

<b>Committee(s)</b>	<b>Dated:</b>
Audit and Risk Management Committee	13 September 2016
<b>Subject:</b> Risk Management Update	<b>Public</b>
<b>Report of:</b> Dr Peter Kane, Chamberlain	<b>For Information</b>
<b>Report author:</b> Paul Dudley, Chamberlain's Department	

### **Summary**

This report provides the Audit and Risk Management Committee with an update on the corporate and top red departmental risk registers following the review by the Chief Officer Risk Management Group (CORMG) on 21 June 2016 and Summit Group on 12 July 2016.

There are currently 11 corporate risks on the corporate risk register (no change in the number of corporate risks reported on 14 June 2016). All corporate risks have been reviewed and updated and there are no risks which have changed in risk score.

The total number of top red risks is now seven (nine in June 2016) following a number of changes made to this register by Open Spaces and Children and Community Service departments.

A total of 286 risks (as at 21 June 2016) have been identified by departments providing a wide range of risks that may affect service delivery. Departments have used the Corporation's Risk Management Strategy (May 2014) to ensure a consistent approach to the way risks are described and scored.

The UK, following a referendum on 23 June 2016, voted to leave the European Union. It is too early to determine how this decision will affect the UK economy in the medium to long term although in the immediate aftermath of the decision there has been some volatility in the currency and financial markets. The impact on the City of London Corporation is being assessed and closely monitored.

Following consultation with the Audit and Risk Management Committee the external review of risk management has commenced. It involves a review of existing risk information, a risk management survey of the top 120 managers and interviews with a number of members, chief officers, senior officers and departmental risk co-ordinators. It is intended to report to the outcome of this review at the November meeting of the Audit and Risk Management Committee.

### **Recommendation**

Members are asked to note:

- (a) The corporate and top red departmental risk registers.
- (b) The impact of Brexit is being assessed and closely monitored
- (c) Note the progress being made on the external risk management review.

## **1.0 Background**

- 1.1 The corporate risk register was last reviewed by the CORMG on 21 June 2016 and Summit Group on 12 July 2016.
  - 1.2 In accordance with the established risk framework, each risk has been reviewed (and where appropriate risk descriptions revised) by the responsible risk owner and departmental management teams.
  - 1.3 A total of 286 wide ranging risks have been identified by departments comprising of 21 red, 159 amber and 106 green risks. This compares with total of 272 risks in June 2016 which included 24 Red, 145 amber and 103 green risks. Since June 2015 there has been a 91% increase in the risks added on to the system. This is partly due to risks previously being held on departmental spreadsheets being transferred on to the Covalent system as well as new risks being added at both departmental and service levels. Departments have used the Corporation's Risk Management Strategy (May 2014) to ensure that there is a consistent approach to the way risks are described and scored.
  - 1.4 Of the 286 total risks, there are 11 corporate and seven top red departmental risks. There are another 94 amber and 55 green risks recorded at departmental level. The remaining 119 risks are at service/team levels.
  - 1.5 Departments have used the Corporation's Risk Management Strategy (May 2014) 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.
  - 1.6 The corporate risk register is attached as appendix 2 (providing details of each risk, a brief update, where appropriate a target risk date, mitigations) and a summary of the top red departmental risk register is attached as appendix 3. In addition a new report (attached as appendix 4) shows the corporate risks score and status since September 2015. This is included in response to the Committee requesting information about the movement of corporate risks over time. This report indicates that the corporate risk register has been relatively stable over the last 12 months. There has been some movement in the risk scores of CR01 (Resilience) and CR16 (Information Security) and two new risks added - CR20 (Road Safety) and CR 21(Air Quality) in October 2015. From October 2016, CR11 Hampstead Heath Ponds project will be removed from the register as the project will be completed shortly.
- ## **2.0 Corporate risk register**
- 2.1 There are currently 11 corporate risks (four red and seven amber risks) and there are no changes in risk score in this reporting period.

Table 1 below – List of corporate risks as at 24 August 2016 (Risk score order)

Risk no	Risk title	Risk rating	Current Risk score	Risk score change
CR11	Hampstead Heath Ponds	Red	16	↔
CR 19	IT Service Provision	Red	16	↔
CR20	Road Safety	Red	16	↔
CR21	Air Quality	Red	16	↔
CR09	Health and Safety Risk	Amber	12	↔
CR01	Resilience Risk	Amber	12	↔
CR16	Information Security	Amber	12	↔
CR02	Loss of Business Support for the City	Amber	8	↔
CR10	Adverse Political Developments	Amber	8	↔
CR17	Safeguarding	Amber	8	↔
CR14	Funding Reduction	Amber	6	↔

2.2 The Hampstead Heath ponds project is due to be completed by October 2016. As a result the corporate risk CR11 will be removed from the corporate risk register. However this risk remains at red (16) as essential works are in progress ensure the channelling of water away from the dam and protecting it in the event of a serious rainfall event.

### 3.0 Top departmental red risks

3.1 There are currently seven top departmental red risks - a net decrease of 2 risks since the June 2016 report. The following changes have been made to the top red departmental risk register:

**Risks de-escalated:** **OSD 005** - Animal, Plant and Tree disease, **DCCS PE 004** Pupil funding - introduction of new formulae may reduce levels of funding from 2017/18 and **DCCS HS 002** Failure to carry out and review effective Fire Risk Assessments for more than 5000 units of residential accommodation and a number of commercial units.

**New risk:** **OSD 006** Impact of Housing and /or transport development

The one new risk (**OSD 006**) has been highlighted in the top red departmental risk register, attached as appendix 3.

3.2 The highest top red risk is **DCCS PE 002** Failure to deliver expansion of Sir John Cass Foundation Primary School to two form entry in September 2016, which has a risk score of 24.

**DCCS PE 002 – Failure to deliver the expansion of Sir John Cass’s Foundation Primary School.** Although agreement has now been reached to operate a bulge class in September 2016, the City Corporation is still seeking a permanent expansion to a 2 form entry (2FE). The risk remains at RED as negotiations are continuing and the

target date for the resolution to this risk (i.e.2FE) has been amended to September 2017. Officers attended the Sir John Cass's Foundation Board meeting in August and further information e.g. cost projections and estimates of City of London pupils have been requested by the Board before making a decision.

All other red risks are scored at 16.

#### **4.0 EU Referendum**

- 4.1 The UK, following a referendum on 23 June 2016, voted to leave the European Union. It is too early to determine how this decision will affect the UK economy in the medium to long term although in the immediate aftermath of the decision there has been some volatility in the currency and financial markets.

#### **5.0 External review of risk management**

Following consultation with the Audit and Risk Management Committee the external review of risk management has commenced. It involves a review of existing risk information, a risk management survey of the top 120 managers and interviews with a number of members, chief officers, senior officers and departmental risk co-ordinators. The consultant has completed the first round of interviews with the second round commencing on 25 August and ending on 8 September 2016. It is intended to report to the outcome of this review at the November 2016 meeting of the Audit and Risk Management Committee.

#### **6.0 Conclusion**

- 6.1 The corporate risk register was reviewed by CORMG (21 June 2016). The CORMG provides additional assurance to the Summit Group, COG and the Audit and Risk Management Committee that corporate risks are appropriate and being actively managed.

#### **Appendices:**

**APPENDIX 1** – Corporate Risk Matrix

**APPENDIX 2** – Corporate risk register

**APPENDIX 3** – Top Red departmental risk register

**APPENDIX 4** – Corporate Risks – Risk Status

**Contact:** *Paul.Dudley | Paul.Dudley@cityoflondon.gov.uk | 02073321297*