Audit & Risk Committee

Corporate Risk Register Update Q1 2023/24

Date: 13 September 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 30 June 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 & Risk Committee 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.

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 re,aoms 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 later in the year.

1.3. 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.

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.

4. Developing the Risk Management Strategy: Timeline

4.1. The chart below repeats a timeline originally presented to this Committee in June 2023. The programme to develop the Council's risk management approach remains largely on track but two delays have meant limited change to the reporting provided to Members since the last meeting. The first is a technical difficulty in providing widespread access to the risk management software, that should resolve this month. The second is difficulty securing sufficient senior management time to focus on refreshing the corporate risk register. However, that time is now booked for early October.
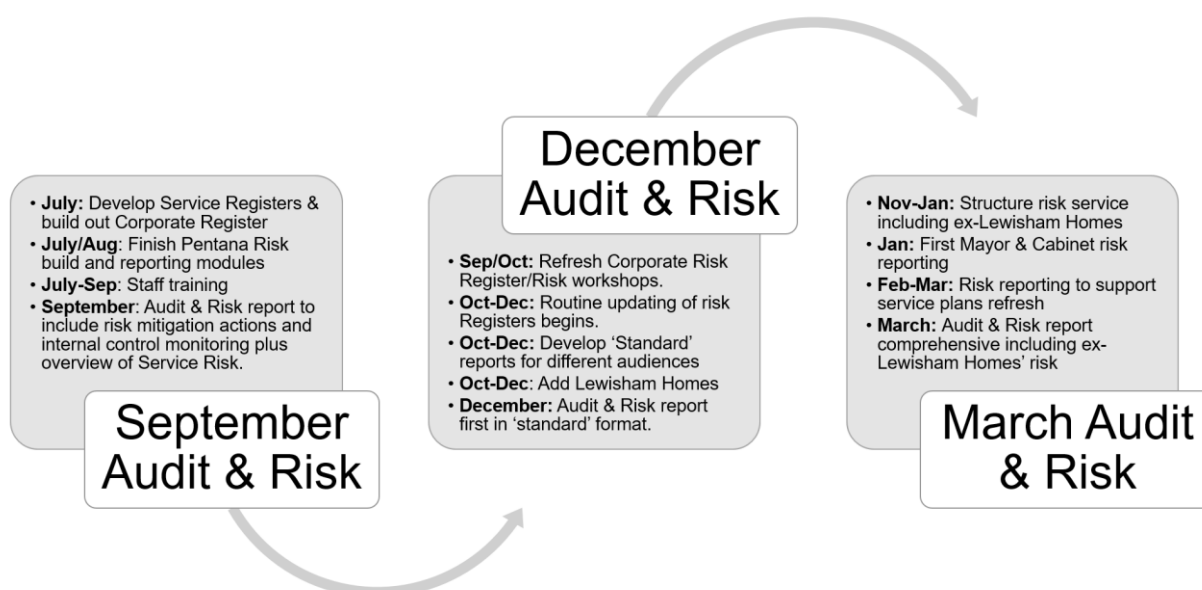

Figure 1: Diagram showing plans to develop risk reporting across 2023/24

4.2. Progress since June has focused on consolidating the Council's disparate risk information into a single source. Drawing on service plans, we have now collated service risk registers to identify and track more than 100 individual service-level risks. We have also brought two separately-monitored risk registers – on emergency planning and IT security risks – into the software with the aim of building a comprehensive source of risk information.

4.3. We have also used embedded tools to track risk mitigation action and internal controls. We include in this report an example of how that detail works to provide richer risk information on a specific corporate risk.

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.

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, Q1 2023/24

Appendix A: Corporate Risk Register

Risk Matrix – Q1 2023/24

The matrix below shows a summary of the 28[1] 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.
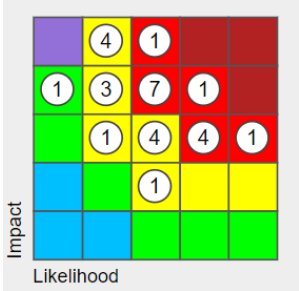

Figure 2 Risk matrix for Corporate Risk

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).

Impact Levels	Likelihood Levels
1 Lowest impact: will temporarily divert resources but likely cause no significant lasting impact on objectives.	**1 Extremely unlikely:** Around 1/1,000 or less
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 of 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

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[1] Two additional risks were identified at the most recent Executive Management Team (I) risk of failing to effectively implement the new Housing Management System and (II) risk of insufficient testing time for the new system before annual rent adjustments. The risks do not yet appear on the matrix pending full evaluation by the incoming Executive Director this month.

Risk Listing – Q1 2023/24 (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			Austin, David	Treat
RISK 251 Global commodity price increases or supply chain shortages	15			Austin, David	Treat
RISK 131 Impact of Climate Change	12			Hussain, Nazeya	Treat
RISK 141 Internal Control Framework Inadequacy	12			Austin, David	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			Austin, David	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			Austin, David	Treat
RISK 311 Failure to collect debt	12			Austin, David	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			Austin, David	Treat
RISK 401 Council wide financial failure impacting on service delivery	10			Austin, David	
RISK 091 Information Governance Failure	9			Austin, David	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			Austin, David	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

Figure 4: Current Corporate Register Risk Listing

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.

Risk Listing – Q1 2023/24 (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 (x14)									
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	
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	
311	Failure to collect debt	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**	
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**	
Current Moderate Risks (x13)									
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	
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	
Current Low Risks (x1)									
161	Elections not conducted in line with law	Chief Executive's	4	1	4	4	1	4	

Example additional risk information: Risk 111 Non-Compliance with Health & Safety Regulation

Risk Scoring

Like all risks in the software, there are three assessments for this item:
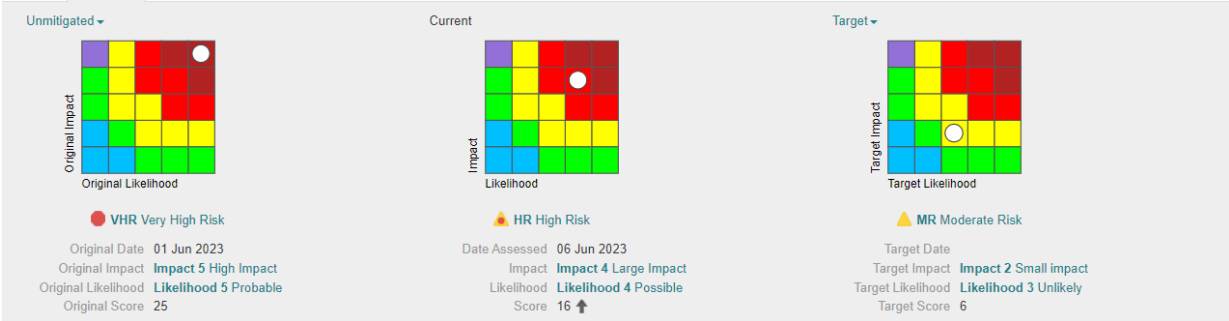
The **unmitigated** risk describes the likelihood and impact in the absence of all internal controls. This is the 'worst case scenario' risk if all internal controls failed completely. For this risk the unmitigated assessment is as a *Very High Risk*, noting the significant potential consequences in financial, reputational and personal terms of high-profile health and safety failure.

The **current** risk describes the likelihood and impact based on current controls at their understood operational efficacy. The scoring recognises this topic remains *High Risk* but that current controls are providing mitigation.

The **target** risk sets out a level of risk the Council seeks to achieve and one that it will accept (acknowledging that few risks can be eliminated entirely). This is assessed as a *Moderate Risk* with further reductions sought to both likelihood and impact.

Internal Controls

Within Pentana Risk we also describe and evaluate the current controls serving to mitigate the risk:

Note that this section remains in development and so is not comprehensive but acknowledges work ongoing to enhance control response. These enhancements are, in part, in response to an internal audit on this area completed in early 2022.

Risk Mitigation Actions

The software also supports identification and tracking of risk mitigation actions.
Current actions for this risk are:

Actions ⌄			⌃
Code and Title	**Progress**		**Due Date**
▶ ACTION 021 H&S Service Audit Programm...	▰▰▱	43%	31 October 2023
▶ ACTION 161 Fire Safety and Evacuation A...	▰▰▰	60%	30 November 2...
▶ ACTION 171 H&S Training Identification	▰▰▰	75%	30 November 2...

Each action relates to improving an internal control noted as 'under review'. Although owners can update risks at any point, the software will trigger an invitation for update as each action reaches its due date.