

| | |
|---|---------------------------|
| Committee: | Date: |
| Audit and Risk Management Committee | 13 th May 2014 |
| Subject: Risk Management Update | Public |
| Report of: Chamberlain | For decision |

Summary

This report presents an update on the Corporate Risk Register and the new Risk Management Strategy. Since the last report there have been several changes to the Corporate risk register. Key changes have been highlighted below

- Risk reference codes have changed from SR to CR, to better reflect the change in name from the Strategic Risk register to the Corporate Risk register;
- Both resilience related risks (SR1 and SR13) have been merged, new reference CR1;
- Hampstead Heath risk has been expanded to capture the wider Pond Embankment failures, new reference CR11;
- Both finance risks (SR3 and SR14) have been merged, new reference CR14;
- New risks for Safeguarding (CR17) and Workforce Planning (CR18) have been added;
- Data protection risk has been revised to capture the wider information governance risk, new reference CR16; and
- SR4 (Planning Policy), SR5 (Flooding in the City) and SR6 (Project Risk) have been withdrawn as reported to the last Audit and Risk Management Committee in March 2014. It was recommended that these risks be managed at respective departmental levels.

Following wide consultation with Members, Chief Officers and Risk Coordinators the risk management strategy has been updated and now includes the new scoring criteria. An additional section looking forward to future developments of the strategy has been introduced and the opportunity risk matrix has been moved to that section because the feedback has been that risk management is not yet mature enough to move to managing opportunity risks. The updated version is attached for approval.

At the request of the Committee, a revised framework for the review of key departmental risks at the same time as seeking updates on Corporate Risks is being developed in consultation with the Chairman and Chief Officers. It is intended that a revised programme of risk review by the Committee will be introduced from September 2014.

Recommendations

Members are asked to

- note the changes and the content of the Corporate Risk Register (Para 4 and Appendix 1);
- approve the updated Risk Management Strategy, including the scoring criteria and the use of a Target Risk Score (Para 6 and Appendix 2);
- note the development for the programme of corporate and key departmental risk reviews (Para 5).

Main Report

Background

1. The Corporate risk register (previously known as the Strategic Risk register) was last reviewed by the Chief Officers Summit Group on 22nd April 2014.
2. In accordance with the established risk framework, each risk has been reviewed and updated by the responsible risk owner. The latest Corporate Risk register contains 10 risks, a reduction of 3 since last reported (Appendix 1).

Current Position

3. The Corporate Risk register is the new name for the Strategic Risk register. As a result the reference codes of the risk register has been updated to begin with CR instead of SR with the numbering of each risk remaining the same to ensure an appropriate audit trail.
4. Key updates to the Corporate risk register are summarised below:
 - i. CR1 (Resilience Risk): Risk has been merged with SR13 (Public Order and Protest) and encapsulates the wider resilience related risks for the Corporation.
 - ii. CR9 (Health and Safety): Health and Safety audits are being undertaken and once complete the control evaluation will be reduced to Green. Risk status remains at Amber.
 - iii. CR11 (Pond Embankment Failures): Risk has been revised to capture a number of reservoirs where there is a risk to life in the event of a breach, currently three on Hampstead Heath and two at Epping Forest. Risk status remains at Red.
 - iv. CR14 (Financial Viability Risk): Risk has been merged with SR3 (Financial Uncertainty) to capture the wider financial risk for the Corporation.

- v. CR16 (Information Governance): Risk has been revised from the previous data protection focus to capture the wider information governance perspective, with the new risk owner being the Chamberlain.
- vi. CR17 (Safeguarding): New risk added to the Corporate risk register.
- vii. CR18 (Workforce planning): New risk added to the Corporate risk register.
- viii. SR4 (Planning Policy), SR5 (Flooding in the City) and SR6 (Project Risk) have been withdrawn from the Corporate Risk register following approval at the last Audit and Risk Management Committee in March 2014. It was recommended that these risks be managed at respective departmental levels.

Risk Management Strategy (Appendix 2 and Appendix 3)

- 5. As part of the review process feedback was sought from all Members, Chief Officers and Risk Coordinators to provide commentary on the new Risk Management Strategy. As a result a few key changes were made, noted below:
 - i. Opportunity and threats sentences have been separated within the 'Appetite for Risks' section of the risk management policy statement (Page II, Appendix 2).
 - ii. Role of committee amended so that their position is set to oversee the risk management framework and not set or approve the Corporate Risks (Page 16 and Page 17, Appendix 2).
 - iii. The Opportunity risk framework has been moved to a future strategic development section within the strategy.
- 6. It is recommended that once the new risk management software is in place, the Gross Risk score is replaced with a Target risk score to emphasise that risks must be forward looking and actions to reduce the Net Risk are realistic. It is suggested the definition below is used:

Target score: the optimum score for the risk in order for it to be manageable, taking account of the resources available and the ability of the Corporation to directly manage the risk once external factors are considered.

Cyclical Review of Corporate and Departmental Risks

7. Over the last two and half years, a structured approach to reviewing the City's strategic risks has been adopted. At the request of the Committee, a revised framework for the review of key departmental risks at the same time as seeking updates on Corporate Risks is being developed in consultation with the Chairman and Chief Officers. It is intended that a revised programme of risk review by the Committee will be introduced from September 2014. Further details of this programme will be provided to this Committee once the forward programme is agreed with the Chairman.

Conclusion

8. The Corporate Risk Register continues to be actively reviewed and updated by risk owners. Work is continuing to further improve the effectiveness of managing and reporting risks throughout the organisation.

Appendices

- Appendix 1 – Corporate risk register
- Appendix 2 – Risk Management Strategy – Final
- Appendix 3 – Risk Management Strategy – with tracked changes

Sabir Ali

Risk and Assurance Manager

T: 0207 332 1297

E: Sabir.Ali@cityoflondon.gov.uk