

Subject: Annual risk update
Agenda item: Public item 13
Report No: 10
Meeting date: 25 June 2013
Report to: Board
Report of: Jonathan Dutton, Executive Director of Finance and Corporate Services

FOR INFORMATION

This report will be considered in public

1 SUMMARY

1.1 This report forms part of the Board's annual risk update and provides a summary of corporate risks and issues.

2 LLDC RISK AND ISSUES MANAGEMENT PROCESS

- 2.1 Corporate level risks and issues are identified by the executive management team and the risks have been summarised in the LLDC's Three Year Business Plan. Updates on corporate risks and issues, including new risks and issues raised, are reported to the LLDC Board through the quarterly corporate report and an annual review and to each Audit Committee meeting. Summaries of current corporate risks and issues are shown in sections 3 and 4 of this report.
- 2.2 Risk and issues 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 high consequence; **amber** risks are lower than red and typically those that have a medium likelihood and medium consequence; **green** risks are those where neither the likelihood nor the impact are more than medium. A **red issue** is an occurrence that requires urgent attention; an **amber** issue requires attention; and a **green** issue requires little or no attention.

3 LLDC CORPORATE RISKS

- 3.1 A summary of LLDC corporate risks is shown in the table below. Significant changes to the register in recent weeks are summarised below:
- 3.2 Good progress has been made with the mitigation plan for risk reference 1 (0-LLDC-R-1) relating to the July Park opening. The risk is still rated **red** due to the reputational and operational impacts.
- 3.3 A new **red** risk reference 2 (0-LLDC-R-17) about visitor experience and communications when the Park opens in summer 2013, raised through Park Opening and Operations risk workshops.

- 3.4 The risk reference 5 (1-ODPD-R-36) about Press and Broadcast centre moved down from red to **amber** following completion of the agreement for lease.
- 3.5 The risk reference 6 (0-LLDC-R-2) about the success of the concessionaire process for the Stadium has moved from red to **amber** following completion of the deal with West Ham United FC and has been re-written to reflect successful conclusion of the deal focus on risks around the budget and Judicial Review.
- 3.6 The risk reference 7 (0-LLDC-R-14) about negative press coverage has been **closed** following successful communications around the announcement of the Stadium deal.
- 3.7 The risk reference 8 (0-LLDC-R-16) relating to Health and Safety has moved down from red to **amber** following discussions at Park Opening and Operations risk workshops, reflecting LLDC's strong commitment to health and safety and excellent record so far.
- 3.8 The risk reference 16 (0-LLDC-R-6) risk on IT, information management and security has moved down from amber to **green** following completion of the major mitigation items.

Ref	Summary	Impact	Mitigation
1	Red risk that the Park opens later than has been announced in July 2013 and Spring 2014.	Significant reputational and operational impacts, and financial impacts on receipts.	Defined and established work programmes and milestone achievement regularly reviewed at Executive and Board levels. Park Opening Programme monitoring progress of key projects.
2	Red risk that the Park re-opens in July 2013 without the facilities to deliver a high quality visitor experience due to (for example) access issues, quality of Parklands available after Summer events series.	Significant reputational impacts and possible anti-social behaviour	Areas of the North Park that will re-open have been defined. Communication plan about what will re-open is being delivered. Customer service training underway to ensure a quality visitor experience on the Park.
3	Red risk that the Corporation does not have the capacity to deliver on areas of activity, particularly after the current comprehensive spending review period.	Impacts on the legacy programme, damage to the Corporation's reputation and increasing costs.	Negotiations with GLA in the three year budget round. Ensure efficient use of available resources and continue to review organisational design.
4	Amber risk that the Park opens without the facilities to encourage people to visit the Park in large numbers.	Significant reputational and financial impacts	Delivery of events programme and interim uses strategy for visitor attractions including large scale concerts and events in summer 2013. Mobilisation of operators for venues and attractions on the Park. Communications around visitor numbers. Park Opening Programme monitoring progress of key projects.
5	Amber risk about successful completion of deal with preferred bidder for Press and Broadcast Centres, including planning and technical issues.	Negative impacts on jobs created, reduced financial returns and damage to LLDC's reputation	Close working with iCITY including technical support, discussions around planning issues.
6	Amber risk that Stadium budget will not be sufficient to carry out construction work required and that a judicial review on process to select concessionaires is successful.	Stadium opening will be delayed leading to financial and reputational impacts for the Corporation.	Running procurement processes for contracts. LLDC ran a robust process for selection of concessionaires; prepare for judicial review oral hearing.

7	Red risk that whatever the decision is on the future of the Stadium that LLDC will be subject to criticism	Negative impacts on the reputation of the Corporation	The corporation is running a robust selection process. A communications strategy is in place for press and media.
8	Amber risk about the impacts of serious accidents or episodes of significant ill health on site	The possibility of serious injuries or fatalities, the consequences of which may include significant delays.	A comprehensive health and safety programme is in place, designed to identify and manage the construction risks and led actively by LLDC and its Project Management Partner.
9	Amber risk about any delays to the programmes to develop the Local Plan and the Community Infrastructure Levy (CIL).	Negative financial and reputational impacts for the Corporation.	A programme of activities including evidence gathering, consultation and independent examination has been adopted for both the Local Plan and the CIL programme, to be monitored regularly by the LLDC Board.
10	Amber risk that there will be issues relating to anti-social behaviour on the Park including criminal activity,	Undermining the reputation of the Queen Elizabeth Olympic Park as safe and secure, and deterring potential or repeat visitors.	Security programme including railings, CCTV, hostile vehicle mitigation, signage and wayfinding, security staff and police presence being delivered.
11	Amber risk that there will be uncertainty relating to organisational change.	A significant reduction in staff morale leading to reduced productivity and reputational risks.	Ensuring good internal communications to keep staff updated.
12	Amber risk about site management and communications between Games-time and Park opening.	Negative impacts on the Corporation's reputation with local residents (including new residents in the East Village from 2013) and prospective visitors.	Manage expectations through Park Unfolding plan. Develop interim uses, Park tours and controlled events. Implement considerate construction programme and good communications with residents.
13	Amber risk that related development projects undertaken by other organisations are not successful.	Negative knock on effect on the success of the Park.	Close work with partners to influence developments and monitor progress.
14	Amber risk that there will be assets transferred to LLDC without warranties.	A reduction in the value of assets and LLDC's ability to dispose of them.	Determine scope of the possible exposure through negotiations with suppliers of key assets.
15	Amber risk about failing to deliver regeneration and convergence impacts of the Park for local communities.	A reduction of the regenerative and convergence impact of the Park for local communities.	Implement socio-economic policy, agree and monitor strong targets in contracts (EFM, Transformation and venue operator contract targets already agreed), and close working relationship with partners.
16	Green risk that the Corporation's IT systems, information management and security will not be robust enough to cope with increasing requirements.	Commercial and reputational damage to the Corporation, and potential operational failure.	Procurement of new IT provider and increase in internal resourcing complete. Continue to implement IT strategy.

4 LLDC CORPORATE ISSUES

4.1 A summary of LLDC red Corporate issues is shown in the table below.

	Summary	Action Plan
1	Red issue about the pressures on the Corporation as a result of the increased level of activity and spend in 2013/14.	Ensure resources and systems are in place to cope with the increased requirements in 2013/14.
2	Red issue: The Corporation has no capital and insufficient revenue funding in place for 2015/16 onwards.	Agree ability to retain sufficient capital receipts to fund future needs. Review estimates of revenue performance of the Corporation to ensure greater clarity on funding gap. Seek funding as appropriate to cover the gap. Operate in a manner that prioritises the generation of income.

5 LEGAL IMPLICATIONS

5.1 Legal and procurement team have been advising on the key legal and procurement implications and mitigation in relation to the risks identified within LLDC.

6 APPENDICES

- None

List of Background Papers

- LLDC three year business plan approved by LLDC Board in March 2013

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