



Audit Panel

Report title: Corporate Risk Register Update Q2 2022/23

Date: 6 December 2022

Key decision: No

Class: Part 1

Ward(s) affected: All

Contributors: Rich Clarke, Head of Assurance - Karen Eaton, Group Manager, Insurance and Risk

Outline and recommendations

1. This report updates Members of the Audit Panel on the Council's Strategic Risks, as detailed in the Strategic Risk Register for the quarter ending 30 September 2022.
2. The report further advises Members on progress towards developing a refreshed Risk Management strategy, replacing the current 2017-22 edition last seen by this Panel in June 2021.
3. Audit Panel are recommended to:
 - (i) note the Strategic Risk Register
 - (ii) note and comment on plans for developing the Risk Management Strategy

1. Recommendations

1.1 The Audit Panel are recommended to:

- (i) note this strategic risk register
- (ii) note and comment on plans for developing the Risk Management Strategy

2. Policy Context

2.1 The contents of this report are consistent with the Council's policy framework. It supports the priorities set out in the Corporate Strategy 2018-2022:

- Open Lewisham
- Tackling the housing crisis
- Giving children and young people the best start in life
- Building an inclusive local economy
- Delivering and defending: health, social care and support
- Making Lewisham greener
- Building safer communities

2.2 It supports all of the Council's priorities generally through effective risk management for all of its activities and duties.

2.3 We plan to completely refresh the risk register in early 2023 following adoption of the revised Corporate Strategy in November 2022.

3. Background

3.1 Risk continues to be identified and managed in accordance with the Council's Risk Management Strategy (2017-22) as reported to Audit Panel in June 2021.

3.2 EMT have received papers discussing options for the future management of risk in October 2021 and February and June 2022. The outcomes of these high-level discussions will shape the outcome of the review of the Risk Management Strategy and progress will continue to be reported to this Panel ahead of a planned full update in early 2023.

3.3 EMT last reviewed and approved the Strategic Risk register in September 2022 and will continue to work to the existing Strategy until approval of its replacement. For this period, following the comprehensive review in June, updates were on request. Consequently, updates only took place for time-relevant items such as action updates.

3.4 This report summarises the risks identified at the end of September 2022, along with an update on actions to present.

4. Developing a New Risk Management Strategy

4.1 The current Risk Management Strategy, last seen by this Panel in June 2021, runs from 2017-2022. We are working currently on developing a refreshed Risk Management Strategy that aims to improve how the Council identifies, reports and manages its risks. The key improvement aims are:

- Increased currency and dynamism to risk reporting information,
- Better organised, more available information in more useable reporting,
- Easier administration and information management, and
- An approach that provides a comprehensive overview of risk at the Council.

4.2 We have already begun developing the approach with workshops with the Executive Management Team earlier in the year, the Strategic Leadership Team in July and the Extended Leadership Team in September. The full planned timetable for development is below.

4.3 A full version of the revised Risk Management Strategy was approved in November 2022. We will now undertake a limited period of consultation with staff to help refine and shape some of the supporting tools and help draw up a complementary training package.

5. Summary & Conclusions

5.1 The Council manages risk in accordance with its Risk Management Strategy 2017 – 2022 but are in the process of reviewing these arrangements.

5.2 The risk registers have been reviewed for the period ending 30 September 2022 and the Strategic Risk Register has been updated to reflect the assessment of risk to the Council at that time.

5.3 The Strategic Risk Register was reviewed and approved at EMT in November 2022 and is appended to this report at Appendix A.

6. Financial Implications

6.1 There are no direct financial implications arising from this report.

7. Equalities Implications

7.1 There are none arising directly from this report.

8. Legal Implications

8.1 The Authority has a duty to safeguard Council services and assets and seeks to meet that duty by having appropriate risk management arrangements.

9. Climate change and environmental implications

- 9.1 There are none arising directly from this report however the impact of climate change (e.g. air quality, extreme weather, flooding, compliance with new requirements/standards for service delivery) is included in the Strategic Risk Register as a risk that is currently rated as amber.

10. Crime and disorder implications

- 10.1 There are none arising directly from this report however some of the risks recorded within the Strategic Risk Register have crime and disorder implications (e.g. 3.B.1 Multi-agency Governance).

11. Health and wellbeing implications

- 11.1 There are none arising directly from this report however some of the risks recorded within the Strategic Risk Register have health and wellbeing implications (e.g. Multi-agency Governance, Failure to agree with partners integrated delivery models for local health and care services) and others could impact indirectly.

Report Author

If there are any queries on this report, please contact Rich Clarke, Head of Assurance, on extension 48730.

Appendix A: Strategic Risk Register

Risk Matrix – Q2 2022/23

CURRENT RISK						
Risk Impact	5	2.A.4	5.B.1	2.A.3 2.B.2		2.A.2 2.A.5 5.A.1
	4		3.B.1 3.B.2 1.A.2 1.B.2	1.B.3 4.B.2 3.A.3 5.A.2 4.A.1 2.A.1	1.B.1	
	3		5.B.2 3.A.2 1.A.1 2.B.1	3.A.1 4.B.3	5.A.3	4.A.2
	2			4.B.1		
	1					
		1	2	3	4	5
		Risk Likelihood				

Larger font bold indicates movement from previous quarter

Arrow indicates where risk has moved from

Risk Listing – Q2 2022/23

Risk Listing									
Ref	Title	Owning Directorate	Current Score			Target Score			Notes
			Imp	Lik	Score	Imp	Lik	Score	
Current High Risks									
2.A.2	Failure in child safeguarding	Children & Young People	5	5	25	5	4	20	
2.A.5	Serious adult safeguarding concerns	Community Services	5	5	25	5	4	20	
5.A.1	Unable to maintain delivery within balanced budget	Corporate Resources	5	5	25	4	1	4	
1.B.1	Non-compliance with health & safety	Chief Executive's	4	4	16	2	3	6	
2.A.3	Non-delivery of transformational change	Chief Executive's	5	3	15	5	2	10	
4.A.2	Global commodity price increases/supply chain shortages	Corporate Resources	3	5	15	3	2	6	Current impact down from 4
2.B.2	Serious cyber security breach	Corporate Resources	5	3	15	5	1	5	
Current Moderate Risks									
1.B.3	Respond to climate change	Housing, Regeneration & Public Realm	4	3	12	3	2	6	
3.A.3	Pace of change negatively impacts service delivery & morale	Chief Executive's	4	3	12	4	3	12	
4.A.1	Failure to manage suppliers & procurement programmes	Corporate Resources	4	3	12	2	2	4	
4.B.2	Delivery of Building for Lewisham fails	Housing, Regeneration & Public Realm	4	3	12	4	2	8	
5.A.2	Unforeseen spending/loss of income from funding streams	Corporate Resources	4	3	12	3	2	8	
2.A.1	Adequacy of internal control	Corporate Resources	4	3	12	4	2	8	
5.A.3	Loss of income - debt collection	Corporate Resources	3	4	12	3	1	3	

Risk Listing									
Ref	Title	Owning Directorate	Current Score			Target Score			Notes
			Imp	Lik	Score	Imp	Lik	Score	
5.B.1	Failure to contain impacts of emergency	Corporate Resources	5	2	10	4	2	8	
3.A.1	Loss of constructive relations	Chief Executive's	3	3	9	3	2	6	
4.B.3	Failure to meet Housing standards	Housing, Regeneration & Public Realm	3	3	9	3	2	6	
3.B.1	Multi-agency governance leads to ineffective partnership work	Chief Executive's	4	2	8	4	1	4	
3.B.2	Integrated delivery models for local health & care services	Community Services	4	2	8	3	2	6	
1.A.2	Governance failing in service change	Chief Executive's	4	2	8	4	2	8	
1.B.2	Unresponsive to legislative change	Chief Executive's	4	2	8	4	2	8	
4.B.1	Failure to manage performance leads to service failures	Chief Executive's	2	3	6	2	2	4	
5.B.2	Contain impacts of COVID-19 and deliver service	Chief Executive's	<u>3</u>	2	<u>6</u>	3	2	6	Reduced current from 4 x 2
3.A.2	Maintain sufficient management capacity & capability	Chief Executive's	3	2	6	3	2	6	
1.A.1	Information governance failure	Corporate Resources	3	2	6	3	2	6	
2.B.1	ICT not fit for purpose/does not meet business needs	Corporate Resources	3	2	6	4	1	4	
Current Low Risks									
2.A.4	Elections not conducted efficiently or effectively	Chief Executive's	5	1	5	4	1	4	

Bold underline = change from previous report

Risk Descriptors				
Likelihood (Horizontal 'X' Axis)				
Rating	Probability	Description 1	Description 2	
Very High (5)	>50%	More likely to occur than not	Regular occurrence. Circumstances frequently encountered - daily/weekly/monthly	
High (4)	21-50%	Likely to occur	Likely to happen at some point within the next 1-2 years. Circumstances are occasionally encountered (few times a year)	
Medium (3)	6-20%	Reasonable chance of occurring	Only likely to happen every 3 or more years	
Low (2)	1-5%	Unlikely to occur	Has happened rarely	
Very Low (1)	<1%	Exceptional circumstances	Very low probability/never before	
Impact (Vertical 'Y' Axis)				
Rating	Individual Impact	Service Impact	Reputational Impact	Finance Impact
Very High (5)	Death of an individual or several people	Complete loss of services, including several important areas of service. Service disruption 5+ days. Service resource diversion up to 80%	Adverse and persistent national coverage. Adverse central govt. response, inc. poss. removal of delegated powers. Officer(s) and/or Members resign.	£5m+
High (4)	Severe injury to an individual or several people, requiring immediate hospitalisation	Major loss of an important service area. Service disruption 3-5 days. Service resource diversion up to 60%	Adverse publicity in professional/municipal press, affecting perception/standing in professional/local government community	£2.5m - £5m
Medium (3)	Injury to an individual, requiring immediate hospitalisation	Major effect to an important service area. Service disruption 2-3 days. Service resource diversion 40%	Adverse local publicity/local public opinion	£1m - £2.5m
Low (2)	Minor injury to an individual or several people requiring hospital treatment	Major effect to an important service area for a short period. Service disruption 1-2 days. Service resource diversion up to 30%	Negative local publicity of a persistent nature	£500k - £1m
Very Low (1)	Minor injury to an individual requiring hospital treatment	Significant effect to non-crucial service area. Service resource diversion less than 20%	Negative local publicity	£250k - £500k

As set out in Risk Management Strategy 2017-2022

Risk & Action Listing – Q2 2022/23

Ref	Risk Title	Current Risk & (Target Risk)	Current Impact (Target)	Current Likelihood (Target)	On Target? Travel	Risk Owner	Major Current Controls	Future Measures	Future Measures Date
COMPLY WITH THE LAW: Governance									
1.A.1	Information Governance Failure	6 (6)	3 (3)	2 (2)	YES ⇒	Executive Director of Corporate Resources	New data protection training rolled out to all staff	(none required, risk on target)	n/a
							Regular Directorate Reporting and revised policy		
							Information asset & security environment audits		
1.A.2	Governance in service change	8 (8)	4 (4)	2 (2)	YES ⇒	Director of Law, Governance & Elections	Corporate Programme Management Office	(none required: risk on target)	n/a
							Finance training for members & officers		
							Themed budget approach		
COMPLY WITH THE LAW: Regulatory									
1.B.1	Non-compliance with Health & Safety regulations	16 (6)	4 (3)	4 (2)	NO ⇒	Chief Executive	Directorate & Corporate working groups	Revise corporate H&S manual	Q3 22/23
							H&S training programme	Review buildings compliance programme	Q3 22/23
							Risk assessment & audit programme	Revised policies on water, fire, asbestos	Q3 22/23

Ref	Risk Title	Current Risk & (Target Risk)	Current Impact (Target)	Current Likelihood (Target)	On Target? Travel	Risk Owner	Major Current Controls	Future Measures	Future Measures Date
1.B.2	Failure to anticipate & respond to legislative change	8 (8)	4 (4)	2 (2)	YES ⇒	Director of Law, Governance & Elections	Data observatory established	(none required: risk on target)	n/a
							Engagement with professional bodies & govt departments		
							Regular policy briefings		
1.B.3	Impact of climate change	12 (6)	4 (3)	3 (2)	NO ⇒	Executive Director for HRPR	Climate Emergency Strategic Action Plan	(No major measures scheduled before risk register update)	n/a
							Borough Resilience Forum Flood Plan		
							Air Quality Management plan and monitoring board. Flood risk management strategy.		
SECURE SERVICES FOR USERS: Process									
2.A.1	Internal control framework adequacy	12 (8)	4 (4)	3 (2)	NO ⇒	Executive Director of Corporate Resources	Internal audit & assurance, with supporting policy and reporting framework	Revising approach to control account reconciliations to incorporate overall review dashboard	Q3 2022/23
							Oracle project		
							Liquid logic control processes		

Ref	Risk Title	Current Risk & (Target Risk)	Current Impact (Target)	Current Likelihood (Target)	On Target? Travel	Risk Owner	Major Current Controls	Future Measures	Future Measures Date
2.A.2	Child safeguarding failure	25 (20)	5 (5)	5 (4)	NO ⇒	Executive Director of Children & Young People	All cases risk assessed & thresholds for access linked to statutory requirements	Improvement programme including embedding Signs of Safety	Q3 2022/23
							LCS system redesigned to improve management		
							Weekly critical safety panel reviewing Quality Assurance and performance framework		
2.A.3	Strategic programme for transformation does not deliver	15 (10)	5 (5)	3 (2)	NO ⇒	Director of IT & Digital Services	Organisational Development Strategy & Project Mgmt Office (PMO)	Portfolio approach in line with corporate strategy & recruiting programme management resource.	Q3 2022/23
							Strategic change boards		
							Building focus and capacity		
2.A.4	Elections not conducted in line with law	5 (4)	5 (4)	1 (1)	NO ⇒	Director of Law, Governance & Elections	Overall project plan Extensive staff training and engagement	(None)	(N/A)

Ref	Risk Title	Current Risk & (Target Risk)	Current Impact (Target)	Current Likelihood (Target)	On Target? Travel	Risk Owner	Major Current Controls	Future Measures	Future Measures Date
2.A.5	Failure in Adult Safeguarding	25 (20)	5 (5)	5 (4)	NO ⇒	Director of Adult Social Care	LSAB provided with regular reports, including monthly case audits		
							Safeguarding adults policy and procedures ensuring Care Act compliance		
							SAR Board with governance arrangements and referral process in place		
SECURE SERVICES FOR USERS: Technology									
2.B.1	IT not fit for business need purpose	6 (4)	3 (4)	2 (1)	NO ⇒	Executive Director of Corporate Resources	Directorate participation in corporate PMOs. IT Triage process	<u>Rolling capital investment programme to replace infrastructure</u>	<u>Annual updates, next Q4 2022/23</u>
							Dedicated support for key line of business systems		
							Review BCPs with Emergency Planning team		
2.B.2	Cyber security breach corrupts or locks down Council systems or data	15 (5)	5 (5)	3 (1)	NO ⇒	Executive Director of Corporate Resources	Improved controls on admin-level access	Cloud-based authentication through MS365	November 2022
							Cyber Strategy & response policy approved		
							Online backups and disaster recovery testing		

Ref	Risk Title	Current Risk & (Target Risk)	Current Impact (Target)	Current Likelihood (Target)	On Target? Travel	Risk Owner	Major Current Controls	Future Measures	Future Measures Date
DEVELOP STAFF & PARTNERS: Workforce									
3.A.1	Loss of constructive employee relations	9 (6)	3 (3)	3 (2)	NO ⇒	<u>Head of HR</u>	Refreshed people management including employee assistance Extended union engagement and staff networks Pulse surveys across a diagonal slice of staff	<u>Staff survey action planning</u>	<u>Dec 2022</u>
3.A.2	Failure to maintain sufficient management capacity & capability to deliver business and implement change	6 (6)	3 (3)	2 (2)	YES ⇒	Chief Executive	All EMT posts are permanently filled and Director level posts appointed OD Strategy in place	(None, risk at target)	N/A
3.A.3	Pace of change negatively impacts service delivery and employee morale	12 (12)	4 (4)	3 (3)	YES ⇒	<u>Head of HR</u>	Regular staff and management communications from CEX Together Lewisham Staff Network & Leading Together Lewisham New appraisal process launched	Develop People Management Strategy	Q4 2022/23

Ref	Risk Title	Current Risk & (Target Risk)	Current Impact (Target)	Current Likelihood (Target)	On Target? Travel	Risk Owner	Major Current Controls	Future Measures	Future Measures Date
DEVELOP STAFF & PARTNERS: Partnerships									
3.B.1	Multi-agency governance leading to ineffective partnership working	8 (4)	4 (4)	2 (1)	NO ⇒	Chief Executive	Regular meetings in place and liaison with all key partners & stakeholders	Development of local place based strategic plans being considered	Q3 22/23
							Strategic Partnership Boards in place and actively supported		
3.B.2	Failure to agree with partners integrated delivery models for local health & care services	12 (4)	4 (2)	3 (2)	NO ⇒	Executive Director Community Services	Partnerships in place across health & social care including monitoring initiatives.	Develop proposals for Commissioning Alliance	Q3 22/23
							Integration planning, including joint posts and whole system recovery plan		
							Strategic Commissioning Function developed		
SERVICES REPRESENT VFM: Procurement									
4.A.1	Failure to manage strategic suppliers and related procurements	12 (6)	4 (3)	3 (2)	NO ⇒	Executive Director of Corporate Resources	Contract management toolkit and supporting training plus contract mgmt dashboard	Contract management dashboard to be developed in use	Q3 22/23
							Social Value reporting		
							Contract Compliance checklist	Additional team recruitment	Q4 22/23

Ref	Risk Title	Current Risk & (Target Risk)	Current Impact (Target)	Current Likelihood (Target)	On Target? Travel	Risk Owner	Major Current Controls	Future Measures	Future Measures Date
4.A.2	Global commodity price increases or supply chain shortages	15 (6)	3 (3)	5 (2)	NO ↓	Executive Director of Corporate Resources	Monitoring prices through contract management framework	Review supply chain specifications and seek alternatives where possible	Monthly financial reporting
							Using variation clauses as required		
							Market engagement and benchmarking		
SERVICES REPRESENT VFM: Performance									
4.B.1	Failure to manage performance leads to service failure	6 (4)	2 (2)	3 (2)	NO ⇒	Chief Executive	Director sessions as part of SLT	Embed programme and project management approach	November 2022
							One Council approach to collaborative work	New corporate performance dashboard in development	Summer 2022
							Performance reporting to EMT		
4.B.2	Building for Lewisham programme fails to make full use of available funding streams and/or exceeds financial parameters	12 (8)	4 (4)	3 (2)	NO ⇒	Executive Director for HRPR	Changes to planning schemes to improve viability, including using 40% of RTB receipts. High level GLA Grant. Monitoring KPIs for Shared Ownership Sales and Quarterly financial reviews Sensitivity analysis including benchmarking with other LAs	Annual financial assumptions review	October 2022

Ref	Risk Title	Current Risk & (Target Risk)	Current Impact (Target)	Current Likelihood (Target)	On Target? Travel	Risk Owner	Major Current Controls	Future Measures	Future Measures Date
4.B.3	Failure to meet housing standards	9 (6)	3 (3)	3 (2)	NO ⇒	Director of Housing Services	LBL Self-Referral to the Regulator following issues highlighted by ITV programme.		
							Closely monitoring Lewisham Homes Lessons Learnt Action Plan. Updated clienting, including KPIs and quarterly monitoring.		
MANAGE WITHIN BUDGET: Financial									
5.A.1	Financial failure and inability to maintain service delivery within a balanced budget	25 (4)	5 (4)	5 (1)	NO ⇒	Executive Director of Corporate Resources	Audited financial statements, MTFS, regular reserves and provisions monitoring.	<u>Continued in-year savings plans</u>	<u>Rolling, but review Q3 2022/23</u>
							Financial planning addressing historic pressures and balanced budget.	Monitor local government finance changes	Q3 2022/23
							Comprehensive financial planning.		
5.A.2	Lack of provision for unforeseen expenditure or loss of income from funding streams	12 (6)	4 (3)	3 (2)	NO ⇒	Executive Director of Corporate Resources	Expert valuations of pension fund and insurance provisions	<u>Monitoring large income streams</u>	<u>Rolling, but review Q3 2022/23</u>
							Provisions and reserves strategy		
							Monitor and contribute to consultations on future of LG finance		

Ref	Risk Title	Current Risk & (Target Risk)	Current Impact (Target)	Current Likelihood (Target)	On Target? Travel	Risk Owner	Major Current Controls	Future Measures	Future Measures Date
5.A.3	Failure to collect debt	12 (3)	3 (3)	4 (1)	NO ⇒	Executive Director of Corporate Resources	ASC charging policy	(None)	N/A
							Additional resource for debt collection team		
							LL and Controc systems aligned		
MANAGE WITHIN BUDGET: Business Continuity									
5.B.1	Failure to effectively contain impact of emergency affecting public, business, environment	10 (8)	5 (4)	2 (2)	NO ⇒	Executive Director of Corporate Resources	On-call emergency planning rota and training with London wide standardised packages.	(None)	N/A
							BC Management programme using Resilience Standards for London		
							Quarterly Borough Resilience Forum with annual tests		
5.B.2	Failure to effectively contain ongoing impacts of Covid-19	6 (6)	3 (3)	2 (2)	YES ↓	Chief Executive	Covid risk register, reviewed by multi-agency partnership with established sub groups	(None)	N/A
							Service priorities determined and planned.		
							Ongoing monitoring and connection to London situation reporting		

