

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.



Subject: Risk Management Update
Meeting date: 8 November 2022
Report to: Audit Committee
Report of: Gerry Murphy, Deputy Chief Executive

This report will be considered in private

Subject to the decision of the Committee under Item 11 on the agenda for this meeting, this report is exempt and is therefore not for publication to the public or press by virtue of part 1, paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains 'Information relating to the financial or business affairs of any particular person (including the MDC holding that information)

1 SUMMARY

- 1.1 This report provides an update on risk management including LLDC's corporate risk and issues that contain exempt information.

2 RECOMMENDATION

- 2.1 **The Audit Committee is asked to note this paper and the corporate risk and issues report.**

3 LLDC RISK AND ISSUES MANAGEMENT PROCESS

- 3.1 Corporate level risks and issues are identified by the Executive Management Team (EMT) and reviewed ahead of each Audit Committee meeting through EMT risk workshops. LLDC holds risks and issues against its activities and projects through its 'Execview' reporting system. Risks held at project and directorate level can move up to - or be summarised as part of - LLDC's corporate level risks.
- 3.2 A separate, but related, process is in place to monitor risks that potentially impact on capital and revenue contingencies. Modelling on these risks generate a range of financial impacts through Quantitative Risk Assessment (QRA) which are measured against corporate contingencies and used to inform decision making.
- 3.3 Updates on corporate risks and issues, including new risks and issues raised, are reported to each Audit Committee meeting; to the LLDC Board through the quarterly corporate report and reviewed by the Board annually (the next review is scheduled in February 2022). Corporate risk summaries are also included in the narrative section of the annual statement of accounts.
- 3.4 Risk ratings are based on analysing the likelihood of a risk occurring and the consequence of that risk if it occurred. Red risks are rated as having a high likelihood and/or a significant consequence; amber risks are lower than red and typically those that have a medium likelihood and medium consequence; green risks are those with low risk and/or lower consequences. Mitigation plans are in place to manage the likelihood of risks occurring and/or their impact should they occur. The Red Amber

Green (RAG) status of risks is reported post mitigation. Risks become issues either when risk crystallises or when they are very likely to occur.

4 LLDC ISSUES AND RISKS

- 4.1 At 12 July 2022 Audit Committee meeting, Members welcomed a report on our Corporate Risks, updating on a challenge set by the Committee to review how each risk might move down through amber and green to being closed; with a focus on each risk's mitigations and controls over time to inform this.
- 4.2 The Committee also welcomed a detailed paper relating to the risks around the housing programme and the long-term model which was drafted with input from Development, Finance and the PMO teams.
- 4.3 The Committee asked that future reports include further information relating to LLDC's risk tolerance. LLDC's statement of risk appetite demonstrates appetite and tolerance against different themes. LLDC's Executive Management Team (EMT) undertook a risk workshop in October 2022, where corporate risks were reviewed against risk appetite and tolerance. The output of this workshop is presented at Appendix 1.
- 4.4 The EMT risk workshop also considered the corporate risks in the light of the current cost of living crisis and projections over the coming months. The output of this analysis is set out in appendix 1 and a new red risk (21) has been raised. Other major changes to the risk and issues register are set out below:
- 4.5 The East Bank Budget and Programme risk moved to a red issue (12) to reflect increases in budget requirements and pressure on the programme.
- 4.6 A new red risk relating to Rick Roberts Way meeting the date for planning determination has been raised (20)
- 4.7 Amber issues relating to COVID-19 (13) and delivery of later phases of East Wick and Sweetwater (14) have moved to green.
- 4.8 The amber issue relating to information security (13) has been expanded to include cyber security, following comments from the Committee.

5 GLA GROUP COLLABORATION BOARD RISK AND ASSURANCE SPRINT

- 5.1 LLDC is a member of the GLA Group Collaboration Board (GCB), established to explore opportunities for savings through greater collaboration across the GLA Group in the areas of Information Technology, Estate and Facilities Management, Procurement, Human Resources and Finance and other Professional Services.
- 5.2 One of the areas explored under this initiative was a Risk and Assurance sprint which looked at mapping assurance activities across the GLA, capturing best practice and exploring potential areas for collaboration and opportunities for savings. LLDC took part in the sprint, which was led by TfL and reported its recommendations to the GCB in June 2022. The recommendations included: greater knowledge sharing (quarterly topic forums on risk, audit and fraud to share best practice and expertise and to have a six-monthly assurance forum; exploring secondment opportunities to retain talent within the GLA Group; establishing a peer review group to share expertise. There were no immediate savings opportunities but the sprint recommended exploring the possibility of establishing an enhanced service for project assurance across TfL and the GLA Group **s.43**
[REDACTED] The GCB accepted the recommendations and these are now being taken forward by TfL in collaboration with the other functional bodies.

6 EAST BANK THIRD LINE ASSURANCE AND RISK

- 6.1 Since the last Audit Committee, the RSM third line assurance review of handover preparations in relation to the Stratford Waterfront buildings and public realm was finalised. The review noted good working relationships and documentation in place to support ongoing operational planning. It highlighted the need for partners to identify and empower representatives to support the development of the Stratford Waterfront Management Company's structure and governance. The finalised review including the action plan to address the recommendations received a post-mitigated rating of Amber-Green.
- 6.2 As previously reported, RSM, the independent third line assurance provider, undertook a third line assurance review of the assumptions and sensitivities underpinning the Stratford Waterfront quantified risk assessment (QRA). The report made a number of recommendations around granularity of assumptions for uncertain/unknown risks, quantification of time risks, and risk analysis at package and building level and closing out design risks. The June Risk and Assurance Board (RAB) and June Investment Committee received an update on the action plans to address the recommendations. A follow up review is being undertaken by RSM on the level of granularity and assumptions made in the QRA for the revised Stratford Waterfront anticipated final cost in time for the November Investment Committee.
- 6.3 In July 2022, the London Assembly's GLA Oversight Committee published a report on procurement practices across the GLA Group. It largely focuses on TfL procurements for large infrastructure projects such as the Silvertown Tunnel and Bond Street Crossrail station, but included a section on East Bank which highlighted the budget increases due to contractor cost estimates in excess of budgets, design development and integration issues, and the pandemic. It recommended that "the GLA should review the delivery of the East Bank to learn lessons for future development corporations such as the OPDC." LLDC has responded that it will be commissioning a lessons learned review of the procurement and will share the summary with the committee. LLDC is in the process of agreeing the scope of this lessons learned review with RSM s.43 [REDACTED].
- 6.4 The East Bank programme risk heat map can be found as part of appendix 1.

7 LIST OF APPENDICES TO THIS REPORT

Appendix 1 - Corporate Risks: To transition and beyond.

List of Background Papers

- QEOP Strategy to 2025
- LLDC Corporate Risk and Issues Register

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LLDC CORPORATE RISKS AND ISSUES UPDATE

LLDC Audit Committee
November 2022

Appendix 1

EXPLANATORY TEXT

Corporate level risks and issues are identified by the Executive Management Team (EMT) and reviewed ahead of each Audit Committee meeting through EMT risk workshops. LLDC holds risks and issues against its activities and projects through its 'Execview' reporting system. Risks are held and reviewed at project and directorate (level) which can move up to - or be summarised as part of - our corporate level risks.

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This report summarises the risks and issues held on the Corporate Risk and Issues registers which will be provided to the Committee on an annual basis.

Risks are rated against likelihood and impact, set out in the Heat Map and ratings shown are the current assessment. Individual risks also include an assessment of the risk trajectory which suggests the rating if all actions are carried out successfully (residual risk).

LLDC's corporate risks and issues (October 2022, changes since June 2022)

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Issues
Likelihood
5 Probable
4 Likely
3 More likely than not
2 Unlikely
1 Improbable

Closed

Risk Control Rating

- Uncontrolled ●
- Weak ●
- Insufficient ●
- Adequate ●
- Optimal ●

Movement since last report →

1	2	3	4	5
Minor consequence Thousands £s Days of schedule No press coverage	Moderate consequence Tens of thousands £s Weeks of schedule Minor local press	Significant consequence Hundreds of thousands £s Months of schedule Major local press	Substantial consequence Millions £s A year of schedule National press	Catastrophic consequence Tens of millions £s Years of schedule International press

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LLDC Corporate Issues	
1.1 East Bank philanthropic funding	
1.2 Moved from risk East Bank budget, programme	
1.3 Impact of COVID- 19	
1.4 Delivery of later phases of East Wick and Sweetwater	
1.5 Stadium crowd control	
1.6 Fixed Estate Charge (political and community engagement)	
1.7 Impact of residential tax on property developers	
1.8 District heating network carbon degradation	
LLDC Corporate Risks	
1. Moved to issue: East Bank budget, programme	
2. Housing developments: meeting long term model capital receipts requirements and borrowing limits	
3. E20 Stadium LLP business plan	
4. HMRC ruling for LLDC's corporation tax	
5. Housing delivery plan: delivery of developments ahead of Transition, meeting planning requirements	
6. Security risk, threat level	
7. Stratford Station capacity insufficient for growing demand	
8. Health and safety (including East Bank and AMO climbers)	
9. Park Business Plan – financial sustainability pre and post transition	
10. Delivery of LLDC activities and objectives pre- and post-Transition, including retention of talent	
11. Electrical capacity reinforcement	
12. Fraud and assurance risks	
13. Information and cyber security (AC suggested cyber security corporate risk)	
14: Climate emergency	
15: Inclusion & Diversity	
16. Park and venue operations	
17: Delivery of physical connectivity projects	
18. Mayoral / Govt. policy change	
19: Local Plan Infrastructure	
20: New risk: Rick Roberts Way programme, meeting date for Planning Determination	
21: New risk: Economic climate impacts on LLDC's objectives and activities	

IMPACT OF ECONOMIC CLIMATE ON CORPORATE RISKS

LLDC Corporate Risks	
1. Moved to issue: East Bank budget, programme	Impact of higher prices for materials; inflation pressures if programme prolongs
2. Housing developments: meeting long term model capital receipts requirements and borrowing limits	Impact of increased interest rates, increased construction costs and potential reduction in housing demand and fall in house prices
3. E20 Stadium LLP business plan	Impact of rising prices and reduced demand in the economy on ability to make commercial improvements (e.g. naming rights)
4. HMRC ruling for LLDC's corporation tax	No major impacts
5. Housing delivery plan: delivery of developments ahead of Transition, meeting planning requirements	Potential reduction in housing demand, increase in construction costs and fall in house prices may make future developments less attractive to potential development partners
6. Security risk, threat level	Potential for impact on crime levels
7. Stratford Station capacity insufficient for growing demand	Potential impacts of reduction in public sector budgets on ability to fund this project
8. Health and safety (including East Bank and AMO climbers)	No major impacts?
9. Park Business Plan – financial sustainability pre and post transition	Impact of rising prices and reduced demand in the economy on ability to make commercial improvements (e.g. naming rights)
10. Delivery of LLDC activities and objectives pre- and post-Transition, including retention of talent	No major impacts
11. Electrical capacity reinforcement	No major impacts?
12. Fraud and assurance risks	Potential for increase in fraudulent activity
13. Information and cyber security (AC suggested cyber security corporate risk)	Potential for increase in fraudulent activity
14: Climate emergency	Reduction in availability of Government funding
15: Inclusion & Diversity	No major impacts?
16. Park and venue operations	Increased costs, in particular utilities and potential reduction of demand impacts on operator procurements
17: Delivery of physical connectivity projects	Impact of increased interest rates and increased construction costs
18. Mayoral / Govt. policy change	Potential reduction in public funding for LLDC
19: Local Plan Infrastructure	No major impacts
20: New risk: Rick Roberts Way programme, meeting date for Planning	Impact of increased interest rates, increased construction costs and potential reduction in housing demand and fall in house prices
21: New risk: Economic climate impacts on LLDC's objectives and activities	

RISKS TOLERANCE – RISK APPETITE

Statement of risk appetite

Within its framework of evidence-based and well-controlled decision-making, the Legacy Corporation is currently willing to adopt a higher risk appetite in specific areas in order to fulfil the Legacy Corporation’s mission to “use the once-in-a-lifetime opportunity of the London 2012 Games and the creation of Queen Elizabeth Olympic Park to develop a dynamic new heart for east London, creating opportunities for local people and driving innovation and growth in London and the UK.” These areas where there is appetite for higher risk include.

- Major developments which are Board and/or Mayoral priorities with significant potential benefits (e.g. East Bank).
- innovations, where outputs can be evidenced and evaluated (e.g. enhancements to improve AMO performance);
- undertaking small exploratory and enabling projects to learn and to gather evidence (e.g. investing in feasibility studies);
- taking action – spending to save - to maximise investments where performance is poor and remaining assertive on performance management (e.g. plans to improve the Stadium’s commercial performance); and
- developing potential new forms of partnership and/or commercial income (e.g. Here East).

Through procurement and commercial negotiations the Legacy Corporation passes on a proportion of risk and reward to third parties, in particular to venue operators. This constitutes a medium risk appetite.

The Legacy Corporation has a low risk appetite around: transparency, governance, financial control, health and safety and security - and this will not change.

RISKS TOLERANCE – RISK APPETITE

Low risk appetite

Governance processes

Policy compliance

Financial processes

Health and Safety

Equalities and inclusion responsibilities

Procurement

Sustainability

Planning service

Security and facilities management

Medium risk appetite

Housing developments

Construction projects (not H&S elements)

Venue operators

Events (not H&S elements)

Social regeneration projects

Community engagement

Spend to save

High risk appetite

East Bank

Invest to return

RISKS TOLERANCE – APPLICATION

When risk appetite is defined rigidly it can impede innovation and make an organisation overly cautious. It can also fail to reflect the complexity and diversity of decision making in an organisation such as L&DC. However as general rules, the Legacy Corporation

- will not tolerate risks rated red on the risk scoring matrix **where they are avoidable** – other than in exceptional circumstances that should be agreed formally by the Executive Management Team. These are more likely to apply in areas shown with a medium or high risk appetite
- has zero tolerance for risks that cannot be mitigated for a number of areas set out below
- has a relatively high tolerance for risk flowing from the delivery and communication of strategic and Mayoral priorities, and in particular where the work is innovative and with the potential to catalyse broader beneficial outcomes. Where a given project is proposing to tolerate a relatively high-level of risk, the rationale must be outlined within the project approval documentation or, if they emerge whilst in delivery, reported to the Executive Management Team.

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Risks that would not be tolerated: As a guide the below table sets out risks that would not be tolerated, this is for illustration and is not exhaustive:

Risk category	Risk would not be tolerated where:
Political	<ul style="list-style-type: none"> ▪ the Corporation is directly associated with extremist, hate speech or discriminatory beliefs
Financial	<ul style="list-style-type: none"> ▪ the Corporation’s financial stability is compromised
Economic	<ul style="list-style-type: none"> ▪ investment or capital outlay exceeds delegated authority limits
Safety and Wellbeing	<ul style="list-style-type: none"> ▪ there is a significant increase in the potential for injury or death ▪ the wellbeing of any staff group, contractor or visitor is seriously compromised
Environmental	<ul style="list-style-type: none"> ▪ the Corporation’s activities cause irreparable harm to the environment
Legal	<ul style="list-style-type: none"> ▪ the Corporation breaches its statutory responsibilities ▪ Corporation activities are deemed to be unlawful
Operations	<ul style="list-style-type: none"> ▪ Operational practices threaten community safety ▪ Resilience assets are compromised
Systems	<ul style="list-style-type: none"> ▪ Core ICT systems/equipment are compromised, targeted or unavailable
Reputation	<ul style="list-style-type: none"> ▪ The Corporation’s standing in the community or with partners is significantly compromised in the long term

CORPORATE RISKS: HIGH APPETITE

LLDC's corporate risks and issues (October 2022, changes since June 2022)

Likelihood

Risks

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5
Probable

4
Likely

3
More likely than not

2
Unlikely

1
Improbable



High risk appetite

East Bank

Spend to Save

Invest to return

LLDC Corporate Risks

- 1. Moved to issue: East Bank budget, programme
- 3. E20 Stadium LLP business plan
- 9. Park Business Plan – financial sustainability pre and post transition

1

2

3

4

5

Minor consequence
Thousands £
Days of schedule
No press coverage

Moderate consequence
Tens of thousands £
Weeks of schedule
Minor local press

Significant consequence
Hundreds of thousands £
Months of schedule
Major local press

Substantial consequence
Millions £
A year of schedule
National press

Catastrophic consequence
Tens of millions £
Years of schedule
International press

CORPORATE RISKS: MEDIUM APPETITE

LLDC's corporate risks and issues (October 2022, changes since June 2022)



Medium risk appetite

- Housing developments
- Construction projects (not H&S elements)
- Venue operators
- Events (not H&S elements)
- Social regeneration projects
- Community engagement

LLDC Corporate Risks
2. Housing developments: meeting long term model capital receipts requirements and borrowing limits
5. Housing delivery plan: delivery of developments ahead of Transition, meeting planning requirements
7. Stratford Station capacity insufficient for growing demand
11. Electrical capacity reinforcement
16. Park and venue operations
17: Delivery of physical connectivity projects
20: Suggested new risk: Rick Roberts Way programme, meeting date for Planning

CORPORATE RISKS: LOW APPETITE



Low risk appetite

- Governance processes
- Policy compliance
- Financial processes
- Health and Safety
- Equalities and inclusion responsibilities
- Procurement
- Sustainability
- Planning service
- Security and facilities management

LLDC Corporate Risks
4. HMRC ruling for LLDC's corporation tax
8. Health and safety (including East Bank and AMO climbers)
21: New risk: Economic climate impacts on LLDC's objectives and activities
10. Delivery of LLDC activities and objectives pre- and post-Transition, including retention of talent
12. Fraud and assurance risks
13. Information and cyber security (AC suggested cyber security corporate risk)
14: Climate emergency
15: Inclusion & Diversity
18. Mayoral / Govt. policy change
19: Local Plan Infrastructure

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DUE: ONGOING TO TRANSITION

Description:

The current national economic position and the projections over the coming months have the potential to have a negative impact on LLDC's objectives and activities, leading to budget pressures and a reduction in benefits for the Park and surrounding area.

Potential impacts:

- 1. Increase in inflation impacts on costs, in particular materials and labour for major construction projects (housing, East Bank)
- 2. Energy costs impact, particularly on venues
- 3. Impacts of interest rates, lower house prices and demand for housing on development projects
- 4. Negative impact on commercial activities, including delivery of the Park Business Plan and sponsorship
- 5. Downturn leads to increase in crime and anti social behaviour
- 6. A reduction in availability of public sector funding for projects incl Stratford Station and connectivity projects

(note that this risk is a cause for other risks on the corporate risk register)

Mitigation Plan (next period priorities in bold)

- 1. Close monitoring of the economic situation**
- 2. Finance team undertaking a review of impacts of inflation**
- 3. Close engagement with GLA finance team on the impacts on LLDC and its projects, ensuring this is reflected in budget submissions**
- 4. Project management of individual projects to anticipate and make contingency plans for potential impacts.**

S.43

Progress and commentary

New risk raised following EMT risk workshop.

s.43

s.43

DUE: ONGOING TO TRANSITION

Description:

The delivery of a new neighbourhood at Rick Roberts Way is a key part of LLDC's Housing Delivery Plan, bringing new homes to the area. Plans are for high levels of affordable homes as part of the portfolio approach, which is required under the Stratford Waterfront UU.

s.43

There is a very tight timescale ahead of for planning determination prior to the transfer of planning powers back to the boroughs

s.43

Mitigation Plan (next period priorities in **bold**)

Corporate focus on this through major projects monitoring and reporting - ongoing (C1-4)

Manage procurement programme to ensure that this runs to programme, flag any issues early (C1, C2, C4)

Close monitoring of economic climate and engagement with GLA finance amend scheme where required (C3, C4)

Clarity on dates for LLDC team interfaces with the project, close liaison with PPDT and Procurement in particular. Ensuring that there is enough time for PDC consideration built in (C4)

s.43

Causes:

C1. Delays in developer procurement programme

C2. Scheme unattractive to the market due to constraints

C3. Economic conditions lead to reduced viability and developer interest

C4. LLDC do not have the resources to deliver to programme (Development, PPDT, PDC, QRP, Procurement)

Progress and commentary

New risk raised, previously covered in housing delivery programme risk.

ISSUE 1: EAST BANK PHILANTHROPIC FUNDING

ISSUE OWNER: GM

IMPACT & CHANGE SINCE LAST REPORT: **S.43**

Description:

East Bank is funded through a number of different funding sources, including through philanthropic funding. Foundation for Future London (FfL)'s capital fund raising has not yet been forthcoming. **S.43**

[REDACTED]

S.43

[REDACTED]

→

Proposed resolution and completion dates. (next period priorities in **bold**):

Discussion with City Hall re next steps, **S.43**

[REDACTED]

Exploring alternative routes for capital fundraising.

Progress and commentary

Risk re-written to focus on philanthropic funding following EMT review.

IMPACT & CHANGE SINCE LAST REPORT: S.43

Description:

East Bank Stratford Waterfront construction AFC has increased to £614.9m against a budget of £575.1m –an increase of £39.8m (+6% on the total budget) –cost to LLDC net of estimated c£4m UAL contribution (c£36m)
Increases driven by further design change and delays to design sign off, resulting in programme delay and prolongation, increased interface risk and inflation.
UCL's One Pool Street building opening delayed past September 2022 to a planned date of November 2022.

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Proposed resolution and completion dates.
(next period priorities in **bold**):

- Close working with GLA finance on funding increased costs**
- Deliver cost reduction opportunities**
- Manage identified construction risks**
- Implement changes in design sign off.**
- UCL managing delay in opening One Pool Street including ensuring students have alternative accommodation.
- Manage any impacts of economic downturn

Progress and commentary

Moved from a risk to an issue to reflect increases in budget requirements and pressure on the programme.

ISSUE 6: FIXED ESTATE CHARGE – POLITICAL AND COMMUNITY ENGAGEMENT

ISSUE OWNER:
ES/MC

IMPACT & CHANGE SINCE LAST REPORT: **S.43**

Description:

Residents in LLDC's housing developments are liable to pay a Fixed Estate Charge (FEC) which contributes towards the cost of maintaining Queen Elizabeth Olympic Park's parklands and its facilities. Some residents have complained about the FEC, impacting on LLDC's relationship with residents, and this has generated significant media interest and is becoming a political issue, with potential impact on financial sustainability of LLDC's successor body and on Rick Roberts Way procurement.

Proposed resolution and completion dates. (next period priorities in **bold**):

Engagement with resident associations.

Information on the website about FEC.

Engagement with the media.

Working with the Mayor's office including on the FEC review.

Progress and commentary

FEC review is underway for completion in November 2022

RISK 2: HOUSING DEVELOPMENTS: MEETING LONG TERM MODEL REQUIREMENTS

RISK OWNER: GM/RL

s.43

Description:

LLDC unable to generate sufficient capital income and/or required cashflow through housing receipts, impacting on the long term model, including funding for East Bank through Stratford Waterfront and borrowing limits. Causes:

C1. impact of economic climate: Impact of increased interest rates, increased construction costs and potential reduction in housing demand and fall in house prices. Impacts of Mayor’s affordable housing programme 2021/26; impact of delivering Affordable Housing Portfolio.

C2. Housing developments delayed, impacting on cashflow and capital borrowing levels.

C3. **s.43**

C4. Rick Roberts Way: delivery of programme to allow the scheme to go to Planning ahead of planning powers reverting to the Boroughs. Decision about whether RRW will be included in FEC boundary is required ahead of stage 2 of developer procurement.

C5. **s.43**

C6. Planning permission dates are missed, new planning permissions required in line with current AH policy

C7: potential impact of zero carbon on receipts

Also, risks to delivery of development post 2023 with new building regulations, covered in DHN issue

s.43

Mitigation Plan (next period priorities in **bold**)

Work closely with GLA finance team to ensure that funding requirements are met & borrowing headroom (C1-7).

East Wick and Sweetwater: developer delivering early works on phase 2 ahead of main works starting in Nov 22. (C3)

Rick Roberts Way: manage procurement programme to ensure that this runs to programme. Seek decision on inclusion on FEC boundary by October 2022. (C4, C6).

Pudding Mill Lane: design teams in place: masterplans for the two sites complete, outline planning application submitted end of 21. GLA have confirmed equity contribution to the schemes. **Planning to be determined in Oct 22, work towards going to market in January 2023** - (C5, C6).

Stratford Waterfront and Bridgewater mobilisation of Joint Venture appointment and completion of S106 for Bridgewater - (C1, C2, C7).

Affordable Housing Grant approved - (C1, C6).

DUE: ONGOING TO TRANSITION

S.43

Progress and commentary

Working closely with the GLA. RRW land swap with Newham approved by Board, business case approved by IC. Chobham Manor construction complete. EWSW RMAs approved. PML planning submitted. HoTs agreed with EWSW developer. GLA have confirmed equity contribution to PML the scheme. Stratford Waterfront and Bridgewater Triangle JV partner appointed.

RISK 5: DELIVERY OF DEVELOPMENTS (PLANNING, TRANSITION)

RISK OWNER: RL

s.43

s.43

DUE: ONGOING TO TRANSITION

Description:

LLDC has an ambitious programme of development, including housing developments and off Park developments. Risk of delay to the programme, impacting on ability to meet planning deadlines and affordable housing targets (agreed portfolio approach) ahead of Transition of planning powers and not meeting the QEOP strategy to 2025.

Causes:

C1. s.43

C2. s.43

C3 Physical site constraints / unexpected construction costs

Development specific

C4 Unable to unlock RRW by agreement with other landowner, LB Newham.

C5 Complexity and management of the proposed SWfT and Bridgewater JV.

C6 Unable to agree delivery strategy, structure and funding mechanism for Pudding Mill Lane.

C7. Economic climate: potential reduction in housing demand, increase in construction costs and fall in house prices: future developments less attractive to potential development partners

Management capacity and Board focus on housing strategy (C1-7).

Close monitoring of external economic factors, including HPI and TPI, regular modelling, ongoing (C2).

Attractive opportunities; aligned LLDC/GLA objectives; clear and a streamlined procurement process (C1-7).

Deliver JV structure that seeks to align objectives and deliver LLDC financial and regeneration objectives (C5).

East Wick and Sweetwater: developer delivering early works on phase 2 ahead of main works starting in Nov 22. (C3)

Rick Roberts Way: manage procurement programme to ensure that this runs to programme. Seek decision on inclusion on FEC boundary by October 2022. (C4, C6).

Pudding Mill Lane: design teams in place: masterplans for the two sites complete, outline planning application submitted end of 21. GLA have confirmed equity contribution to the schemes. **Planning to be determined in Oct 22, work towards going to market in January 2023 - (C5, C6).**

Stratford Waterfront and Bridgewater mobilisation of Joint Venture appointment and completion of S106 for Bridgewater - (C1, C2, C7).

Continued engagement with GLA finance on funding mechanism (C1-7).

s.43

Progress and commentary

Challenging given increased construction costs, supply chain issues, market appetite for public sector procurements. Affordable housing grant in place PML masterplan completed and outline planning submitted. Agreed HoT with LBN on RRW and reached agreement with Network Rail. Hackney Wick developer: close to completion of legal contracts

RISK 3: E20 STADIUM BUSINESS PLAN NOT DELIVERABLE

RISK OWNER: LG

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DUE: ONGOING TO TRANSITION

Description:

The E20 business plan for the Stadium is not deliverable. The impact of this risk occurring would be significant budget, operational and reputational implications. This has been exacerbated by the COVID-19 crisis: including the impacts of the economic downturn; reduced likelihood of a naming rights deal until 2023. Risks of impact of 2022/23 Stadium costs of LLDC revenue budget.

Causes:

- C1. s.43
- C2. General economic conditions not favourable for naming rights and sponsorship opportunities
- C3. Time and resources spent dealing with potential future legal disputes.

Mitigation Plan (next period priorities in **bold**):

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Close out disputes, (C2, C3)

Bring sufficient and appropriate expertise into E20 and LLDC (C2) - ongoing.

Continue to develop improved working relationships with Stadium partners (C3) – ongoing.

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Deliver operational savings and efficiencies (C1-3) – ongoing

Progress Stadium Strategy and agree mitigation in the event the strategy does not work as planned. (C1-3) ongoing

Progress and commentary

Chief Commercial Officer in place making progress. Stadium Strategy update to Board agreed in Feb 2022. Closed out A&O dispute.

s.43

RISK 6: SECURITY RISK AND THREAT LEVEL

RISK OWNER: MC

s.43

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DUE: ONGOING TO

Description:

Security strategy plus threat and risk assessment: security measures are in place to mitigate against the risk of a security threat on the Park. The security policy and corporate approach is based on a Moderate threat level for domestic and substantial for international terrorism. s.43

This also covers the risk of a major security threat actually occurring.

Causes:

Threat level increases (C1).

Poor security policies and implementation (C2).

Security measures not being undertaken or upgraded (C3).

Lack of resources and continuity (C4).

Poor external communication with partners, police and counter terrorism (C5).

Mitigation Plan (next period priorities in bold):

Reduce: Security strategy signed off by EMT and Board briefed and being implemented. (C2)

s.43

Head of Security monitoring threat level and assess implications of any new projects (ongoing) - s.43

Ensure appropriate security resources (ongoing) - s.43

Ongoing engagement with the MET Police and neighbours on the Park.

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Progress and commentary

Threat level and threat types constantly under review – recently decreased to substantial for international terrorism - with Domestic Terrorism (Irish dissident terrorism) and far right terrorism remaining at moderate

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RISK 4: HMRC RULING FOR LLDC'S CORPORATION TAX

RISK OWNER: GM

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Due: 2022

Description:

LLDC has submitted a non statutory clearance application relating to Corporation Tax. s.43

[Redacted]

Subsidiary but substantial risk that E20 trade is considered standalone.

Mitigation Plan (next period priorities in **bold**):

1. Complete response to HMRC's information request following LLDC's Corporation Tax non-statutory clearance application (Q3 2020/21) – complete.
2. **Continued engagement with HMRC - (ongoing).**
3. **Continued engagement with GLA finance on financial impacts of the risk - (ongoing).**

Progress and commentary

LLDC with has submitted the information requested by HMRC regarding its Corporation Tax non-statutory clearance application and provided responses to HMRC's accounting questions in July and further information September 2021. LLDC is awaiting a response from HMRC. s.43

s.43

RISK 7: STRATFORD STATION CAPACITY INSUFFICIENT FOR INCREASING DEMAND

RISK OWNER: RL

S.43

S.43

DUE: ONGOING TO TRANSITION

Description:

Stratford Station is one of the busiest interchanges on the network, and with projected growth, estimating that it will not function beyond 2031. The Station has been the busiest station on the network during COVID-19. It will be unable to cope with increased demand in medium and long term, potentially leading to reduced investor/developer interest, unacceptable and unsafe customer experience. The station represents one of the biggest risks to continued investment and regeneration of the area.

C1. Capacity of Stratford Station. MSG could increase pressure on capacity. TfL/Network Rail understanding regen benefits of development and agreed LLDC lead the SOBC to HMG. Understand C-19 sensitivities re impact on passenger patronage (may push out 2031 date).

C2. Interchange capacity further constrained when Elizabeth Line opens.

C3. Capacity must be addressed and to improve the connectivity between Stratford International and regional services.

C4. TfL capacity to progress the project

C5. Availability of public funding

Mitigation Plan (next period priorities in bold):

Short term relief to the Station business case underway with NR to address interim measures to support safer operation. **Continue to work on Economic modelling and masterplan to inform vision and requirements, in support of SOBC to HMG. Continue collaborative discussion with HMG / HE and stakeholders.**

Long term demand will require significant change, and investment. **Close work with partners (TfL, NR, Homes England, DfT) to develop integrated programme, determine economic benefits to Stratford and the sub-region to ensure that the project is in a good position to secure scarce public funding. This will require significant economic and commercial modelling, to support change in an SOBC to DCLG, Department for Transport. Drive the delivery of the -SOBC (C1, C2, C5) – Dec 2022.**

Appoint consultants to support SOBC economic case (C1, C2) winter 2021

Close working with TfL and Network Rail on the proposed schemes (C3, 4).

Hold public consultation (underway)

S.43

Progress and commentary

Procurement complete to commission consultants who are working to develop economic case to support strategic business case for submission in December 2022. Urban Spatial Framework due to complete April 2022. Public consultation underway. Impact moved from 5 to 4 following EMT review.

RISK 8: HEALTH AND SAFETY (INCLUDING EAST BANK)

RISK OWNER: LG

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DUE: ONGOING TO
TRANSITION

Description:

Health and Safety: Persistent failings in H&S performance leads to control authorities enforcing operational restrictions resulting in significant disruption to LLDC project and operational activities, financial loss and reputational damage. This include the East Bank risk of a significant health, safety or environmental incident increased by high volume of construction activity on a constrained site: increased likelihood of health impacts due to the COVID-19 virus led to safety measures being implemented.

Causes:

- C1. Operational custom and practices by 3rd parties
- C2. Failure of safety critical assets including failure of supporting processes
- C3. Speed and quality of staff training.
- C4. Unclear accountabilities and standards
- C5. Poor monitoring and reporting
- C6. Change in regulations / legislation.
- C7. High risk nature of East Bank construction activities
- C8: AMO unauthorised climbers

Mitigation Plan (next period priorities in **bold**):

Procedures are in place and kept under review to ensure that each area of the Park is subject to clarity as to authority and responsibility and changes are effected through carefully documented handovers (C2, C6).

All Construction Works are subject to a comprehensive health and safety programme, led actively by LLDC and its Project Management Partner (C1-4, C7, C8).

LLDC Policies and Standards reviewed and updated. Ongoing training and development for staff and close working by the Health and Safety staff working with relevant LLDC teams helps to maintain staff capability and the systems that they operate (C1, C3, C4, C6).

Monitoring and reporting of incidents and near misses continues. HSS committee established (C5, C7).

Work to assess fire risks related to cladding has completed for LLDC owned buildings and planning approvals.

Weekly EMT report standing EMT agenda item (C1-C8).

Well established health and safety processes managed by MACE for East Bank construction contacts and overseen by Park Health and Safety Assurance; reporting and monitoring through SHELTA (C7, C9).

Monitoring East Bank H&S trends (i.e. items falling from height) (C7).

AMO CCTV in place, secure curtilage, bag searches (C8)

(all actions ongoing)

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Progress and commentary

Increased risks of health impacts due to the COVID-19 virus (employees, contractors, park and venue users) has increased the likelihood. Continuing to monitor H&S across park, venues, construction and LLDC, making changes in line with local and national situation. AMO unauthorised climbers written into risk.

RISK 9: PARK BUSINESS PLAN – FINANCIAL SUSTAINABILITY PRE AND POST TRANSITION

RISK OWNER: NH

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DUE: 2023

Description:

The Corporation is developing a forward looking plan that outlines how the Park will be managed in the mid and long term, including how the Park can become financially sustainable. Key areas of work include delivery of:

- Management of Park & Venue Operations
- Generation of commercial revenue
- Optimising development assets (including retail) for revenue generation

There is a risk that the Park Business Plan will not be successful, leading to financial impacts for LLDC and its successor body.

Causes:

- C1. Resources not in place to deliver
- C2. investment not forthcoming
- C3. Poor economic climate
- C4. Poor partner interest and engagement

(note that this risk excludes the London Stadium, covered in a separate risk)

Mitigation Plan (next period priorities in **bold**):

- Agree PBP: clarity on budget line, owners, timescales (C1)
- Make a funding and resource request based on invest to save (C1, C2) - ongoing
- Monitor economic conditions and adjust plan where required (C3) -ongoing
- Ensuring buy in across LLDC and partners (c4).– ongoing
- Management and monitoring of financial targets through monitoring visitor numbers, best use of Park and venues to generate visits and income, monitoring operator performance and making interventions where required, monitoring business plan performance, and seeking new income streams (C1,2, 4) ongoing
- Delivery of Marketing, Sponsorship and Park Assets strategy. (C1,3, 4) - ongoing
- Continue to focus on trading activities and develop commercial expertise (C1,2,4) – ongoing.
- Implement procurement strategy for operational contracts (C1,2,4) – ongoing.

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Progress and commentary

Risk re-written to focus on Park Business Plan and incorporate financial sustainability, previously set out in revenue budget, savings and impacts issue.

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Likelihood

Risk Title (proximity rating / velocity rating)

1. Failure to deliver to current (revised) budget and plan (V3)
2. Philanthropic funding (P3)
3. Resi viability (V2)
4. Increased security threat (V3)
5. Retail Viability (P2)
6. Strategic objectives unrealised (in construction) (P2)
7. Operational disruption (V3)
8. Disruption to international supply chains (V3)
9. Legal challenge (V2)
10. Strategic objectives unrealised (operational) (P1)
11. Change in HMG/GLA policy and funding (V3)

Control Rating

- Uncontrolled
- Weak
- Inadequate
- Adequate
- Optimal
- Change
- Closed

Movement since Feb 22 RAB report

→

Likely trend

- - - - ->

Proximity

P3: next 3 mths
 P2: 3 to 9 mths
 P1: 9 to 18 mths

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