

<b>Committees:</b>	<b>Dates:</b>
Finance Committee	12 May 2015
Planning & Transportation Committee	12 May 2015
The City Bridge Trust	13 May 2015
Property Investment Board	20 May 2015
Culture, Heritage and Libraries Committee	26 May 2015
Financial Investment Board	27 May 2015
<b>Subject:</b> Risk Register for Bridge House Estates	<b>Public</b>
<b>Report of:</b> Joint report of the Town Clerk, Chamberlain, City Surveyor and Director of Culture, Heritage and Libraries	<b>For Decision</b>

### Summary

1. This report provides a key risks register for Bridge House Estates.
2. In accordance with the Charity Commission's Statement of Recommended Practice (SORP), Trustees are required to confirm in the charity's annual report that any major risks to which the charity is exposed have been identified and reviewed and that systems are established to mitigate those risks.
3. The Charities SORP requires that the register is reviewed annually to ensure that existing risks are reconsidered and any new risks are identified.

### **Recommendations**

4. It is recommended that:
  - the register is reviewed to confirm it satisfactorily sets out the risks facing the charity;
  - the register is reviewed to confirm that appropriate measures are in place to mitigate those risks; and
  - the red graded risks (risk numbers 8, 9, 12, 16 and 20) are included on the relevant managing committees own risk registers to ensure regular monitoring and review during the year.

### **Main Report**

#### **Review of Risks**

5. The method of assessing risk reflects the City of London's standard approach to risk assessment as set out in its Risk Management Strategy

as approved by the Audit and Risk Management Committee. The section of the Strategy which explains how risks are assessed and scored is reproduced at Annex A of this report.

6. Each risk in the register has been considered by the responsible officer within the Corporation who is referred to as the 'Risk Owner' in the register.
7. The risks have been divided across 6 annexes (B1 to B6), with each annex containing the risks to be considered by each of the managing committees as set out below (for each committee, any red graded risks and any changed risk ratings are noted below).
  - **Finance Committee:** in respect of information systems (Annex B1)
    - There are no red graded risks for this Committee to consider
    - There are no changed risk ratings for this Committee to consider;
  - **Financial Investment Board:** specifically reviewing non-property investments (Annex B2)
    - There are no red graded risks for this Committee to consider
    - There are no changed risk ratings for this Committee to consider;
  - **Property Investment Board:** specifically reviewing the investment property estate (Annex B3)
    - This committee has two red graded risks (8 and 9) to consider
    - There are no changed risk ratings for this Committee to consider;
  - **Planning and Transportation Committee:** in respect of the five bridges (Annex B4)
    - This committee has two red graded risks (12 and 16) to consider
    - There is one changed risk rating to consider: risk 18 has reduced from amber to green;
  - **Culture, Heritage and Libraries Committee:** in respect of the tourism operation at Tower Bridge (Annex B5)
    - This committee has one red graded risk (number 20) to consider
    - There is one changed risk rating to consider: risk 20 has increased from amber to red; and
  - **City Bridge Trust Committee:** in respect of the grant making function (Annex B6)
    - There are no red graded risks for this Committee to consider
    - There are no changed risk ratings for this Committee to consider.

### **Red Graded Risks**

8. It is recommended that the red graded risks (risk numbers 8, 9, 12, 16 and 20) be included on the relevant managing committees own risk register in future to ensure regular monitoring and review during the year.

**Conclusions**

9. The various risks faced by Bridge House Estates have been reviewed and Members are asked to confirm that the attached register satisfactorily sets out the key risks together with their potential impact and that appropriate measures are in place to mitigate the risks identified.

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## City of London Risk Management Strategy

### Assessing Risks

Every risk should be assessed to help determine how much attention is given to the particular event. This is done by ranking the risks with a set of scores determined by their individual likelihood and impact rating.

The City of London Corporation uses a 4 point scale and the multiple of the likelihood and impact gives us the risk score, which is used to determine the risk profile. See the 'Risk Scoring' section below on how risks should be scored.

The following chart shows the area the risk will fall in to dependant on its score, with red being the most severe and green being the least. The scores within the chart are multiples of the likelihood and impact.

e.g. (Likelihood of) **4** x (Impact of) **4** = (Risk Score of) **16**

Impact scores increase by a factor of 2, thus having greater weighting in comparison to the Likelihood scores.

		Impact			
		Minor (1)	Serious (2)	Major (4)	Extreme (8)
Likelihood	Likely (4)	4	8	16	32
	Possible (3)	3	6	12	24
	Unlikely (2)	2	4	8	16
	Rare (1)	1	2	4	8

COL risk matrix

**What the colours mean (as a guide):**

- Red (dark grey) - Urgent action required to reduce rating
- Amber (light grey) - Action required to maintain or reduce rating
- Green (mid grey) - Action required to maintain rating.

**Risk scoring**

Risk scoring is purely subjective. Perceptions of a risk will vary amongst individuals and hence it is better to score the risk collectively than leave it to one person's judgement.

**Definitions**

1. **Original/Gross score:** the level of risk perceived before any mitigating actions/controls have been put in place.
2. **Current/Net score:** the level of risk currently perceived by the user/management, taking in-to account any controls.
3. **Target score:** the preferable score for the risk to be in order for it to be manageable, thinking in term of what resources are available, and the ability of the Corporation to directly manage the risk once external factors are considered.

**Risk scoring method**

Risks are scored in terms of likelihood and impact

→ Risk should be scored by first determining how likely it is to occur (**Likelihood**)

→ It should then be rated according to the worst case scenario if it should arise (**Impact**).

**Likelihood scoring guide**

The criterion below is not exhaustive and intended to be used as a guide. **You will need to come to a management consensus when scoring risks.**

	Rare	Unlikely	Possible	Likely
	1	2	3	4
Criteria	Less than 10%	10 – 40%	40 – 75%	More than 75%
Probability	Has happened rarely/never before	Unlikely to occur	Fairly likely to occur	More likely to occur than not
Time period	Unlikely to occur in a 10 year period	Likely to occur within a 10 year period	Likely to occur once within a one year period	Likely to occur once within three months
Numerical	Less than one chance in a hundred thousand (<10 <sup>-5</sup> )	Less than one chance in ten thousand (<10 <sup>-4</sup> )	Less than one chance in a thousand (<10 <sup>-3</sup> )	Less than one chance in a hundred (<10 <sup>-2</sup> )

**Impact scoring guide**

The criterion below is not exhaustive and intended to be used as a guide. **You will need to come to a management consensus when scoring risks.**

		Minor	Serious	Major	Extreme
		1	2	4	8
<b>THREATS</b>	Service Delivery / Performance	Minor impact on service, typically up to 1 Day	Service Disruption 2-5 Days	Service Disruption > 1 week to 4 weeks	Service Disruption > 4 weeks
	Financial	Financial loss up to 5% of Budget	Financial loss up to 10% of Budget	Financial loss up to 20% of Budget	Financial loss up to 35% of Budget
	Reputation	Isolated service user/stakeholder complaints contained within business unit/division	Adverse local media coverage/multiple service user/stakeholder complaints	Adverse national media coverage 1-3 days	National publicity more than 3 days. Possible resignation of leading Member or Chief Officer.
	Legal / Statutory	Litigation claim or fine less than £5,000	Litigation claim or fine between £5,000 and £50,000	Litigation claim or fine between £50,000 and £500,000	Multiple civil or criminal suits. Litigation claim or fine in excess of £500,000
	Safety / Health	Minor incident including injury to one or more individuals	Significant Injury or illness causing short term disability to one or more person	Major injury or illness/disease causing long term disability to one or more person.	Fatality or life threatening illness / disease (e.g. Mesothelioma) to one or more persons
	Objectives	Failure to achieve Team plan objectives	Failure to achieve one or more service plan objective	Failure to achieve a Strategic plan objective	Failure to achieve a major corporate objective