

Committee: Audit and Risk Management Committee	Date: 28 January 2020
Subject: Corporate Risk Update	Public
Report of: The 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. Both these registers have been reviewed by the Chief Officer Risk Management (CORMG) on 3 December 2019 and the Summit Group on 19 December 2019. The report highlights a management approach to concerns about the growing number of corporate risks as well as seeking endorsement for the corporate risk management strategy.

A total of 344 risks (334 in November 2019) have been identified by departments providing a wide range of risks that may affect service delivery.

There are currently 17 (17 in November 2019) corporate risks included on to the corporate risk register of which there are eight red and nine amber risks.

The 17 risks include both the Climate Action (CR30) and Fundamental Review (CR31) risks, endorsed by the Committee on 19 November 2019, the addition of CR32 Wanstead Park Reservoirs risk (approved by Summit Group on 19 December 2019 and awaiting Committee endorsement) and the de-escalation of CR25 GDPR Compliance risk to Comptroller and City Solicitor's departmental risk register.

The total number of top red departmental risks is 18 (16 in November 2019). Two new risks have been added to this register.

The Committee is asked to note that Summit Group will be considering two possible corporate risks in the early part of 2020: one in relation to the City Corporation's capacity, capability and expertise to manage the 3-4 major capital schemes simultaneously; and the second concerning a wider issue of general competence in managing projects.

Following concerns regarding the growing number of corporate risks and the dangers of losing focus on the City Corporation's key concerns, Summit Group approved the key characteristics of a corporate risk that would in future be applied to proposed new corporate risks being considered by CORMG. They also agreed a proposed approach of reporting risk information to the Audit and Risk Management Committee which is aimed at focussing on the risks that may be above risk appetite and the approach in managing each risk. The Committee's views are sought on this proposal which is set out in more detail in paragraph 16 and 17 of the report.

On the 20 December 2019, the House of Commons backed the Government's plan for the UK to leave the EU on 31 January 2020. The EU (Withdrawal Agreement) Bill, now goes on to further scrutiny in Parliament. The bill would also ban an extension of the transition period - during which the UK is out of the EU but follows many of its rules – past 2020. The City Corporation's Brexit risk (CR26) has been revised to take account of the new situation. Summit Group will maintain a watching brief on this risk.

There have been some minor amendments received to the draft City Corporation's Risk Management strategy which was presented to the Committee for their initial comment on 19 November 2019. The Committee are now invited to endorse the revised strategy.

Recommendations

The Committee is asked to:

1. note the risk report including changes to both corporate and top red departmental risk registers since November 2019;
2. endorse Summit Group's decision to include CR32 Wanstead Park Reservoirs risk on to the corporate risk register;
3. note the development of two potential corporate risks to be considered by Summit Group relating to capacity and capability of the City Corporation's ability to simultaneously deliver 3-4 major capital schemes over the next few years as well as general competency in managing projects;
4. express a view on the proposed reporting arrangements for corporate risks to the Committee set out in para 16 and 17; and,
5. endorse the City Corporation's Risk Management Strategy.

Main Report

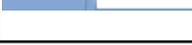
Background

- 1 The corporate risk and top red departmental risk registers have been reviewed by the CORMG on 3 December 2019 and Summit Group on 19 December 2019. A copy of the corporate risk matrix which illustrates the likelihood and impact ratings as well as the definitions for red, amber and green risks is included in appendix 5.
- 2 A total of 344 (334 in November 2019) wide ranging risks have been identified by departments – 39 red, 206 amber and 99 green risks.
- 3 Of the 344 total risks, there are 17 corporate, and 18 top red departmental level risks. There are another 96 amber and 36 green risks recorded at departmental level. The remaining 177 are recorded as either service, team or project level risks.

Corporate risk register

- 4 There are currently 17 corporate risks (eight red and nine amber). A corporate risk detailed register which includes risks categorised into risk appetite levels and highlighting the approach to managing each risk is attached as appendix 1. The corporate risk CR28 Action Fraud is excluded from this register but is presented in the Not for Publication part of the agenda (appendix 3). A summary version of the corporate risk register is attached as appendix 2.

5 Table 1 below – List of current corporate risks as at 7 January 2020 (ordered by risk score) and highlighting the risk assessment flight path.

Risk code	Risk title	Current Risk Score	Current Risk Score	Trend Icon	Flight path
CR20	Road Safety (O)	24			
CR24	Operational Security (O)	24			
CR28	Action Fraud (O)	24			
CR30	Climate Action (S)	24			
CR31	Fundamental review delivery (S)	24			
CR32	Wanstead Park. New. Summit Group approved Dec 2019 (O)	24			
CR17	Safeguarding (O)	16			
CR19	Police Funding (S)	16			
CR01	Resilience Risk (O)	12			
CR02	Loss of Business Support for the City (S)	12			
CR10	Adverse Political Developments (S)	12			
CR16	Information Security (O)	12			
CR21	Air Quality (O)	12			
CR29	Information Management (O)	12			
CR09	Health Safety and Wellbeing Risk (Management System) (O)	8			
CR26	Brexit - Organisational Impact (S)	8			
CR27	Change Management (S)	6			

Changes to the Corporate risk register

6 The corporate risk register has seen the following changes since November 2019:

New risks added:

- Two new risks (CR30 Climate Action and CR31 Fundamental review) were endorsed by the Committee on 19 November 2019.
- CR32 Wanstead Park Reservoirs, approved by Summit Group on 19 December 201. This risk is now awaiting endorsement by the Committee. (see 6 below)

Risk removed:

- CR25 GDPR compliance has been de-escalated to Comptroller and City Solicitor's departmental risk register.

Other changes to the corporate risk register:

- CR09 Health, Safety and Wellbeing (Management System) risk. At the Corporate Health Safety and Wellbeing Committee on 25 November 2019, the Committee agreed that, in the existing risk climate, that the current risk score could be reduced to 8.
- CR26 Brexit risk has been reframed to consider the preparedness of City Corporation services after the UK leaves the EU on 31 January 2020 and also the end of the transition period in December 2020.

Changes to the corporate risk register under consideration

- 7 The Committee is asked to note that Summit Group will be considering two possible corporate risks in the early part of 2020: one in relation to the City Corporation’s capacity, capability and expertise to manage the 3-4 major capital schemes simultaneously; and the second concerning a wider issue of general competence in managing projects.
- 8 The Town Clerk has reviewed CR27 Change Management risk in light of the Fundamental Review. As a result, the Town Clerk has referred this risk to CORMG with the suggestion that CR27 be removed from the corporate risk register and that change management become an integral part of the Fundamental Review implementation plan.

CR32 Wanstead Park Reservoirs risk - for endorsement

- 9 Summit Group approved the inclusion of this risk onto the corporate risk register on 19 December 2019 with the proviso that the risk remain on the corporate risk register until a firm mitigation plan was in place. This new risk (CR32) is presented to the Committee for endorsement. A detailed description of CR32 is included in the detailed risk register report, see appendix 1.

Disposition of corporate risk on the risk matrix

- 10 Table 2 below shows the disposition of corporate risks on the risk matrix between 22 November 2019 and 7 January 2020.



Corporate risk ratings and target dates

- 11 Out of the 17 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
 - CR10 Adverse political developments
 - CR16 Information Security
 - CR17 Safeguarding

The 11 other risks relate to specific target dates where the risk scores should be achieved.

- 12 The corporate risk with the highest likelihood rating (Likely) is CR23 Police Funding. The corporate risks which have the highest impact rating (Extreme) are CR17 Safeguarding, CR20 Road Safety, CR24 Operational Security, CR28 Action Fraud, CR31 Fundamental Review, CR30 Climate Action and CR32 Wanstead Park Reservoirs.

Top departmental red risks

- 13 There are 18 top red departmental risks (16 in November 2019). Two new risks have been added: DBE-TP-01 Road traffic collision and CHB IT 001 Resilience – power and Infrastructure. A summary version of the top red risk departmental risk register is attached as appendix 4.
- 14 The highest current top red departmental level risk is BBC-Ex-Halls-003- Exhibition Halls Compliance and Condition Risk (Red 24). CORMG reviewed this risk and, following a report from the Barbican Centre’s Director of Operations, were satisfied that this risk was currently being managed locally in the interim and with short-term solutions. There were plans in place to seek funding for more in-depth surveys which might lead to capital expenditure bids to remediate the area. BBC-Ex-Halls-003 has been drawn to the attention of the Health, Safety and Wellbeing Committee.

Brexit

- 15 On 20 December 2019, the House of Commons backed the Government’s plan for the UK to leave the EU on 31 January 2020. The EU (Withdrawal Agreement) Bill, now goes on to further scrutiny in Parliament. The bill would also ban an extension of the transition period - during which the UK is out of the EU but follows many of its rules – past 2020. The City Corporation’s Brexit risk (CR26) has been revised to take account of the new situation.

Corporate risk register – Number of risks

- 16 The purpose of the corporate risk register is that it should contain the City Corporation’s most significant risks to the achievement of its corporate outcomes and wider objectives. Concern has been expressed by the Chamberlain and by the Audit and Risk Management Committee regarding the growing number of risks captured on this register and the danger of losing focus on the City Corporation’s key concerns.

- 17 Summit Group considered this issue on 19 December 2019 and agreed a number of steps:
- a) For proposed new corporate risks CORMG will use a set of corporate risk characteristics when assessing whether a risk should be recommended to the Summit Group for inclusion on to the corporate risk register. These are set out in appendix 5 the Risk Management Strategy (and included as page 29 of the City Corporation risk management strategy document)
 - b) The Committee's views be sought on providing:
 - a detailed corporate risk register including **all** corporate risks on an annual basis (usually in May). The detailed risk register will include risks categorised into appetite levels (above, at and below) as well as indicating the approach to managing each risk.
 - For the other three Committee meetings where risk updates are reported in a Municipal year, only those risks which appear to be **above** risk appetite would be reported in the detailed risk register format. A detailed risk register will be available on request.
 - A list of **all** corporate risks indicating risk appetite levels to be provided in summary format at each meeting.

For the purpose of the Committee meeting on 28 January 2020, a full detailed corporate risk register categorised into risk appetite levels (above, at and below) as well as showing the approach to managing each risk is included in appendix 1. The corporate risk summary report is attached as appendix 2.

Corporate Risk Management Strategy

- 18 Both Summit Group (October) and the Committee (November) received the draft City Corporation risk management strategy for initial comment. A number of minor amendments were received and incorporated in the final version of the strategy which was approved by Summit Group on 19 December 2019. The Committee is now requested to formally endorse the document. (See appendix 5)

Conclusion

- 19 The corporate and top red departmental risk registers were reviewed by CORMG on 3 December 2019 and Summit Group on 19 December 2019. 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. The report proposes a management approach for assessing potential new corporate risks and the reporting corporate risks. It also seeks final endorsement of the corporate risk management strategy.

Appendices:

Appendix 1 – Corporate risk and actions detailed report

Appendix 2 – Corporate risk summary report

Appendix 3 – CR28 Action Fraud (Non-Public)

Appendix 4 – Top red departmental risk register- summary report

Appendix 5 – Corporate Risk Management Strategy

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