

Committee(s): Audit and Risk Management Committee	Dated: 13/05/2024
Subject: Risk Management Update	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	N/A
Does this proposal require extra revenue and/or capital spending?	N/A
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: Chief Strategy Officer	For Information
Report author: Thomas Wrench, Corporate Strategic Development Lead	

Summary

This report provides the Committee with an update on the corporate and top red departmental risk registers since last reported to the Committee in February 2024. Further details can be found in the appendices listed at the end of this report.

Recommendation

Members are asked to note:

- This report and the corporate and top red departmental risk registers attached to this report. Since the previous update:
 - The total number of corporate risks has increased by one to 15 with the addition of CR 40 PSTN Switch off 2025 (formerly CHB DITS 045). This has been raised from a departmental risk in recognition of the severity and cross cutting nature this risk poses.
 - The risk score of CR30 Climate Action has been reduced from Amber 12 (impact major 4 x likelihood possible 3) to Amber 8 (impact major 4 x likelihood unlikely 2).
 - A corporate risk covering 'tree failure' in the City Corporation's Open Spaces is being developed, following an in-principle decision by the Chief Officer Risk Management Group to escalate the risk.
 - The number of departmental red risks has increased from 18 to 19. Four risks have been added to the register (one new, three escalated) and three removed (one escalated to a Corporate Risk, two de-escalated). One red risk has increased in score.
- The update on the governance of charity assets (relating to understanding responsibilities and risks).
- That a Risk Management Strategy 2024-2029 has been developed and will be presented to this Committee for endorsement as a separate paper.
- That a Risk Culture and Appetite Review has been completed, with a summary of findings to be presented to the Committee at its next meeting.

Main Report

Background

1. The corporate and red departmental risks are reported to this Committee as a minimum on a quarterly basis to enable the Committee to exercise its role in the monitoring and oversight of risk management within the City of London Corporation (CoLC).
2. The corporate and red departmental risk registers were provided to the Chief Officers Risk Management Group (CORMG) on 19 April 2024 and the Executive Leadership Board (ELB) on 8 February 2024 as Senior Officers accountable for CoLC risk management actions, decisions and outcomes (including consideration of developing risk areas and cross-Corporation risk management themes).
3. The City Corporation's Risk Management Strategy has been refreshed for 2024-2029 (see separate paper prepared for Committee endorsement at this meeting).
4. A Risk Culture and Appetite Review has been conducted by Zurich's Risk and Resilience Team. This included one-to-one interviews with Chief Officers, and a survey completed by members of the ELB and the Risk Management Forum (RMF). The report and recommendations are being finalised. The Committee will receive a summary of the findings at its next meeting and the recommendations will be built into the action plan of the refreshed Risk Management Strategy.

Current Position

All Risks

5. Table 1 below shows the overall number and risk ratings of all risks recorded on the Ideagen risk management system as of 29 April 2024 compared with 12 February 2024 (the figures last seen by the Committee).

Risk rating (RAG)	April 2024	February 2024	Difference
Red	59	63	-4
Amber	239	249	-10
Green	109	109	0
Total	407	421	-14

Table 1: April 2024: Overall Risk Numbers by RAG Rating on Ideagen

6. Table 2 below shows the breakdown of the red, amber and green rated risks by risk level as of 29 April 2024 compared to 12 February 2024.

Risk rating	Red		Amber		Green	
	Apr 2024	Feb 2024	Apr 2024	Feb 2024	Apr 2024	Feb 2024
Risk level						
Corporate	4	3	11	11	0	0
Departmental	19	18	90	99	22	22
Service	36	42	138	139	87	87

Team	0	0	0	0	0	0
PPM	0	0	0	0	0	0
Total	59	63	239	249	109	109
Difference	-4		-10		0	

Table 2: April 2024: Breakdown of RAG Risks by Risk Level

Corporate Risks

7. A full risk register of all corporate risks can be found at Appendix 1. There are 15 Corporate Risks (4x Red, 11x Amber), an increase of one since the last update: CR40 PSTN Switch Off 2025 (formerly CHB DITS 045) has been added to the register with a score of Red 16 (impact major 4 x likelihood likely 4) and the risk score for CR30 Climate Action has been reduced from Amber 12 to Amber 8 (impact major 4 x likelihood unlikely 2). There have been no other changes.

8. The RAG matrices below show the distribution of corporate risks as of 29 April 2024 (Table 4) and 12 February 2024 (Table 5):

	Minor	Serious	Major	Extreme
Likely			3	
Possible		1	7	1
Unlikely			3	
Rare				

Table 4: Apr 2024 Corporate Risk Heatmap

	Minor	Serious	Major	Extreme
Likely			2	
Possible		1	8	1
Unlikely			2	
Rare				

Table 5: Feb 2024 Corporate Risk Heatmap

9. The highest scoring corporate risks – 1x Red 24 (impact extreme 8 x likelihood possible 3) and 3x Red 16 (impact major 4 x likelihood likely 4) – are:
- CR16 Information Security – Red 24
 - CR37 Maintenance and Renewal of Corporate Physical Operational Assets – Red 16
 - CR38 Unsustainable Medium Term Finances City's Estate – Red 16
 - CR40 PSTN Switch Off 2025 – Red 16
10. CORMG approved the escalation of the Red Departmental Risk ENV-SLT 005 Tree failure at Red 32 (impact extreme 8 x likelihood likely 4) to the Corporate Risk Register in principle at its meeting on 6 March, subject to confirmation that mitigating actions are cross-cutting and agreed with the relevant departments. This will be actioned as soon as the risk has been updated.

11. Table 3 below shows a summary of all CoLC corporate risks as of 29 April 2024.






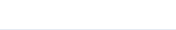











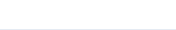





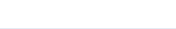











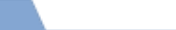









Risk reference	Title	Current Risk Score	Current risk score icon	Trend Icon	Risk flight path (last 12 assessments)	Risk Creation Date (Ideagen)	Risk added to CR Register (year)
CR16	Information Security (formerly CHB IT 030)	24				10 May 2019	Pre-Pentana (2014)
CR37	Maintenance and Renewal of Corporate Physical Operational Assets (excluding housing assets)	16				04 Nov 2019	2022
CR38	Unsustainable Medium-Term Finances - City's Estate	16				31 Oct 2022	2022
CR40	PSTN Switch Off 2025 (formerly CHB DITS 045)	16				18 August 2023	2024
CR01	Resilience Risk	12				20 Mar 2015	Pre-Pentana (2014)
CR02	Loss of Business Support for the City	12				22 Sept 2014	Pre-Pentana (2014)
CR09	Health, Safety and Fire Risk Management System	12				22 Sept 2014	Pre-Pentana (2014)
CR29	Information Management	12				08 Apr 2019	Pre-Pentana (2014)
CR33	Major Capital Schemes	12				14 Feb 2020	2020
CR35	Unsustainable Medium-Term Finances - City Fund	12				19 Jun 2020	2020
CR39	Recruitment and Retention	12				21 Feb 2023	2023
CR10	Adverse Political Developments	8				22 Sept 2014	Pre-Pentana (2014)
CR30	Climate Action	8				07 Oct 2019	2019
CR36	Protective Security	8				10 Jan 2022	2022
CR21	Air Quality	6				07 Oct 2015	2015

Table 3: April 2024: List of Current Corporate Risks by Current Risk Score

Red Departmental Risks

12. There are currently 19 departmental red risks. Since the last report to the Committee, four risks have been added to the register and three risks have been removed (two deactivated and one escalated to a corporate risk) and one risk has been escalated to Red 32 from Red 24. A summary of the top red departmental risks can be found at Appendix 2.

13. Changes to the register

Change	Risk	Note
Risks added	CHB 004 <i>Casual Staff Pensions Entitlement/Enrolments</i>	A new risk, CHB004 Casual Staff Pensions Entitlement/Enrolments with a risk score of Red 16 (impact major 4 x likelihood likely 4) has been added to the register. This relates to pensions entitlement for casual workers. Work to handle this is underway across the organisation.
	SUR MKT WM001 <i>MCP disruption/ cancellation necessitating the Markets remaining in end-of-life/ deteriorating market infrastructure</i>	Escalated from Amber 8 to Red 24 (impact extreme 8 x likelihood possible 3) to reflect the impact of the ongoing review of options and the scale of potential liability if the markets co-location programme is not progressed.
	SUR SMT 011 <i>Contractor Failure</i>	Escalated from Amber 12 to Red 16 (impact major 4 x likelihood likely 4). This risk relates to failure of market conditions due to a main or substantial contractor where delays or an increase in costs is experienced.
	ENV SLT 005 <i>Tree Failure</i>	New to the register with a rating of Red 32 (impact extreme 8 x likelihood likely 4). This relates to a number of older trees that require inspection and works to prevent failure.
Risks escalated	CHB DITS 045 <i>PSTN Switch Off 2025 – now CR40 PSTN Switch Off 2025</i>	Escalated from red departmental to corporate risk (Impact major 4 x likelihood likely 4). Added following the completion of mitigating actions and cross-Corporation ownership.
	BBC Buildgs 027 <i>Failure to maintain and renew Buildings and Estates Infrastructure</i>	Escalated from Red 24 to Red 32 (Impact extreme 8 x likelihood likely 4) increased to the highest level as building failure is now a regular event. Though work is due to start on some of the urgent works, the Building Safety Act is likely to delay the start and procurement of these works.
Risks de-escalated to Amber	GSMD SUS 001 <i>Inability to Invest in New Infrastructure and teaching spaces</i>	De-escalated from Red 32 to Amber 12 (impact major 4 x likelihood possible 3) due to improved financial controls, budget reforecast position and amalgamating FM services resulting in efficiencies and freeing further resources.
	GSMD CROSC 010 <i>Risk of not preparing for</i>	De-escalated from Red 16 to Amber 8 (impact major 4 x likelihood unlikely 2) as business

Change	Risk	Note
	<i>or managing a significant disruptive event</i>	continuity plan being put in place, including accommodation for during emergencies and IT contingency plans.
Risks renamed	BBC H&S 005 <i>Non-compliance with Fire regulations</i>	Renamed from BBC H&S 005 <i>Failure to Deliver the Fire-Related Projects</i> following Barbican's review of risks (March 2024).

Additional Risk Updates

14. EDI risks have been reviewed and will be redrafted (and finalised when a new Equalities Director is in post - summer/autumn) to ensure they are appropriate and address key areas. In the meantime, CORMG have agreed that EDI risks are likely to focus on areas including compliance, resources and services / service users (internal and external). The Chief Strategy Officer as the Chief Officer responsible for the EDI portfolio is monitoring these, putting in place interim arrangements to mitigate the likelihood of these or related risks materialising.
15. During a previous discussion on the Gresham Almshouses, the Committee asked officers to outline governance for donated assets (relating to understanding responsibilities and risks). The City Corporation is the corporate trustee, or has appointing rights, to 25 charities. These include open spaces, alms houses, small grants making charities, and City Bridge Foundation.
16. A corporate charity review is underway, due for completion in March 2025. This review has supported the reconciliation of City of London charities while ensuring adherence to Charity Commission best practice. This included the implementation of a charity risk protocol in 2022, which has been rolled out across City of London charities. With a few exceptions, all City of London charities have a risk register that is regularly updated and taken to the relevant committee acting as trustee of each respective charity. A larger review of the Natural Environment charities includes the development of an asset register to determine what each charity holds in terms of assets. The assets will continue to be managed by the City Corporation's Cyclical Works Programme.

Corporate & Strategic Implications

- Strategic implications – Reporting in line with CoLC Corporate Risk Management Strategy.
- Financial implications – None applicable
- Resource implications – None applicable
- Legal implications – None applicable
- Risk implications – None applicable
- Equalities implications – None applicable
- Climate implications – None applicable
- Security implications – None applicable

Conclusion

This risk update and accompanying document (see appendices) are aimed at providing assurance to the Audit and Risk Management Committee that risks within the City of London Corporation are being effectively handled.

Appendices

- Appendix 1: Corporate Risk Register Report – detailed report
- Appendix 2: All Red Departmental Risks – short summary report

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