

To:	Legal Services Board	
Date of Meeting:	28 October 2010	Item: Paper (10) 75

Title:	LSB Risk Strategy and Corporate Risk Register	
Introduced by:	Julie Myers, Corporate Director julie.myers@legalservicesboard.org.uk / 020 7271 0059	
Author:	Michelle Jacobs, Business Planning Associate michelle.jacobs@legalservicesboard.org.uk / 020 7271 0053	
Status:	Restricted	

Summary:
<p>This Paper presents:</p> <p>a) a revised LSB Risk Management Strategy ('the Strategy') (Annex A); and</p> <p>b) the LSB Corporate Risk Register ('the Register') (Annex B).</p> <p>The Strategy has been revised in light of: comments made by the Audit and Risk Committee (ARC) at its March and June meetings; and work to meet the recommendations of the strategy and performance internal audit report from KPMG.</p> <p>ARC approved the revised strategy on 11 October and the version attached to this paper incorporates the minor revisions requested.</p>

Risks and mitigations	
Financial:	N/A.
FoIA:	Para 11-14 and Annex B (the Register) – s36 exemption.
Legal:	N/A.
Reputational:	N/A.
Resource:	N/A.

Consultation	Yes	No	Who / why?
Board Members:			This is an updated version of a previously agreed internal document. ARC approved the original version on 3 March and approved this version on 11 October.
Consumer Panel:		✓	N/A.
Others:	N/A.		

Recommendations:
<p>The Board is invited:</p> <p>(1) to note and to agree the updated LSB Risk Management Strategy; and</p> <p>(2) to consider and to note the LSB Corporate Risk Register.</p>

LEGAL SERVICES BOARD

To:	Legal Services Board		
Date of Meeting:	28 October 2010	Item:	Paper (10) 75

LSB Risk Strategy and Corporate Risk Register Executive Summary

Recommendation(s)

The Committee is invited:

- (1) to note and to agree the updated LSB Risk Management Strategy; and
- (2) to consider and to note the LSB Corporate Risk Register.

Background / context

1. This Paper presents:
 - a) the LSB Risk Management Strategy (**Annex A**); and
 - b) the LSB Corporate Risk Register (**Annex B**).

LSB Risk Management Strategy

2. The Strategy has been revised in light of:
 - a) comments made by ARC at its March and June meetings;
 - b) work to meet the recommendations of the strategy and performance internal audit report from KPMG.

It describes how the LSB actively manages risk at project, programme and corporate level.

3. The primary changes made are described in the following table:

From 3 March ARC	Action taken
Consistent use of terminology	Terminology has been reviewed.
Process for responding to unanticipated risk	See first action taken from 14 June meeting (below).
Review separation of corporate and project risk	Strategy now more clearly articulates the relationship between the two levels of risk and the escalation and management processes.
From 14 June ARC	Action taken
Develop a methodology to capture and analyse external risks, for example, from the	As the LSB has matured, general awareness of external risks (based on a better understanding of market developments, AR activities etc) has increased throughout the organisation and such risks are more

activities of Approved Regulators (AR) and the wider sector	routinely captured through the project and corporate risk management strategy. With regard to smaller ARs specifically, a dedicated project has been established to develop a greater understanding of the risks and issues they present (both to the LSB, the professions they regulate and their consumers). As this work develops, we will ensure that any implications for this risk strategy are identified and incorporated.
From internal audit	Action taken
Better articulation of roles and responsibilities	See revised Appendix One.
Better embedding of risk management at project manager level	As a result of project manager workshops, we have improved guidance for project managers (at Appendix Four) as regards identification and classification of project risk focusing on common risks and on root cause.

4. Following the recommendations made by KPMG in the internal audit of the LSB's strategy and planning processes, we reviewed our approach to risk management at project level and invested time and effort into ensuring those responsible for managing projects had a common understanding of that approach. As a result, we have developed the LSB's 'language of risk' which has been invaluable in making risk management 'real' for colleagues and has very much encouraged active management of 'real' risk rather than management of general uncertainty.
5. **Project risk** is reviewed at monthly programme board meetings and reported to SMT via a monthly project highlight report. This reporting also forms the basis of the Chief Executive's progress report to the Board. New risks or risks that have been assigned a high status or have risen in status are also escalated to the SMT and, where necessary, the Board.
6. **Corporate risk** is reviewed by SMT on a monthly basis and the trend of risks monitored. Risks with the highest scores are plotted on a 'heat map' to focus attention on key issues. Risks are escalated to the Board, when necessary, via the Chief Executive's progress report.
7. However, as we have embedded this process, and had greater visibility of project risk, we have also been able to identify where combinations of individual project risks may start to represent a degree of risk to the overall programme. Whilst not necessarily combining to be sufficiently significant to constitute a **corporate risk**, they do have the potential to impact across the programme. We have therefore started to capture these small number of **programme risks**. (An example of a programme risk might be where two or three projects are at risk of running slightly behind schedule, the combination of which may impact on delivery of other projects and thus the programme as a whole. Depending on the nature of that impact, this is a risk that may need to be escalated as a corporate risk – but if impact is minimal and manageable, it will stay at programme level.)

8. ARC reviewed and endorsed the revised Strategy at its October meeting, subject to minor revisions at:

- Para 13 – confirmation that a process exists for joint management of risk with either Ministry of Justice or Office for Legal Complaints (OLC), as required;
- Para 18 – downward revision of the cost impact percentages;
- Para 19 – whether more than one box should be classified as RED;
- Para 25 – addition of word ‘specific’.

LSB Corporate Risk Register

9. The Register has undergone a significant process of SMT review and analysis to ensure that the identified risks are accurate.

10. The Register has been reviewed in line with the new Strategy and associated guidance and this is the most major change to report. Closed risks are now removed from the main Register and are archived in a separate worksheet.

11. The Register was reviewed by ARC at its October meeting and, in line with their recommendation, the Board’s attention is drawn to the following risks that have risen in status as a result of their **likelihood** increasing:

- [Redacted]
- [Redacted]
- [Redacted]

12. The following risks have gone down in status (due to **either** likelihood or impact decreasing):

- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]

- [Redacted]
- [Redacted]

13. The following risks have been closed:

- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]

14. [Redacted]

18.10.10