

Committee(s)	Dated: 23 May 2017
Audit and Risk Management Committee	
Subject: Risk Management Update	Public
Report of: 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 following the review by the Chief Officer Risk Management Group (CORMG) on 21 March 2017 and Summit Group on 26 April 2017.

There are 11 corporate risks (11 in February 2017) on the corporate risk register of which five are rated as red and six as amber risks. All corporate risks have been reviewed and updated where appropriate. Three notable changes have occurred on this register since the risk update report to the Committee on 7 February 2017:

CR 14 Funding Reduction was removed from the register in March 2017 as a result of more a favourable financial outlook for the City Corporation.

CR 23 City of London Police funding has been added to the register following approval by the Summit Group on the 26 April 2017. The Committee is asked to confirm the inclusion of this risk on to the corporate risk register.

CR16 Information Security has been reviewed in the light of public sector organisations' exposure to this risk as well as the City Corporation's existing IT security arrangements. This risk has been re-rated from an amber 12 to a red 16.

The total number of top red risks is now 10 (11 in January 2017). Three new risks were added and four risks removed from this register since February 2017.

A total of 310 risks (306 as at January 2017) 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.

Recommendations

The Committee is asked to:

1. Confirm the addition of **CR23 City of London Police funding** on to the corporate risk register.
2. Note the other changes to both the corporate and top red departmental risk registers outlined in the report.

Main Report

1.0 Background

- 1.1 The corporate risk register was last reviewed by the CORMG on 21 March 2017 and the Summit Group on 26 April 2017.
- 1.2 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.
- 1.3 As at 5 May 2017, a total of 310 wide ranging risks have been identified by departments comprising of 28 red, 163 amber and 119 green risks. This compares with total of 306 risks in February 2017 which included 25 Red, 157 amber and 124 green risks. The movement is principally due to new IT risks being added on to the register whilst some risks from former Department of Culture, Heritage and Libraries risks being removed, being no longer relevant.
- 1.4 Of the 310 total risks, there are 11 corporate and 10 top red departmental risks. There are another 67 amber and 61 green risks recorded at departmental level. The remaining 161 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.

2.0 Corporate risk register

- 2.1 There are currently 11 corporate risks (five red risks and six amber risks). Three notable changes have occurred on this register since February 2017:
 - **CR 14 – Funding Reduction** has been removed from the register as a result of a more favourable financial outlook for the City Corporation.
 - **CR23 City of London Police funding.** This risk was approved for inclusion in the corporate risk register by the Summit Group on 26 April 2017. Further details about this risk are set out below (see paras 2.2 to 2.5).
 - **CR 16 Information Security.** This risk has been reviewed in the light of public sector organisations' exposure to IT security breaches as well as taking into account of the existing City Corporation's IT security arrangements. It has been now re-rated from amber 12 to a red 16. Members are asked to note that IT Sub Committee approved measures to improve technical security of the City Corporation's network in January 2017. Work is proceeding to implement these measures.

The **CR16 Information Security** risk is subject to a deep dive report which appears elsewhere on this agenda.

A copy of the corporate risks and actions progress report together with the corporate risk register (detailed version) is attached as appendices 2 and 3 respectively.

CR23 City of London Police (CoLP) funding

- 2.2 CORMG, at their meeting on 21 March 2017, considered a proposed new risk, from the Chamberlain, in respect of City of London Police funding and recommended to the Summit Group that it should be included on the corporate risk register (see appendix 3).
- 2.3 This risk has been raised following the announcement that the provisional Police grant settlement is (£0.7m) lower than anticipated and additional cost pressures have meant the fund has moved into deficit. The effect of this is that the Police will be unable to maintain a balanced budget and current service levels as reflected in their Medium Term Financial Plan.
- 2.4 The Government has stated the intention is that the shortfall should be met from an increase in the precept (in the City's case, the business rate premium). This will potentially lead to an adverse reaction from business community following so swiftly on significant rise in business rates in the City following the government's revaluation exercise.
- 2.5 Summit Group, at their meeting on the 26 April 2017, approved the inclusion of this risk on to the corporate risk register. The Committee is asked to confirm this inclusion.
- 2.6 Table 1 below – List of current corporate risks as at 5 May 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	↔
CR22	Barbican fire safety risk	Red	16	↔
CR16	Information Security	Red	16	↑
CR09	Health and Safety Risk	Amber	12	↔
CR23	CoLP Funding (New risk)	Amber	12	↔
CR01	Resilience Risk	Amber	12	↔
CR02	Loss of Business Support for the City	Amber	8	↔
CR10	Adverse Political Developments	Amber	8	↔
CR17	Safeguarding	Amber	8	↔

3.0 Top departmental red risks

- 3.1 There are currently 10 top departmental red risks (11 in February 2017). A copy of the top red departmental risks/actions progress report together with the top red departmental risk register is attached as appendices 4 and 5 respectively.
- 3.2 The following movement has taken place in the top red departmental risk register:

New risks added to the top red departmental risk register:

- **BBC Arts 001** – Concert Hall stage riser system(lift failure)

- **DCCS HS 005 – Fire risk** (enclosed balconies) but see below.
- **TC TCO 05 – Customer Relationship Management System**

Risks removed from the top red departmental risk:

- **BBC H&S 004 – Fire safety** (now corporate risk CR 22)
- **DBE TP 01 - Road Traffic Collision** caused by City of London staff/contractor
- **DCCS HS 005 Fire Risk** – subsequently re-rated to green following an external review of the risk involved.
- **SUR SMT 005 – Recruitment and retention** of property professionals (re rated as amber 6 and remains a departmental level risk).

- 3.3 The highest top red risk is **DCCS PE 002** - The number of pupil applications for Sir John Cass Foundation Primary School for 2017/18 has not been as high as anticipated. Therefore there are currently insufficient grounds to request the Sir John Cass Foundation Board to review their decision on the proposed expansion based on demand for places. The City of London and the School are now preparing a business case which demonstrates the long term cost effectiveness and greater viability of the 2 form entry model for the Foundation Board to consider this summer.

EU Referendum

- 3.4 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. However HM Government has now triggered Article 50 – formal notification that the UK has determined to leave the EU within 2 years. Detailed discussions with the EU are anticipated to commence in May 2017.

4.0 Conclusion

- 4.1 The corporate and top red departmental risk registers were reviewed by CORMG (21 March 2017) and Summit Group on 26 April 2017. The CORMG provides additional assurance to the Summit Group, Chief Officer Group and the Audit and Risk Management Committee that corporate and top red departmental risks are appropriate and being actively managed.

Appendices:

APPENDIX 1 – Corporate Risk Matrix

APPENDIX 2 – Corporate risk and actions progress

APPENDIX 3 – Corporate risk register (detailed)

APPENDIX 4 – Top Red departmental risk and actions progress

APPENDIX 5 – Top Red departmental risks (detailed).

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