



Audit & Risk Committee

Corporate Risk Register Update Q4 2022/23

Date: 22 June 2023

Key decision: No

Class: Part 1

Ward(s) affected: All

Contributors: Rich Clarke, Head of Assurance

Outline and recommendations

This report updates the Audit Panel on the Council's Corporate Risks, as detailed in the Corporate Risk Register for the quarter ending 31 March 2023.

The risk reporting appears in a new, interim, format as we work towards building out the Council's risk information in its new risk software (Pentana Risk) acquired in May 2023.

Audit Panel are recommended to **note** the Corporate Risk Register.

Timeline of engagement and decision-making

The Corporate Risk Register is updated by risk owners through the year.

The Council's Executive Management Team viewed and commented on a draft of this information on 14 June. This report is adjusted for comments.

1. Summary

- 1.1. The Corporate Risk Register, detailed in Appendix A, is presented in a new format enabled by Pentana Risk, the bespoke risk software we acquired in May 2023. We are currently building out the software with information, reflecting its much greater capacity to identify, organise and track details related to risks, controls and actions. We are also awaiting full installation of the accompanying reporting module which ought to significantly enhance the consistency, detail and formatting of risk reports to all audiences.
- 1.2. As a result, this reporting is something of an interim position in including key risk information but not yet updating on controls and actions. We expect that information to be fully in place for reporting in September.
- 1.3. Moving the information across to Pentana Risk has afforded the opportunity for spot reviews and updates of several risks. We provide in this report additional narrative on any risks changed since last presented to this Committee in March.
- 1.4. We also provide in this report information on the continuing development of the Council's Risk Management Strategy 2023/24 and how it might shape reports to the Committee across the year.

2. Recommendations

- 2.1. The Audit & Risk Committee are recommended to:

- **Note** *this Corporate Risk Register*

3. Policy Context

- 3.1. This report aligns with Lewisham's Corporate Priorities, as set out in the Council's [Corporate Strategy \(2022-2026\)](#):
 - Cleaner and Greener
 - A Strong Local Economy
 - Quality Housing
 - Children and Young People
 - Safer Communities
 - Open Lewisham
 - Health and Wellbeing
- 3.2. The report supports each priority as part of establishing and maintaining sound governance throughout the Council.

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4. Developing the Risk Management Strategy: Timeline

- 4.1. As previously advised to the Committee, we will be continuing to refresh the Council's Risk Management Strategy and associated reporting through 2023/24. The chart below provides an overview on timing this work and, in particular, gives a guide to how the Committee might see its own reports develop through the year.

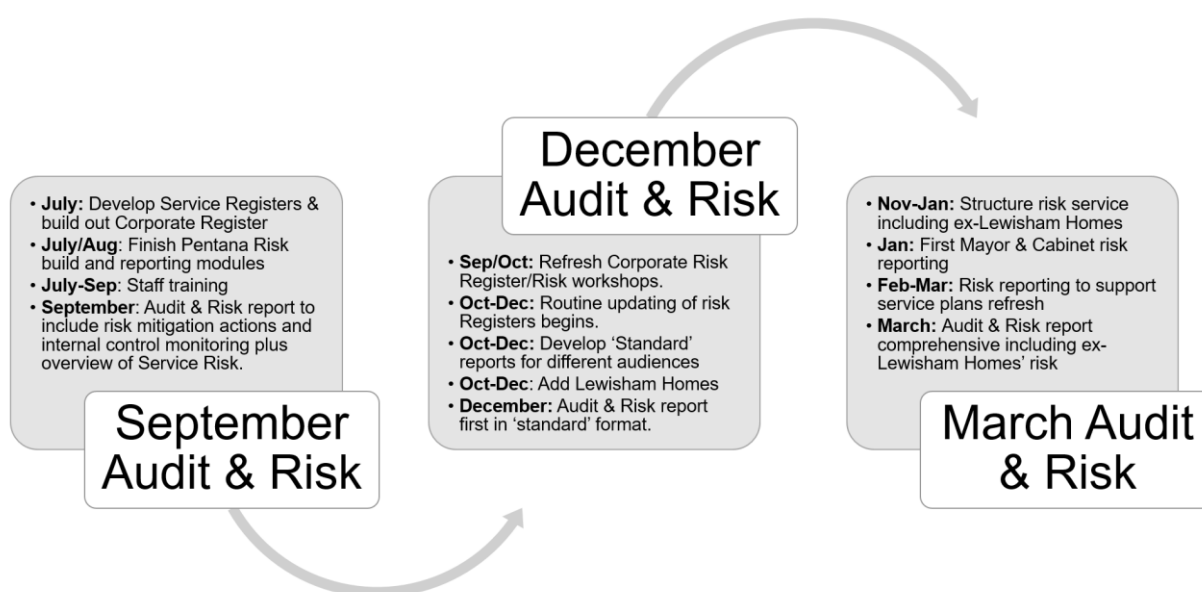


Figure 1: Diagram showing plans to develop risk reporting across 2023/24

- 4.2. One of the chief strengths of Pentana Risk is its ability to retain and manage a vast array of information that it can then present back in user-tailored reports. To that end we greatly value continuing feedback from audiences on the reports they receive and what information they'd like to see. As above, our aim is to develop a 'standard' Audit & Risk Committee report in the autumn. However, even beyond that date, we retain the ability to adapt reporting on request to provide more or different information. In particular, if the Committee wishes to continue undertaking 'deep dive' reviews of individual risks, we can supply individually tailored reporting to specific risks to support discussion.

5. Financial implications

- 5.1. Refreshing the Council's risk management approach is being delivered within existing budgets.
- 5.2. There are no other financial implications arising from this report.

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6. Legal implications

6.1. There are none arising direct from this report.

7. Equalities implications

7.1. There are none arising direct from this report.

8. Climate change and environmental implications

8.1. There are none arising direct from this report.

9. Crime and disorder implications

9.1. There are none arising direct from this report.

10. Health and wellbeing implications

10.1. There are none arising direct from this report.

11. Background papers

11.1. All relevant background papers are included as appendices or hyperlinks within.

12. Report author(s) and contact

12.1. Rich Clarke, Head of Assurance. 020 8314 8730

13. Appendices

13.1. Appendix A: Corporate Risk Register, Q4 2022/23

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Appendix A: Corporate Risk Register

Risk Matrix – Q4 2022/23

The matrix below shows a summary of the 28 risks identified on the corporate register. Each is scored based on its **Current Risk**, meaning how we perceive it now based on present levels of control. There are 5x levels of impact and likelihood. The table below (figure 3) summarises in general what each level means. The numbers in the dots show how many risks are rated at that level. For example, the Register contains 7 risks that are rated “3” on Likelihood and “4” on Impact.

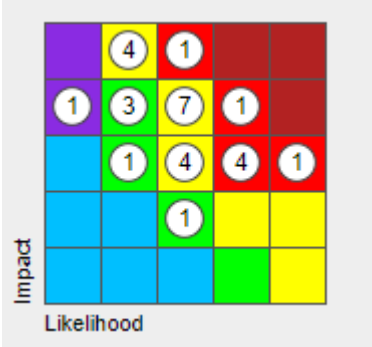


Figure 2 Risk matrix for Corporate Risk

The shading gives an overview of overall severity, ranging from Very High (dark red) to Very Low (blue) and including ‘high impact low likelihood’ rare events (purple). Note that some boxes are incorrectly shaded on the software and will be fixed imminently.

Impact Levels	Likelihood Levels
1 Lowest impact: will temporarily divert resources but likely cause no significant lasting impact on objectives.	1 Extremely unlikely: Around a 1/1,000 or smaller chance
2 Small impact: will divert resources and provide some limitations but not likely to significantly impact material achievement of objectives.	2 Very unlikely: Around a 1/250 chance.
3 Moderate impact: will impede but allow continued progress towards objectives until resolved.	3 Unlikely: Around a 1/50 chance.
4 Large impact: Will temporarily stall or seriously impair progress towards objectives until resolved.	4 Possible: Around a 1/10 chance.
5 High impact: Will effectively prevent progress towards objectives until the risk event is resolved.	5 Probable: Around a 1/2 or greater chance.

Figure 3: Table explaining risk scores, taken from Risk Management Framework 11/22

Risk Listing – Q4 2022/23 (Pentana Risk Format)

Code & Title	Score	Impact/Target	Likelihood/Target	Assigned To	Approach
⚠️ RISK 111 Non-Compliance with Health & Safety Regulation	16			Daothong, Jennifer	Treat
⚠️ RISK 191 Cyber security breach corrupts or locks down Council systems or data	15			Freeman, Kathy	Treat
⚠️ RISK 251 Global commodity price increases or supply chain shortages	15			Freeman, Kathy	Treat
⚠️ RISK 131 Impact of Climate Change	12			Hussain, Nazeya	Treat
⚠️ RISK 141 Internal Control Framework Inadequacy	12			Freeman, Kathy	Treat
⚠️ RISK 211 Failure to maintain sufficient management capacity and capability	12			Daothong, Jennifer	Treat
⚠️ RISK 221 Pace of change negatively impacts service delivery and employee morale	12			Daothong, Jennifer	Tolerate
⚠️ RISK 241 Failure to manage strategic suppliers and procurements	12			Freeman, Kathy	Treat
⚠️ RISK 271 Building for Lewisham programme fails to use available funding and/or exc...	12			Hussain, Nazeya	Treat
⚠️ RISK 301 Lack of provision for unforeseen expenditure or loss of income from fundin...	12			Freeman, Kathy	Treat
⚠️ RISK 311 Failure to collect debt	12			Freeman, Kathy	Treat
⚠️ RISK 321 Incidents of severe damp and mould in Lewisham Council Housing	12			Beckman, Fenella	
⚠️ RISK 341 Loss of parking income due to being a greener borough	12			Hussain, Nazeya	Tolerate
⚠️ RISK 351 Workforce attraction and retention	12			Daothong, Jennifer	
⚠️ RISK 151 Child Safeguarding Failure	10			Ghoshal, Pinaki	Treat
⚠️ RISK 171 Adult Safeguarding Failure	10			Brown, Tom	Treat
⚠️ RISK 291 Inability to set a balanced budget	10			Freeman, Kathy	Treat
⚠️ RISK 401 Council wide financial failure impacting on service delivery	10			Freeman, Kathy	
⚠️ RISK 091 Information Governance Failure	9			Freeman, Kathy	Treat
⚠️ RISK 201 Loss of constructive employee relations	9			Daothong, Jennifer	Treat
⚠️ RISK 281 Failure to comply with consumer standards set by Regulator of Social Hou...	9			Beckman, Fenella	Treat
⚠️ RISK 331 Local Plan Not Proceeding	9			Hussain, Nazeya	
✅ RISK 101 Governance Failure In Implementing Service Change	8			Chambers, Jeremy	Tolerate
✅ RISK 121 Failure to anticipate & respond to legislative change	8			Chambers, Jeremy	Tolerate
✅ RISK 231 Failure to agree with partners integrated delivery models for local health & ...	8			Brown, Tom	Treat
✅ RISK 181 IT not fit for business need	6			Freeman, Kathy	Treat
✅ RISK 261 Failure to manage performance leads to service failure	6			Daothong, Jennifer	Treat
✅ RISK 161 Elections not conducted in line with law	4			Chambers, Jeremy	Tolerate

The risks are shown in order of overall score (impact x likelihood).

The dots indicate the specific Impact (left hand) or Likelihood (right hand) or each risk based on its CURRENT risk score. A dot in the fifth box (e.g. Risk 191 impact) equals a score of '5'.

The dark lines indicate the TARGET risk. So, a line that extends to the first box (e.g. Risk 191 Likelihood) shows a target risk score of '1'.

Where the line meets the dot, the risk is on target.

Colours reflect overall risk scoring. Some risks (e.g. 321) are yet to have a target score identified.

Figure 4: Current Corporate Register Risk Listing

Risk Listing – Q4 2022/23 (Table)

Note that this is the same information as figure 4, but in an alternative presentation. Highlighted risks have additional narrative detail later in the report describing changes since last presented. Also to note – risk is by its nature a live accounting subject to change and development. As described on the timeline above, that is especially true at Lewisham currently as we develop our approach. This will likely mean a substantial refresh of this listing soon, clarifying and updating the wording and scope of existing risks and giving a broader coverage to current issues such as Lewisham Homes integration and the risk of service disruption in housing (in IT, for example) during that integration. We expect that refreshed register to start coming through to Member reporting by the end of the year but will provide further interim updates while in progress.

Risk Listing									
Ref	Title	Owning Directorate	Current Score			Target Score			Notes
			Imp	Lik	Score	Imp	Lik	Score	
Current High Risks (x3)									
111	Non-Compliance with Health & Safety Regulation	Chief Executive's	4	4	16	2	3	6	
191	Cyber security breach corrupts or locks down Council systems or data	Corporate Resources	5	3	15	5	1	5	
251	Global commodity price increases or supply chain shortages	Corporate Resources	3	5	15	3	2	6	
Current Moderate Risks (x22)									
141	Internal Control Framework Inadequacy	Corporate Resources	4	3	12	4	2	8	
131	Impact of Climate Change	Place	4	3	12	3	2	6	
211	Failure to maintain sufficient management capacity and capability	Chief Executive's	4	3	12	3	2	6	
221	Pace of change negatively impacts service delivery and employee morale	Chief Executive's	4	3	12	4	3	12	

Risk Listing									
Ref	Title	Owning Directorate	Current Score			Target Score			Notes
			Imp	Lik	Score	Imp	Lik	Score	
311	Failure to collect debt	Corporate Resources	3	4	12	3	1	3	
271	Building for Lewisham programme fails to use available funding and/or exceeds financial parameters	Place	4	3	12	4	2	8	
301	Lack of provision for unforeseen expenditure or loss of income from funding streams	Corporate Resources	4	3	12	3	2	6	
321	Incidents of severe damp and mould in Lewisham Council Housing	Housing	3	4	12	[tbc]	[tbc]	[tbc]	
341	Loss of parking income due to being a greener borough	Place	3	4	12	[tbc]	[tbc]	[tbc]	
351	Workforce attraction and retention	Chief Executive's	3	4	12	[tbc]	[tbc]	[tbc]	
241	Failure to manage strategic suppliers and procurements	Corporate Resources	4	3	12	3	2	6	
151	Child Safeguarding Failure	Children & Young People	5	2	10	4	2	8	
171	Adult Safeguarding Failure	Community Services	5	2	10	4	2	8	
291	Inability to set a balanced budget	Corporate Resources	5	2	10	4	1	4	
401	Council wide financial failure impacting on service delivery	Corporate Resources	5	2	10	[tbc]	[tbc]	[tbc]	

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Risk Listing									
Ref	Title	Owning Directorate	Current Score			Target Score			Notes
			Imp	Lik	Score	Imp	Lik	Score	
091	Information Governance Failure	Corporate Resources	3	3	9	3	2	6	
201	Loss of constructive employee relations	Chief Executive's	3	3	9	3	2	6	
281	Failure to comply with consumer standards set by Regulator of Social Housing	Housing	3	3	9	3	2	6	
331	Local Plan Not Proceeding	Place	3	3	9	[tbc]	[tbc]	[tbc]	
101	Governance failure in implementing service change	Chief Executive's	4	2	8	4	2	8	
121	Failure to anticipate and respond to legislative change	Chief Executive's	4	2	8	4	2	8	
231	Failure to agree with partners integrated delivery models for local health	Community Services	4	2	8	2	2	4	
Current Low Risks (x3)									
181	IT not fit for business need	Corporate Resources	3	2	6	3	1	3	
261	Failure to manage performance leads to service failure	Chief Executive's	2	3	6	2	2	4	
161	Elections not conducted in line with law	Chief Executive's	4	1	4	4	1	4	

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Narrative on Specific Risks

211 Failure to maintain sufficient management capacity and capability

- Revised **up** from a likelihood of “2” to likelihood of “3” following recent and imminent vacancies at Executive Director level.

321 Incidents of severe damp and mould in Lewisham Council Housing

- New to Lewisham Council’s risk register following increasing coverage.

341 Loss of parking income due to being a greener borough

- New risk. Raised through service plans.

351 Workforce attraction and retention

- New risk. Raised through service plans and reflecting vacancy levels.

151 Child Safeguarding Failure

- Replacement risk. Previously scored 5x5, on reflection the risk was conflating two separate circumstances. First, the risk of any safeguarding incident happening anywhere in the borough regardless of whether the Council could or should have intervened to prevent or mitigate. Second, that a serious incident occurred where the Council’s actions or failure to act play a material part in it happening. The new corporate risk focuses on this second circumstance. The broader risk of safeguarding incidents will be managed as part of the service risk register.

171 Adult Safeguarding Failure

- Replacement risk. Parallel to the Child Safeguarding risk above.

291 Inability to set a balanced budget

- Replacement risk. Previous risk scored 5x5 and, on reflection, was conflating drawing its likelihood score from there being any overspend in year (very likely) and its impact score from there being an overspend on the scale that the Council’s core financial prospects are threatened (much less likely). Now split into two, this and 401 below, expressing different aspects of this financial risk.

401 Council wide financial failure impacting on service delivery

- See above (291).

091 Information Governance Failure

- Revised **up** from a likelihood of “2” to likelihood of “3” following recent contact with Information Commissioner’s Office.

331 Local Plan Not Proceeding

- New risk. Identified through service plans.