

Committee(s)	Dated:
Audit and Risk Management Committee	7 February 2017
Subject: Risk Management Update	Public
Report of: Dr Peter Kane, 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
- Actions taken as a result of the external review of risk management reported to the Audit and Risk Management Committee in November 2016.

Corporate and departmental risk registers

The corporate risk register currently comprises of 10 corporate risks. However one new corporate risk (Barbican Centre fire risk) was accepted for inclusion on to the corporate risk register by the Summit Group at their meeting on 25 January 2017. Once confirmed by the Committee this will make a total of 11 corporate risks.

The Committee are asked to note that the corporate risk in relation to Hampstead Heath Ponds project was de-escalated from corporate to departmental level in December 2016. In addition CR 14 Funding Reduction is currently under review by the Chamberlain and is likely to be replaced with separate risks in relation to value for money and the City of London Police funding. All corporate risks have been reviewed and updated where appropriate.

The total number of top red risks is now 10 (seven in October 2016) following a number of changes made to this register by GSMD, Markets and Consumer Protection, Open Spaces and City Surveyor departments.

A total of 306 risks (290 as at 6 October 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.

Risk management action plan

The external risk management review identified 13 recommendations, which have now been prioritised and actions initiated where appropriate. The report sets out an update on the prioritised recommendations which includes producing a new risk management strategy, addressing the issue of risk appetite, risk management training and ensuring appropriate risk management guidance in business planning and project management.

Recommendations

The Committee is asked to:

1. Confirm the addition of BBC H&S 001 Fire risk to the corporate risk register.
2. Note the other changes to both the corporate and top red departmental risk registers outlined in the report.
3. Note the progress on the risk management action plan.

Main Report

1.0 Background

- 1.1 The corporate risk register was last reviewed by the CORMG on 22 November 2016 and Summit Group on 25 January 2017. In accordance with the established risk framework, each risk has been reviewed and where appropriate updated by the responsible risk owner and departmental management teams.
- 1.2 A total of 306 wide ranging risks have been identified by departments comprising of 25 red, 157 amber and 124 green risks. This compares with total of 290 risks in October 2016 which included 23 Red, 154 amber and 113 green risks.
- 1.3 Of the 306 total risks, there are 10 corporate (plus one awaiting confirmation) and 10 top red departmental risks. There are another 57 amber and 78 green risks recorded at departmental level. The remaining 150 risks are at service/team levels.
- 1.4 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.

2.0 Corporate risk register

- 2.1 There are currently 10 corporate risks (three red risks and seven amber risks). However one new corporate risk (Barbican Centre fire risk) was accepted for inclusion on to the corporate risk register by the Summit Group at their meeting on 25 January 2017. Once confirmed by the Committee this will make a total of 11 corporate risks. A copy of the corporate risks and actions progress report and the corporate (detailed) risk register is attached as appendices 2 and 3 respectively.
- 2.2 The corporate risk in relation to Hampstead Heath Ponds project was de-escalated from corporate to departmental level in December 2016. In addition CR 14 Funding Reduction is currently under review by the Chamberlain and is likely to be replaced with separate risks in relation to value for money and the City of London Police funding. A copy of the corporate risks and actions progress report and the corporate (detailed) risk register is attached as appendices 2 and 3 respectively.

Table 1 below – List of current corporate risks as at 25 January 2017 (Risk score order).

Risk no	Risk title	Risk rating	Current Risk score	Risk score change
CR19	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	↔

(This table excludes the Barbican fire risk which is subject to confirmation by the Committee)

New and potential corporate risks

- 3.1 Following a recent health and safety investigation into an incident at the Barbican centre the Town Clerk requested that a new risk in relation to fire safety at the Barbican Centre to be drafted and referred to CORMG for consideration. CORMG reviewed this risk on 22 November 2016 (currently referenced as **BBC H&S 004**) and after discussions with the Barbican's Customer Experience Manager, agreed to recommend this risk, to the Summit Group, for inclusion in the corporate risk register. The Summit group, at their meeting on 25 January 2017, accepted this risk on to the corporate risk register. The Committee is asked to confirm the inclusion of this risk on to the corporate risk register. The full description of the risk with associated actions is attached as appendix 4.
- 3.2 Following the satisfactory completion of the actions for **BBC H&S 004** by the 31 March 2017 the risk score is expected to be reduced from a red (16) to amber (8) rating. It is anticipated that this risk will then be de-escalated from the corporate risk register to departmental level for on-going management.
- 3.3 CORMG also considered another risk in relation to the Multi Academy Trust. After discussion with the Director of Academy Development, Community & Children's Services, it was agreed that this risk should be managed at departmental level although be kept under review and brought back to CORMG should circumstances change.

4.0 Top departmental red risks

- 4.1 There are currently 10 top departmental red risks - a net increase of three risks since the October 2016 report. The following changes have been made to the top red departmental risk register (see appendix 5):

Risks de-escalated (3): **GSMD EFI 001** Failure to secure lease renewal for Sundial Court in 2020, **GSMD POS 002** Impact of geopolitical events and **SUR SMT 009** Oracle project.

New risks (6): **MCP SM 001** HGV Unloading operations, **OSD 005** Pests and Diseases, **OSD 007** Maintaining the City's water bodies, **SUR SMT 004** Failure of

inability to deliver savings, **SUR SMT 005** Recruitment and retention of property professionals and **TC CCC 02** Security breach Central Criminal Court.

5.0 **EU Referendum**

- 5.1 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.

6.0 **External Risk Management report – actions**

- 6.1 In the early summer 2016 the Chamberlain commissioned an external independent review of the corporate risk management arrangements (excluding the City of London Police). Its main aim was to assess the strengths and weaknesses of the current formal arrangements for risk management within the City Corporation as well as identifying opportunities for improvement.
- 6.2 The final report, presented to Summit Group and Audit and Risk Management Committee in October/November 2016 respectively, indicated that systems and processes that support the risk management framework had significantly improved over the last two years. There was recognition that there was more work to be done to embed risk management within the City Corporation.
- 6.3 A total of thirteen recommendations were included in the report (see appendix 6). The report did not indicate a priority for implementation and left that open to the City Corporation to determine. Further discussion with the external consultant has helped shape the immediate actions to be taken. The recommendations have now been categorised as Priority (7) and other recommendations (6). Set out in para 6.4 is a high level summary of the priority recommendations with a brief note on the actions being taken. A detailed response to all recommendations is noted in appendix 6.

6.4 **Priority recommendations (7)**

Rec no	Short title	Comment
1	Risk appetite	Proposal to engage ZM for risk appetite exercise is currently being considered
2	Supporting Risk taking	Interim RM strategy to be produced Feb 2017. Full revision dependent upon risk appetite exercise – Summer 2017
4	Communication Strategy	To be included in the RM strategy update
5	Risk Management Strategy	The RM strategy will be reviewed annually
8	Risk management training	Senior management training to be delivered by June 2017. E Learning course for April 2017
9	Contracts and partnerships	Contract RM eLearning course by April 2017. Use of Covalent RMIS by June 2017.
10	Consistent approach to risk management	New Business planning approach to include RM (Summer 2018). Revised project management guidance to be produced by March 2017

7.0 Conclusion

- 7.1 The corporate and top red departmental risk registers were reviewed by CORMG (22 November 2016) and Summit Group on 25 January 2017. 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.
- 7.2 The risk management action plan addresses the recommendations made in the external risk management review 2016. They are aimed at improving the City Corporation's risk management arrangements and to further improve its risk governance and performance.

Appendices:

APPENDIX 1 – Corporate Risk Matrix

APPENDIX 2 – Corporate risk and actions progress

APPENDIX 3 – Corporate risk register (detailed)

APPENDIX 4 - BBC H&S 004 – Fire risk

APPENDIX 5 – Top Red departmental risk and actions progress

APPENDIX 6 – Risk Management Action Plan with table showing recommendations and actions.

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