

Committee(s)	Dated:
Audit and Risk Management Committee	15 January 2019
Subject: Risk Management Update	Public
Report of: Dr Peter Kane, Chamberlain	For Decision
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Summary

This report provides the Committee with an update on the corporate and top red departmental risk registers following the review by the Chief Officer Risk Management (CORMG) on 20 November 2018 and Summit Group on 17 December 2018.

There are currently 12 corporate risks (11 in September 2018) included on the corporate risk register of which there are three red and nine amber risks.

One new risk has been added - CR26 Brexit risk. This risk focuses on the ability of the City Corporation services to prepare for the UK departure from the EU in March 2019. In addition to the corporate risk there are nine departmental level risks, three of which appear in the top red departmental risk register (see appendix 4). These risks focus on specific areas of the City corporation's business which may be exposed to the effects of EU withdrawal.

A Brexit Planning group, chaired by the Town Clerk, meets every two weeks (or more frequently if required) to review the Brexit risk register and for updates on the various preparations being made by Chief Officers.

Other recent risk movements include CR19 IT Service provision has been re-rated to a Green 4 and de-escalated to departmental level, CR21 Air quality was re-rated from a red 16 to an amber 12 in October 2018 based on mitigation progress and CR20 Road Safety met its target score also in October 2018 although a new target date of 31 December 2019 has since been added.

The Committee have previously been particularly interested in the progress to mitigate the CR23 Police funding risk. This is the subject of a deep dive report at the Committee meeting on 15 January 2019.

A total of 335 risks (304 as at September 2018) have been identified by departments providing a wide range of risks that may affect service delivery. The total number of top red departmental risks is 11 (seven in September 2018).

CORMG, at their meeting on 20 November 2018, agreed to recommend to Summit Group the inclusion of a new corporate risk (CR27) on organisational change management. Summit Group, on 17 December 2018, approved the inclusion of CR 27 Change Management risk on to the corporate risk register. The Committee are requested to endorse this decision.

Recommendation

The Committee is asked to:

1. Endorse the decision of the Summit Group to approve the inclusion of CR 27 Change Management risk on to the corporate risk register. (This will bring to the total of corporate risks to 13).
2. Note the risk report.

Main Report

Background

- 1 The corporate risk register and top red departmental risk registers were last reviewed by the CORMG on 20 November 2018 and Summit Group on 17 December 2018.
- 2 A total of 335 wide ranging risks have been identified by departments comprising of 27 red, 193 amber and 115 green risks.
- 3 Of the 335 total risks, there are 12 corporate, and 11 top red departmental level risks. There are another 90 amber and 41 green risks recorded at departmental level. The remaining 181 are recorded as either service or team level risks.
- 4 Departments have used the City Corporation's Risk Management Strategy to ensure that there is a consistent approach to the way risks are described and scored. Attached as appendix 1 is the corporate risk matrix which illustrates the likelihood and impact ratings as well as the definitions for red, amber and green risks.

Corporate risk register

- 5 There are currently 12 corporate risks (three red and nine amber). A copy of the corporate risk register is attached as appendix 2.

Movement of risks

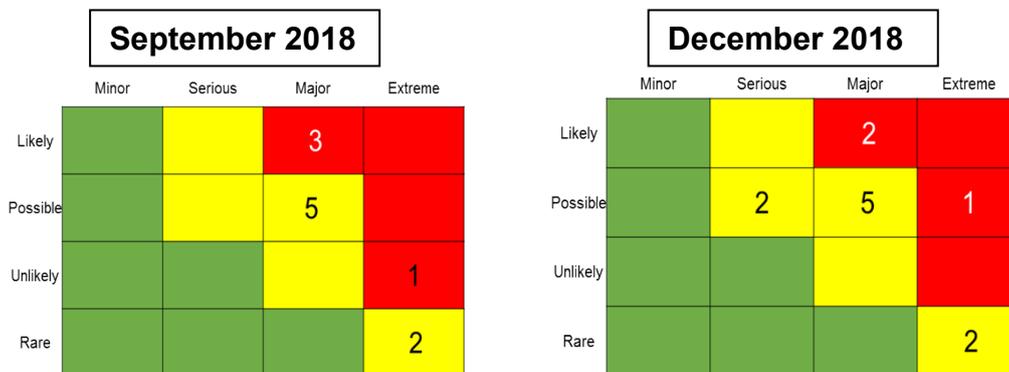
- 6 One new risk has been added - CR26 Brexit risk, CR19 IT Service provision has been re-rated to a Green 4 and de-escalated to departmental level, CR21 Air quality was re-rated from a red 16 to an amber 12 in October 2018 based on mitigation progress and CR20 Road Safety met its target score also in October 2018 although a new target date of 31 December 2019 has since been added .

Table 1 below – List of current corporate risks as at 18 December 2018 (ordered by corporate - strategic and operational categories)

Risk ref	Risk title	Status	Risk Score	Trend Icon	Strategic/ Operational
CR24	Operational Security	Red	24		S/O
CR02	Loss of Business Support for the City	Amber	12		S

CR23	Police Funding	Red	16		S
CR10	Adverse Political Developments	Amber	8		S
CR26	Brexit risk (Added November 2018)	Amber	12		S
CR16	Information Security (see para 11)	Red	16		O
CR21	Air Quality	Amber	12		O
CR01	Resilience Risk	Amber	12		O
CR09	Health and Safety Risk (under review)	Amber	12		O
CR25	GDPR project – Phase 2	Amber	6		O
CR20	Road Safety	Amber	6		O
CR17	Safeguarding	Amber	8		O

Table 2 – Comparison risk heat maps – September 2018 and December 2018



The number of risks for each risk rating are shown in each risk matrix as at the previous committee meeting (September) and the current risk report (December 2018).

Corporate risk ratings and target dates

7 Out of the twelve corporate risks, six risks have annual target dates and relate to longer term risks. These are:

- CR01 Resilience risk
- CR02 Loss of Business Support for the City
- CR09 Health and Safety (This risk is under review by Town Clerk’s department)
- CR10 Adverse political developments
- CR17 Safeguarding
- CR20 Road Safety

The other six risks relate to specific operational risks. They have target dates where the risk scores should be achieved.

- 8 The corporate risks with the highest likelihood rating (Likely) are CR16 Information Security and CR23 Police funding. The following corporate risks which have the highest impact rating are CR10 Adverse Political Developments, CR17 Safeguarding and CR24 Operational Security.
- 9 Below is a table showing the one corporate risk which has a target date within the next three months. Further information about this risk is contained in para 10 below.

Code	Title	Current Risk Score	Target Risk Score	Target Risk Date
CR16	Information Security	16 (Red)	8 (Amber)	31 January 2019

CR16 Information Security

- 10 The Director of IT has reported that CR16 will remain at Red until January 2019 when key security projects will be completed, and the 10 Steps maturity model had reached a level 4. The IT team are on track to reduce this risk to Amber in January 2019.

Highlighting specific risks

- 11 **CR26 Brexit risk.** This risk focuses on the ability of the City Corporation services to prepare for the UK departure from the EU in March 2019. In addition to the corporate risk there are nine departmental level risks, three of which appear in the top red departmental risk risks (see appendix 4). These nine risks are based on specific areas of the City Corporation's business which may be exposed to the effects of EU withdrawal. A list of these risks is set out below, together with their risk rating in brackets.
- Movement of talent/specialist theatrical and technical people (Red)
 - Procurement and supply chains (Red)
 - Fall in student numbers (Red)
 - Port Health and animal health (Amber)
 - The City of London as an attractive location for workers, businesses and visitors (Amber).
 - City Corporation income streams (Amber)
 - Local communities (Amber)
 - Regulatory landscape (Amber)
 - Recruitment and retention of CoL staff (Amber)
- 12 A Brexit Planning Group, chaired by the Town Clerk, meets every two weeks (or more frequently if required) to review the Brexit risk register and to receive updates on the various preparations being made by Chief Officers. In addition, each Grand Committee has a standing agenda item on Brexit - to receive an update report from respective Chief Officers.

- 13 **CR23 Police Funding risk** - The Committee have previously been particularly interested in the progress to mitigate the CR23 Police funding risk. This is the subject of a deep dive risk report (which includes the risk register entry) at the Committee meeting on 15 January 2019.

New corporate risks

- 14 A corporate risk is defined by the City Corporation's risk strategy as "*.....one that that has significant impact on multiple operations if realised*". CORMG, at their meeting on 20 November 2018, considered a new corporate risk on organisational change management from the Town Clerk. Given the potential effects of poorly managed organisational change and the pressures and challenges facing the organisation, the Group agreed to recommend this risk to Summit Group for inclusion on to the corporate risk register as risk reference CR27. Summit Group, on 17 December 2018, approved the inclusion of CR 27 Change Management risk on to the corporate risk register. The Committee are requested to endorse this action.

The risk description for CR27 Change Management risk is as follows (see appendix 3 for the full description of the risk and associated actions);

Cause: Failure to appreciate the scale, complexity and impact of change and take the necessary steps to ensure the organisation has the capability and capacity to change (to stay relevant)

Event: poorly managed and ineffective change

Effect:

- Disruption to service, poor performance and damage to reputation
- Outcomes not achieved, reduction in benefits (financial and non-financial)
- Failure to change or keep up with change, organisational paralysis and reduction in ability to remain relevant
- Adverse impacts on external stakeholders including businesses and residents.
- Loss of valued staff and / or negative mental health impacts for staff.

Top departmental red risks

- 15 There are currently 11 top departmental red risks (seven in September 2018). Four new risks have been added to this risk register:

- BBC Commerce 003 – Impact of Brexit on the movement of talent and specialist theatrical and technical people
- CHB CP 001 – Brexit risk to City Corporation Procurement
- BBC H&S 005 Failure to deliver the fire related projects.
- GSMD SUS 004 Failure to mitigate a potential fall in EU student numbers as a result of Brexit

A full top red departmental risk register is attached as appendix 4.

Conclusion

- 16 The corporate and top red departmental risk registers were reviewed by Chief Officer Risk Management CORMG on 20 November 2018 and Summit Group on 17 December 2018. The CORMG provides additional assurance to the Summit Group, COG and the Audit and Risk Management Committee that corporate and top red departmental risks are appropriate and being actively managed.

Appendices:

APPENDIX 1 – Corporate Risk Matrix

APPENDIX 2 – Corporate risk register

APPENDIX 3 – Change Management

APPENDIX 4 - Top Red departmental risk register

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