

Committee(s):	Date(s):	Item no.
Hampstead Heath, Highgate Wood and Queens Park Committee	21 st May 2012	9
Subject: City Corporation Risk Management Handbook	Public	
Report of: Chamberlain	For Information	
<p><u>Summary</u></p> <p>This report provides Members with a summary of the key elements of the Risk Management Handbook and the City's risk management framework as approved by the Audit and Risk Management Committee in October 2011.</p> <p>The Risk Management Handbook introduces a systematic approach to management, reporting and escalation of risk, defining:</p> <ul style="list-style-type: none"> ▪ A common risk language ▪ Regularity of reporting ▪ Accountability for risk ▪ Risk tolerance <p>Recommendations</p> <ul style="list-style-type: none"> ▪ Members are asked to note this report and the key requirements of the Risk Management Handbook. 		

Main Report

Background

1. In October 2011, the Audit and Risk Management Committee agreed a revised risk management framework, contained within the Risk Management Handbook. The Handbook has been developed to provide a guide to assist Officers and Members in improving the way in which the City manages risk. A primary objective of the new framework is to create a risk management culture which supports the effective and consistent management, reporting and escalation of risk.

Current Position

2. This report sets out the key requirements of the Risk Management Handbook, particularly those in relation to the role and purpose of Service Committees or their designated Sub-Committees. A full copy of the Risk Management Handbook may be downloaded from the Risk Management pages of the City's intranet site or alternatively, a copy can be requested from Matt Lock, Risk and Assurance Manager.

3. To assist in driving consistency in approach across the organisation, the Handbook defines a common risk language, including the range of descriptors used to denote the impact and likelihood of risks, a corporate assessment matrix and also a standard risk register template.

Escalation, Accountability and Assurance

4. Departments are required to undertake regular systematic review of their key operational risks, updating their Departmental Risk Register accordingly. The risk assessment process combines an evaluation of impact and likelihood to generate a risk status of Red (high), Amber (medium) or Green (low). It is vital that those charged with governance (Members, Chief Officers and Senior Management), know of and understand the organisation's exposure to significant risks. As such, the following broad expectations will apply:
 - **Red** risks have been signed off at Chief Officer level and have been reported to the Strategic Risk Management Group (SRMG) Core Team, Chief Officers' Group and Audit and Risk Management Committee as part of the regular risk management update.
 - **Amber** risks have been signed off at Director level and reported to the relevant Chief Officer or Departmental Management Team and the Risk and Assurance Manager as part of the on-going reporting and review framework.
 - **Green** risks have been signed off by operational management at either Section Head or Assistant Director level and reported to the relevant Director as part of the on-going reporting and review framework.
5. Risk owners (officers responsible for the management of specific risks and key tasks associated with the mitigation of these) may be asked to provide assurance to Chief Officers' Group or Audit and Risk Management Committee as to how significant risks are being managed. Similarly, risk owners are responsible for escalating risks to the appropriate scrutiny level and will be accountable should this not occur.
6. Updated risk registers should be reported to the Departmental Management Team and the relevant Committee on a quarterly basis, with the exception of Red graded risks which should be escalated as soon as they are identified. The City's risk management framework has been developed in accordance with recognised best practice, including, and of particular relevance to the North London Open Spaces, Charity Commission guidance; the role and responsibilities of Trustees in relation to Risk Management align with those of Members.

Risk Tolerance

7. Further to the above expectations, the Risk Management Handbook provides a platform to determine whether a stated risk is acceptable to Members and Senior Management. This tolerance will, in all likelihood, vary across individual risks and operations, although the following principles apply:
 - **Red** risks are unlikely to be acceptable, requiring constant monitoring and further mitigation.
 - **Amber** risks require monitoring at least quarterly; consideration should be given to further mitigation.
 - **Green** risks require less frequent monitoring, opportunities to improve efficiency through less stringent mitigating actions may be considered.

Review and Reporting of Significant Risks

8. In accordance with the Risk Management Handbook, the Open Spaces Department considers significant risks identified across all open spaces, routine review and monitoring of departmental risk has been aligned with the business performance review and, as such, will now form part of the quarterly business planning update to Open Spaces, City Gardens and West Ham Park Committee.
9. While this Committee will not routinely receive the overall Departmental Risk Register, the Director of Open Spaces is, as described in this report, accountable for ensuring that significant risks in relation to operational responsibilities of the Committee are escalated to Members on a timely basis. It is therefore proposed that, starting in autumn 2012, this Committee will receive an annual report on the main risks that affect Hampstead Heath, Highgate Wood and Queen's Park. During the year any further risk management updates from the Superintendent will be included in his regular verbal update report to this Committee.

Conclusion

10. This report outlines the key expectations of the Risk Management Handbook and the City Corporation's risk management framework. In accordance with this framework, Service Committees should be updated regularly about the key risks faced by their respective departments and should be assured that appropriate actions are being taken to manage and mitigate effectively those risks in a timely manner.

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