemic

Score 45-52: High Risk
Score 53-62: Moderate Risk

LEISURE SERVICE CONTRACT SUB RISK REGISTER AS AT 07 JANUARY 2021

Risk ID	Risk Description	Impact	Probability	Current Risk Level	Control Measures	Residual Risk Level	Residual Risk Color	Residual Risk Trend	Residual Risk Description	Residual Risk Color	Residual Risk Trend	Residual Risk Description	Residual Risk Color	Residual Risk Trend	Residual Risk Description	Residual Risk Color	Residual Risk Trend	Residual Risk Description
SR.2	Financial Management	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High
SR.1	Financial Bills of Materials to enter into contract by 14/01/2021 and Authority to exercise operational control of venue.	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High
SR.1	Contractor fails to provide the governance structure and leadership to deliver the statutory, financial and best practice requirements of the contract.	CEO	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High
SR.1	Retention/Commitment	CEO	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High
SR.1	Retention of the contract requires engagement in the wider market including existing contractor, failure to deliver a fair and transparent process could damage the Authority's reputation in this and future tendering processes	CEO	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High
SR.1	Business Continuity	CEO	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High
SR.1	Inadequate business continuity implementation during procurement phase and during mobilisation of new contract.	CEO	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High
SR.1	Business Continuity	CEO	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High
SR.1	Leisure Services Contract Renewal Failure to support contractor for new Leisure Service Contract.	CEO	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High

Score 45-60: High Risk
 Score 30-45: Moderate risk
 Score 1-30: Low risk

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