



## Board of Governors of the City of London School

**Date:** MONDAY, 1 DECEMBER 2014  
**Time:** 2.00 pm  
**Venue:** CITY OF LONDON SCHOOL, QUEEN VICTORIA STREET, EC4V 3AL

**Members:** Deputy Dr Giles Shilson (Chairman)  
Ian Seaton (Deputy Chairman)  
Deputy Billy Dove  
Sophie Fernandes  
Stuart Fraser (Ex-Officio Member)  
Marianne Fredericks  
Deputy the Revd Stephen Haines  
Ronel Lehmann (External Member)  
Lord Levene of Portsoken (External Member)  
Edward Lord  
Christopher Martin (External Member)  
Sylvia Moys  
Deputy Joyce Nash  
Dame Mary Richardson (External Member)  
Sir Michael Snyder (Ex-Officio Member)  
Deputy James Thomson  
Prof. Whitehouse (External Member)  
Alderman David Graves

**Enquiries:** Jacqui Daniels  
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Jacqui.Daniels@cityoflondon.gov.uk

Lunch will be served at 1pm.

**NB: Part of this meeting could be the subject of audio video recording**

**John Barradell  
Town Clerk and Chief Executive**

# AGENDA

## Part 1 - Public Agenda

1. **APOLOGIES**
2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**
3. **MINUTES**  
To agree the public minutes of the previous meeting.  

**For Decision**  
(Pages 1 - 6)
4. **TERMS OF REFERENCE AND FREQUENCY OF MEETINGS OF THE BOARD OF GOVERNORS OF THE CITY OF LONDON SCHOOL**  
Report of the Town Clerk.  

**For Decision**  
(Pages 7 - 10)
5. **HEAD'S REPORT**  
Report of the Head of the City of London School.  

**For Information**  
(Pages 11 - 14)
6. **RISK MANAGEMENT STRATEGY**  
Report of the Chamberlain.  

**For Information**  
(Pages 15 - 50)
7. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**
8. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
9. **EXCLUSION OF THE PUBLIC**  
MOTION - That under Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Part I of Schedule 12A of the Local Government Act.  

**For Decision**

## Part 2 - Non-Public Agenda

10. **NON-PUBLIC MINUTES**  
To agree the non-public minutes of the previous meeting.  

**For Decision**  
(Pages 51 - 54)
11. **REPORT OF THE HEAD OF THE CITY OF LONDON SCHOOL**  
Report of the Head of the City of London School.  

**For Information**  
(Pages 55 - 58)
12. **PROPOSED 2015/16 REVENUE BUDGET REPORT - TO FOLLOW.**  
Joint report of The Chamberlain, The Head and the City Surveyor  

**For Decision**
13. **REPAIRS, MAINTENANCE AND IMPROVEMENTS FUND - TO FOLLOW.**  
Joint report of The Chamberlain, The Head and the City Surveyor.  

**For Decision**
14. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**
15. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE BOARD AGREES SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

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**BOARD OF GOVERNORS OF THE CITY OF LONDON SCHOOL**  
**Monday, 6 October 2014**

Minutes of the meeting of the Board of Governors of the City of London School held at City of London School, Queen Victoria Street, EC4V 3AL on Monday, 6 October 2014 at 11.00 am

**Present**

**Members:**

Deputy Dr Giles Shilson (Chairman)	Deputy Joyce Nash, OBE
Ian Seaton (Deputy Chairman)	Lord Levene of Portsoken (External Member)
Marianne Fredericks	Christopher Martin (External Member)
Deputy James Thomson	Dame Mary Richardson (External Member)
Sylvia Moys	Prof. Whitehouse (External Member)

**Officers:**

Sarah Port	Chamberlain's Department
Phillip Everett	City of London School
Gary Griffin	City of London School
Charles Fillingham	City of London School
Saimah Tahir	Town Clerk's Department
David Arnold	Town Clerk's Department

**1. APOLOGIES**

Apologies were received from Stuart Fraser, Ronel Lehmann, Edward Lord and Alderman David Graves.

**2. MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**

The Deputy Chairman declared that he was on the Education Board and the Bursary Committee of the Board of Governors of the City of London School.

**3. MINUTES**

The minutes of the last meeting held on the 23 June 2014 were held as an accurate record, subject to some spelling and grammar corrections to be made by the Town Clerk.

**MATTERS ARISING**

City of London School Partnership with Stepney Green Maths, Computing and Science College.

The Second Master updated the Board with three dates that Governors could visit Stepney Green School and the Town Clerk agreed to circulate these by email. They were:

Wednesday 29<sup>th</sup> October 2014, 3.30pm

Friday 31<sup>st</sup> October 2014, 4pm  
Friday 14 November 2014, 4pm

#### Building Work

The Board expressed their dissatisfaction over building work relating to Embankment Improvements which they were assured would have been completed by the start of term, despite the good efforts of the Department of the Environment to complete work on time. However, work continued into the first few weeks of the new term which caused a nuisance and disturbance to both teachers and pupils during lessons and meetings, as well as affecting a fire drill which took longer than necessary due to building materials. A Governor updated the Board on the progress of continuing work around the School and advised that it would be complete during October. However it was noted that the works were still ongoing.

#### Ark Bentworth Primary Academy Year 6 Graduation

The Chairman thanked Deputy Revered Stephen Haines on behalf of the Board for representing the School with an excellent speech at year 6 graduation day.

#### 4. **HEAD'S REPORT**

The Board received a report of the Head of the City of London School that updated Governors on School matters.

The Head advised the Governors that the total number of Means Tested Sponsored Scholarships awarded since the launch of the scholarship campaign in 2001 was 201, not 2001.

The Chairman informed the Board that the report would be amended to show that concerns regarding the Grove Park Sports Ground had not been reported to the City Surveyors as they were not responsible for the works. The Chairman also advised that concerns over summer works should have been included separately under the non-public agenda as it contained sensitive information.

The Committee commended the teachers and pupils on their excellent exam results and their continued hard work. A Governor questioned the poor results in some subjects such as Economics. The Head explained that this was due to background influences such as parents picking subjects for their children which were unsuitable and went on to assure the Board that they were working with parents to ensure the right choices were made.

In response to a Governor's question the Head informed the Board that pupils were taught Mandarin once a week for an hour in the first and second year. The Board noted that exam results had improved and the Head explained that this was due to a change in the examination nationally. Previously it had been designed for native Mandarin speakers whereas now it was more focussed on those learning it as a second language. Mandarin at GCSE might be introduced in the future depending on student interest however, the School would then need to consider whether Dragons in Europe should continue to provide

lessons or if employing a Mandarin teacher would be a viable option going forward.

Governors were informed of the work the School were undertaking on youth alienation and mental health. It was noted that young men were more susceptible to suicide. The Board congratulated the School for the ongoing work on both youth alienation and mental health.

**RESOLVED** – That the report be noted.

5. **RISK REGISTER**

The Board considered a report of the Head regarding the Risk Register and noted that there were two risks classed as amber but, were out of the School's control. The risk of a crisis event had been upgraded to amber due to the heightened security level in the Capital. A new risk of a reduction in funding for bursaries had been introduced due to the review taking place as part of the Corporations Service Based Review.

**RESOLVED** – That Members approve the Risk Register.

6. **THE CITY OF LONDON SCHOOL BURSARY FUND INCORPORATING THE CITY OF LONDON SCHOOL SCHOLARSHIPS & PRIZES FUND - 2013/14 REPORT AND FINANCIAL STATEMENTS**

The Board considered a report of the Chamberlain regarding the Financial Statements for the City of London School Bursary Fund and incorporating the City of London School Scholarships & Prizes Fund. It was noted that, as in the previous year, income had exceeded expenditure by a considerable amount. This was because only a relatively small number of applications for hardship bursaries was received - which fell within the existing bursary guidelines - had been received during the year. The Director of Finance was asked to produce a report on possible additional uses of the funds held by this charity for governors to consider to address the current position.

The Board suggested that the School produce ideas for the next meeting for ways of advertising bursaries available from the School.

**RESOLVED** – That the report be noted; and that the school provide a report on ways to attract new pupils to the School.

7. **CITY OF LONDON SCHOOL EDUCATION TRUST - 2013/14 REPORT AND FINANCIAL STATEMENTS**

The Board received a report of the Chamberlain that detailed the activity for the City of London Education Trust Financial Statement for 2013-2014. Governors noted that there had been donations into the Trust during the year including one specifically for children and young people who were not pupils of the School. The Board agreed that it was vital this donation was used as specified and the Director of Finance will report back to the Board once these funds have been spent.

**RESOLVED** – That the report be noted.

**8. REVENUE OUTTURN 2013/14**

The Board received a joint report of the Chamberlain and the regarding the Revenue Outturn for 2013/14. A Governor questioned the recruitment and advertising cost of £29,000. The Head explained advertising cost were high such as in the Times it was punitively expensive. In response to another Governor's question, the Head advised that she would look into the figures of how many job adverts are placed by the School per year.

Another Governor questioned why the cleaning contract had been extended as a school's cleaning requirements were very different to an office. The Board requested that the Town Clerk looked into how the extension was agreed.

**RESOLVED** – That the report be noted.

**9. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**

The Chairman felt it was important that all pupils were given First Aid training. The Head explained that the School facilitated First Aid training through Cadets and Duke of Edinburgh Award leaving only a small minority of pupils who were not trained. The Chairman informed the Board that St John's Ambulance Service could provide training to the few who had not received it.

A Governor expressed concern over the future of Combined Cadet Force training in the School due to government reforms. A discussion ensued on the topic with the School assuring Members that First Aid training would continue to be provided and agreed to give an update at the next appropriate meeting of how this would be done.

**RESOLVED** – The School would bring an update to a future Board meeting on how First Aid training would continue to be provided when the Cadets training would stop.

**10. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

There was no other business that the Chairman considered urgent.

**11. EXCLUSION OF THE PUBLIC**

**RESOLVED** - That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part I of the Schedule 12A of the Local Government Act 1972.

<b>Item No.</b>	<b>Exempt Paragraph(s)</b>
<b>12- 19</b>	<b>3</b>



12. **NON-PUBLIC MINUTES**  
That the minutes of the last meeting held on the 23 June 2014 be approved as an accurate record, subject to some spelling and grammar corrections to be made by the Town Clerk.
13. **REPORT OF THE HEAD**  
The Head provided a verbal update to the Board.
14. **DIRECTOR OF DEVELOPMENT AND ALUMNI RELATIONS**  
The Head presented a report to the Committee on the appointment of a Director of Development and Alumni Relations.
15. **REVIEW OF THE INFORMATION TECHNOLOGY (IT) AND AUDIO VISUAL (AV) DEPARTMENTS**  
The Head presented a report on the Review of the Information Technology and Audio Visual department.
16. **SAFEGUARDING CODE OF CONDUCT**  
The Head introduced the new Safeguarding Code of Conduct for the School.
17. **SERVICE BASED REVIEW PROPOSALS - CITY OF LONDON SCHOOL**  
A joint report of the Head and Chamberlains was presented by the Head on the Service Based Review Proposals.
18. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**  
There were no questions raised.
19. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE BOARD AGREES SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**  
There was no other business that was considered urgent.

**The meeting ended at 12.47 pm**

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Chairman

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<b>Committee:</b> Board of Governors of the City of London School	<b>Date:</b> 1 December 2014
<b>Subject:</b> Terms of Reference and Frequency of Meetings of the Board of Governors of the City of London School	<b>Public</b>
<b>Report of:</b> Town Clerk	<b>For Decision</b>
<b><u>Summary</u></b>	
<ol style="list-style-type: none"><li>1. As part of the post-implementation review of the changes made to the governance arrangements in 2011 it was agreed that all Committees/Boards should review their terms of reference annually. This will enable any proposed changes to be considered in time for the reappointment of Committees by the Court of Common Council.</li><li>2. The terms of reference of the Board of Governors of the City of London School are attached as an appendix to this report for your consideration.</li></ol>	
<b><u>Recommendations</u></b>	
<ol style="list-style-type: none"><li>3. That, subject to any comments, the terms of reference of the Board be approved for submission to the Court as set out in the appendix.</li></ol> <p>The Board are also asked to consider the frequency of their meetings going forward.</p>	

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## BOARD OF GOVERNORS OF THE CITY OF LONDON SCHOOL

### 1. **Constitution**

A Non-Ward Committee consisting of,

- one Alderman nominated by the Court of Aldermen
- up to 10 Members elected by the Court of Common Council at least one of whom shall have fewer than five years' service on the Court at the time of their appointment
- the following ex-officio Members:-
  - the Chairman of the Board of Governors of City of London School for Girls
  - the Chairman of the Board of Governors of City of London Freeman's School
- up to five co-opted non-City of London Corporation Governors with experience relevant to the Board

The Chairman of the Board shall be elected from the City Corporation Members.

### 2. **Quorum**

The quorum consists of any five Common Council Governors.

Any decision taken by the Board of Governors shall require the agreement of a majority of Common Council Governors present at the meeting and voting.

### 3. **Membership 2014/15**

#### ALDERMAN

1 David Andrew Graves

#### COMMONERS

6 (4) Marianne Bernadette Fredericks  
3 (3) Sylvia Doreen Moys, *for three years*  
16 (3) William Harry Dove, M.B.E., J.P., Deputy  
12 (3) Joyce Carruthers Nash, O.B.E., Deputy  
2 (2) Sophie Anne Fernandes  
6 (2) Charles Edward Lord, O.B.E., J.P.  
6 (2) Dr Giles Robert Evelyn Shilson, Deputy

together with:-

Mr R. Lehmann  
Lord Levene of Portsoken  
Mr C. S. Martin, M.A.  
Dame Mary Richardson  
Professor J.M.A. Whitehouse

together with the ex-officio Members referred to in paragraph 1 above and three Members to be appointed this day.

### 4. **Terms of Reference**

To be responsible for:-

- (a) all School matters;
- (b) the management of the School land and buildings belonging to the City of London Corporation;
- (c) the appointment of the Headmaster/Headmistress and, where appropriate, the deputies and the Director of Finance.

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# Agenda Item 5

<b>Committee(s):</b> City of London School	<b>Date(s):</b> 1 December 2014
<b>Subject:</b> Head's Report	<b>Public</b>
<b>Report of:</b> Mrs Sarah Fletcher, Head	<b>For Information</b>
<b><u>Summary</u></b>	
This report contains entries regarding:	
<ol style="list-style-type: none"><li>1. Means Tested Scholarship Campaign Update</li><li>2. Recruitment Update</li><li>3. Health and Safety Update</li><li>4. Statutory NQT Induction</li></ol>	

## **Main Report**

### **1. Means Tested Scholarship Campaign Update**

A total of nine full fee means tested scholarships are currently available to pupils joining the School in September 2015. Four of these will be available at 11+ and five at 16+. These awards are available to pupils from poorer backgrounds following an assessment of parental financial circumstances. These scholarships are available due to the generosity of:

City of London School Bursary Trust (profits from Tate Modern Gala Dinner)  
John Carpenter Club  
The Ogden Trust  
The Wolfson Foundation

The School is very grateful to all of the above for their most generous support.

### **2. Recruitment Progress for September 2015 entry during the Autumn Term**

Once again there has been a great deal of interest and activity regarding September 2015 admissions to the School. Over 1,000 prospective pupils and their parents have visited the School at one of the 10 open afternoons held during the Autumn Term.

Offers of places for Sixth Form entry in September 2015 will be made by the end of November and an update will be given at the meeting on 1 December.

The deadline for applications for 10+ and 11+ entry in September 2015 – and for 13+ entry in September 2017 – is 21 November. Applicants for sponsored award places will sit a screening test in December with the full entrance examinations and interviews taking place in January and February. Again an update will be given at the meeting on 1 December.

### **3. Health and Safety Update**

- A meeting of the Health & safety committee was held on 30 September and the next one is scheduled for 2 December.
- Fire drills have been carried out at Grove Park for all year groups in the first week of October.
- An internal security alert practice was held on Wednesday 29 October.
- A shelter has been ordered for staff on duty in the Upper Playground and is due for installation next month.
- Loose handles on windows in some of the laboratories on level 5 have been replaced.
- The location of boys' bags, which were becoming a trip hazard outside the Great Hall, has now been moved to the exhibition area. Those left by boys on the way to lunch can now be deposited on new storage racks outside the PE dept. which were installed at half term.
- A temporary solution to the problems with the fire alarm system has been found, but the more permanent solution will be addressed in the Easter holidays.
- A new supervisor for the Upper Playground for the hour after the school day has been appointed.
- A new system for reporting health and safety concerns has been installed on the School's intranet, so that issues get directly reported to the Second Master who then liaises with the Facilities Manager to provide a solution.

### **4. Statutory NQT (Newly Qualified Teacher) Induction**

After gaining Qualified Teacher Status (QTS), all NQTs will have to complete an induction period of three school terms.

The framework of induction will follow Department for Education Statutory Guidance on Induction for Newly Qualified Teachers (Revised 2013). The School's chosen Induction Programme provider is the Independent Schools Teacher Induction Panel (IStip), which is responsible for quality assurance validation and the guidance we follow can be found on their website.

The Head, along with the ISTIP, is responsible for the monitoring, support and assessment of the NQT during the induction, and should:

- check the NQT has been awarded QTS
- clarify whether the teacher needs to serve an induction period or is exempt
- notify IStip when an NQT is taking up a post in which they will be undertaking induction
- meet the requirements of a suitable post for induction
- ensure the induction tutor is appropriately trained and has sufficient time to carry out their role effectively
- ensure an appropriate and personalised induction programme is in place
- ensure the NQT's progress is reviewed regularly, including observations and feedback of their teaching
- ensure termly assessments are carried out and reports completed and sent to the appropriate body



- maintain and retain accurate records of employment that will count towards the induction period
- make the governing body aware of the arrangements, that have been put in place to support NQTs serving induction
- make a recommendation to the appropriate body on whether the NQTs performance against the relevant standards is satisfactory or requires an extension
- participate appropriately in the appropriate body's quality assurance procedures
- retain all relevant documentation/evidence/forms on file for six years

The Head delegates responsibility for the above to the Head of Staff Development

Each NQT will have an Induction Mentor, usually the Head of Department, who will conduct the 'Professional Review of Progress' of the NQT. NQTs are not expected to be part of the Relief (R) system in their first term or to be tutors in their first year. NQT's timetabled lessons are also reduced by 10% during their induction.

The Head of Staff Development will organise a general Induction Programme on whole school issues – Health and Safety, Child Protection, the Data Protection Act, the Pastoral System, administrative matters, Assessment, Learning Support, Admissions, and the School Library. He will also chair the termly Summative Assessment Meetings

The IStip website [www.istip.co.uk](http://www.istip.co.uk) has extensive information on the induction process, but the principal features (each term) are:

- Development objectives agreed and recorded on the Action Development Plan (ADP)
- Monitoring/support programme for term planned and agreed
- Regular meetings organised and held
- Lesson observation of the NQT (including self-evaluation and feedback)
- Lesson observation of a colleague by the NQT
- Formal progress reviews
- Assessment meeting

According to the Department for Education Statutory Guidance on Induction for Newly Qualified Teachers (Revised 2013) the governing body

- should ensure compliance with this guidance
- should be satisfied that the institution has the capacity to support the NQT
- should ensure the Head is fulfilling their responsibility to meet the requirements of a suitable post for induction
- must investigate concerns raised by an individual NQT as part of the institution's agreed grievance procedures
- can seek guidance from the appropriate body on the quality of the institution's induction arrangements and the roles and responsibilities of staff involved in the process
- can request general reports on the progress of an NQT

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# Agenda Item 6

<b>Committee:</b>	<b>Date:</b>
City of London School Board of Governors	1 <sup>st</sup> December 2014
<b>Subject:</b> Risk Management Strategy	<b>Public</b>
<b>Report of:</b> The Chamberlain	<b>For information</b>

## Summary

This report introduces the new Risk Management Strategy which was approved by the Audit and Risk Management Committee on 13 May 2014. All committees are receiving a similar report which provides information to Members about the new Risk Management Strategy and progress on its implementation. This report covers the City of London School.

In line with the Cabinet Office's Management of Risk (M\_O\_R) principles a Risk Management Strategy has been developed to provide a clearer and dynamic framework for managing organisational risks. Key changes in the Risk Management Strategy include a new framework to define risks, a new 4x4 risk scoring model, the introduction of a target risk score and a clearer route to escalate risks.

Service Committees will continue to have responsibility to oversee the significant risks faced by departments in the delivery of their service responsibilities. Chief Officers are accountable for effective risk management within their department, reporting to their relevant service Committee(s), a responsibility that cannot be delegated.

An on-line risk management system is currently being implemented which will assist in the recording, management, and dynamic reporting of risks.

The changes arising from the risk management strategy will be implemented within City of London departments and Institutions alongside the phased rollout of the risk management information system. This will be done by working with each department, beginning with the Chamberlain's.

At the request of the Audit and Risk Management Committee, a revised framework for the review of key departmental risks at the same time as seeking updates on Corporate Risks has been developed. The new programme of risk review by members of the Audit and Risk Management Committee commenced from 9 September 2014 with the Chamberlain's Department. The City of London School is scheduled for 2 June 2015.

The departmental risk registers will be reviewed, and updated, in line with the new

Risk Management Strategy including the adoption of the 4x4 risk scoring and introduction of a target risk score.

Recommendations:

Members are asked to

- Note the new Risk Management Strategy and plans for the phased roll-out of the strategy within departments and City of London Institutions.

## **Main Report**

### **Background**

1. In 2013 a risk management improvement plan was developed to improve and refresh the City Corporation's risk framework. An independent review of risk management was also undertaken by Zurich Municipal which further informed and strengthened the objectives set out in the improvement plan. Outcomes from the improvement plan resulted in changes to the risk framework and the creation of a Risk Management Strategy, which has replaced the risk management handbook and is in line with the terminology used commonly in other organisations as well as the Cabinet Office's Management of Risk principles. The Risk Management Strategy was approved by the Audit and Risk Management Committee on 13 May 2014.
2. Service committees have a responsibility to oversee the significant risks faced by departments in the delivery of their service responsibilities, receiving regular reports from Chief Officers identifying the significant risks and providing assurance that appropriate mitigation action has been identified and implemented. Chief Officers are accountable for effective risk management within their department, a responsibility that cannot be delegated.

### **Risk Management Policy (Page II, Appendix 1)**

3. As part of the Risk Management Strategy a new Risk Management Policy statement was created. This is a statement of intent for risk management signed by the Chairman of Audit and Risk Management Committee and the Town Clerk.
4. An objective of the risk management policy statement is briefly to communicate the City Corporation's commitment to risk management, in order to support the realisation of its objectives, and to highlight its appetite for risk.

### **Risk Management Strategy (Appendix 1)**

5. The Risk Management Strategy builds on the previous risk management handbook providing guidance on how risk management is used and how it will operate within the City Corporation. Development of this document also fits in with the Cabinet Office's M\_O\_R principles.

6. The Strategy was developed in consultation with the officers forming the Risk Management Group and has been reviewed by Chief Officers and Members of the Audit and Risk Management Committee.
7. Service committees continue to have a responsibility to oversee the significant risks faced by departments in the delivery of their service responsibilities, receiving regular reports from Chief Officers identifying the significant risks and providing assurance that appropriate mitigation action has been identified and implemented.
8. Key changes in the strategy include:
  - i. A clearer framework to define risks, using the Cause, Risk and Effect model (Appendix 1, Page 10).
  - ii. A new 4x4 scoring model for likelihood and impact (Appendix 1, Page 11). This brings it in line with the risk matrices for Health and Safety and City of London Police.
  - iii. The introduction of a Target Risk Score (Appendix 1, Page 22) to indicate how the Current/Net risk score will reduce further with the in-progress or planned controls. This will be the optimum score for the risk in order for it to be manageable, taking account of the resources available and the ability of the City Corporation directly to manage the risk once external factors are considered.
  - iv. A clear escalation route highlighting how risks will be raised to management boards based on the risk score or risk type (Page 16). Service committees will continue receiving top departmental risks, now set at a risk score 16 or above, on at least a quarterly basis.
  - v. Service committees can recommend departmental risks be reviewed further at the Audit and Risk Management Committee and can recommend the risks be escalated on to the Corporate Risk Register.

### **Risk Management Information System**

9. As departments are becoming more familiar with risk management, greater focus is being placed on the risk registers, which is resulting in an administrative burden due to the manual collation process involved using spreadsheets. To reduce this burden, improve consistency and significantly improve the ability to provide dynamic risk reports the City Corporation is introducing a risk management information system.
10. Some of the benefits that can be achieved from a risk management system include:
  - a. Clearer oversight of Corporate, Strategic and Operational risks;
  - b. Greater transparency and visibility of risk management;
  - c. Assurance that risk portfolios are actively managed and that risk management is robust;

- d. Improving data quality and saving time (and expense) in administering risk registers;
  - e. Behaviour changes from gathering information to interpreting what is said and improving the ability to provide business intelligence for decision making;
  - f. Easier to share and communicate risk information;
  - g. Improved reporting of risk information and usage in other areas, e.g. risk-based audits; and
  - h. Real time information with a clear audit trail.
11. In addition to the above, a risk system will also allow customised reports to be produced which can focus on specific areas of interest, for example, producing a report for the top financial risks for a particular service area. This cannot be currently achieved due to the independent nature of the risk registers on MS Excel.

### **Planned Roll out**

12. It is planned that changes arising from the risk management strategy are rolled out alongside the rollout of the risk management information system. This will ensure that information placed in the new system is refreshed and fits in line with the new risk framework. Installation of the new risk management software has commenced, with a phased roll-out now underway and due to be completed by the end of March 2015.
13. The City of London School activities 'risk register is brought to the Board of Governors for their approval on an annual basis. Governors are updated on any significant risks at each of their meetings and any urgent items will be reported to the Chairman by the Head as they arise.

### **Cyclical Review of Corporate and Departmental Risks**

14. Over the last two and a 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 has been agreed with the Chairman of the Audit and Risk Management Committee and Chief Officers.
15. The new programme of risk review by Members of the Audit and Risk Management Committee commenced from 9 September 2014 with the Chamberlain's Department, with the City of London School scheduled for 2 June 2015.

### **Conclusion**

16. The risk management framework continues to be actively reviewed to make it easier and effective in order to embed it further in the City Corporation. Service committees are an essential part of the framework to enable the City Corporation to understand and manage risks and in order to achieve the objectives set out in their respective departmental business plans.

**Appendices**

- Appendix 1 – Risk Management Strategy

**Paul Nagle**

Head of Audit and Risk Management

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# City of London Corporation

## Risk Management Strategy

Version 2.03

Approved by the  
Audit & Risk management  
committee  
13 May 2014



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## Version History

This strategy builds on and replaces earlier versions of the risk management handbook and is intended to be a high level document that provides a framework to support the City Corporation's statutory responsibility for managing risk.

It also allows the City to further strengthen and improve its approach to risk management enhancing its ability to deliver its corporate aims and objectives successfully.

The risk management strategy sets out key objectives across a three year rolling period but will be reviewed annually to ensure it remains fit for purpose.

### Version control:

Date	Version Number	Comments
21/04/11	1.0	- Risk Management Handbook created
22/04/14	2.0	- Refreshed Risk Management Handbook and renamed as Risk Management Strategy
21/10/14	2.01	- Minor typographical changes
23/10/14	2.02	- Minor typographical changes
28/10/14	2.03	- Job title change

# **CITY OF LONDON CORPORATION'S** **RISK MANAGEMENT POLICY STATEMENT**



**THE CITY OF LONDON CORPORATION (COL) RECOGNISES AND ACCEPTS ITS RESPONSIBILITY<sup>1</sup> TO MANAGE RISKS EFFECTIVELY IN A STRUCTURED MANNER IN ORDER TO ACHIEVE ITS OBJECTIVES AND ENHANCE THE VALUE OF SERVICES PROVIDED TO THE COMMUNITY.**

**In pursuit of this policy COL has adopted a risk management strategy that captures the following key objectives:**

- Enables corporate, departmental and programme objectives to be achieved in the optimum way and to control risks and maximise opportunities which may impact on COL's success;
- COL recognises its responsibility to manage risks and support a structured and focused approach that includes risk taking in support of innovation to add value to service delivery.
- Risk management is seen as an integral element of the Corporation culture;

**These key objectives will be achieved by:**

- Establishing clear roles, responsibilities and reporting lines for risks and their controls at all levels;
- Ensuring that Members, Chief Officers, external regulators and the public at large can obtain necessary assurance that the Corporation is mitigating the risks of not achieving key priorities and managing opportunities to deliver more value to the community, and is thus complying with good corporate governance;
- Complying with relevant statutory requirements, e.g. the Bribery Act 2010, the Health and Safety at Work Act, the Local Government Act and more;
- Providing opportunities for shared learning on risk management across the Corporation and its strategic partners;
- Monitoring arrangements on an on-going basis.

## **APPETITE FOR RISK**

**City of London Corporation seeks to minimise unnecessary risk and manage residual risk to a level commensurate with its status as a public body so that:**

- The risks have been properly identified and assessed;**
- The risks will be appropriately managed, including the taking of appropriate actions and the regular review of risk(s);**

**The City of London Corporation will also positively decide to take risks in pursuit of its strategic aims where it has sufficient assurances that the potential benefits justify the level of risk to be taken.**

APPROVED BY:

Alderman Nick Anstee

(Chairman of the Audit and Risk Management Committee)

John Barradell

(Town Clerk and Chief Executive)

<sup>1</sup>Accounts and Audit Regulations 2011

## Chapter 1: Introduction

In a rapidly changing environment, with the effects of reduced public funding, the changing demographics and the continual demand on services, the City of London Corporation is faced with an unprecedented challenge to deliver its statutory obligations, provide high quality services, as well as manage the associated social and financial implications.

The interlocking challenges faced from budget pressures, supplier failures, security issues, and so on, has created a complex matrix of risks, all requiring some level of management.

Amongst these challenges however opportunity can also be created for those who are best placed to embrace, innovate, collaborate and manage new risks.

This strategy has been developed to provide guidance on the City's approach to managing both opportunities and threats within the business environment, and through adoption will help to create an environment which meets the needs of the City's citizens, partners and other key stakeholders.

Aligned with this we will aim to be an exemplar of good practice and we will continue to meet our statutory responsibility to have in place satisfactory arrangements for managing risks, as laid out under regulation 4 of the Accounts and Audit Regulations 2011:

**“The relevant body is responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk.”**

Only by active management of risks will the City of London Corporation be able to meet its corporate objectives which in turn will enhance the value of services provided to the City.

## **What is risk and risk management?**

The word 'risk' is a very common term used in everyday language and will be referred to by many professions from both the public and private sector. It is a concept which has grown from being used to describe a narrow field of risks which are to be avoided, to a wider, more holistic focussed world where importance is placed on how to manage risk rather than avoiding it.

The following definition for risk<sup>2</sup> has been adopted by the City of London Corporation:

***“The effect of uncertainty on objectives”***

Risk management is a business discipline that every working sector uses to achieve objectives in an efficient, effective and timely manner. Our risk management definition is<sup>2</sup>:

***“The systematic application of principles, approach and processes to the tasks of identifying and assessing risks, and then planning and implementing risk responses”***

<sup>2</sup>OGC: Management of Risk

## **Purpose of this strategy**

The City of London Corporation is a complex organisation, comprising a number of departments with very diverse operations. By adhering to this strategy, the City of London Corporation will be better placed to meet all its objectives in an efficient, effective and timely manner.

Every risk is linked to a business objective and this strategy will help enforce a proactive stance to managing these risks, ensuring that less time is spent reacting to situations and more time is spent taking advantage of opportunities.

Listed below are some of the benefits of successfully implementing this strategy:

- Ability to satisfy statutory requirements (under the Local Government Act 1999), government regulations (e.g. Corporate Manslaughter Act, Health and Safety at Work Act, Children's Act 2004, Care Bill 2014, and more) and compliance related matters (e.g. financial and contractual regulations, Bribery Act 2010, and more);
- Protecting and enhancing the City of London Corporation's reputation;
- Better management and partnership working with city partners, improving safeguards against financial loss and reducing chances of organisational failure;
- Increased innovation, value for money and visual improvements in service delivery;
- Improved ability to justify decisions being taken and reduced risk of mistakes, reducing complaints and improving customer satisfaction;
- Ensuring teams achieve goals and objectives, and increasing their competitiveness (against other organisations);
- Common understanding of risk management for consistency and ease of application;
- Improved assurance levels arising from audit and external inspections, providing confidence to customers that risks are being controlled;
- Effective resilience to changing environmental conditions, to protect key services.

## Chapter 2: Managing risks

### Why manage risks

Effective risk management is an on-going process with no overall end date as new risks (threats and opportunities) arise all the time.

The Corporation is fully committed to developing a culture where risk is appropriately and effectively managed for which the following benefits will be achieved:

- An increased focus on what needs to be done (and not done) to meet objectives;
- More effective allocation of resources reducing incidences of mistakes and providing greater control of costs – demonstrating value for money; Greater transparency in decision making and enhanced ability to justify actions taken;
- Improved resilience against sudden changes in the environment including, but not limited to, natural disasters and risks related to supplier failures;
- Reduction of the Corporation's insurance costs, in turn protecting the public purse;
- Improved safety for staff, partners and residents; and
- Minimised losses due to error or fraud across the Corporation.

### Choosing whether to eliminate or innovate

Innovation by its very nature involves taking risks, and as a consequence, places greater demand on all of us to ensure that those risks are well managed.

One of the key aims of risk management is to ensure that the process supports innovation, not by preventing it - but rather helping to take well thought through risks that maximise the opportunities of success.

***Good risk management is about being "risk aware" not "risk averse"!***



## Roles and Responsibilities

The City Corporation considers risk management to be an intrinsic part of the Corporation's system of corporate governance. It is recognised that for this to be effective it is vital that everybody within the Corporation understands the role they play in effective management of risk.

<b>Tier</b>	<b>Responsibility</b>
Court of Common Council	Overall accountability for risk management.
Audit and Risk Management Committee	Providing assurance to the Court on the effectiveness of the risk management framework and its application. The Chairman is the Member Risk Champion.
Service Committees	Oversee the significant risks faced by Departments in the delivery of their service responsibilities.
Chief Officers Group	Collective responsibility for management of Corporate risks.
Chief Officers Summit Group	Promoting, steering and monitoring risk management for the Corporation. The Chief Officers Summit Group oversees the strategic elements of risk management.
Business Support Director	Officer Risk Champion, promoting risk management and leading Senior Management engagement. The Business Support Director is the Chairman to the Risk Management Group and also attends the Audit and Risk Management Committee.
Risk Management Group	Promoting and embedding risk management, with key outcomes reported to the Chief Officers Summit Group. The Risk Management Group oversees the operational elements of risk management.
Head of Audit and Risk Management	Deputy Chairman of the Risk Management Group and provides assurance to the effectiveness of the internal control environment.
Corporate Risk Advisor	Provides risk management support and advice to the Corporation. Also responsible for promoting the consistent use of risk management, developing the risk framework and facilitation of the City of London's Corporate Risk Register.

<b>Tier</b>	<b>Responsibility</b>
Individual Chief Officers	Accountable for effective risk management within their department, reporting to their relevant service Committee(s) – this responsibility cannot be delegated.
Risk Owner	The person that is accountable for the overall management of the risk, including bidding for resources to control the risk.
Control Owner	The person that has accountability for a particular task to control an aspect of the risk, either the Cause or the Effect. The role is accountable to the Risk Owner.
Departmental Risk Coordinators	Promoting, facilitating and championing the implementation of risk management within their department.
Service/ Project Managers	Accountable for effective management of risk within their areas of responsibility.
Employees	Maintaining an awareness and understanding of key risks and management of these in day-to-day activities.

Outcomes of this strategy will be achieved by working closely with many key teams within departments such as Health and Safety, Insurance, Corporate Performance & Business Development, Project Management, Contingency Planning and more.

The ultimate responsibility for risk management lies with the Court of Common Council and the Town Clerk. However, it must be stressed that **risk management is the responsibility of everyone working in, for and with the City of London Corporation.**

## **Chapter 3: The risk management process**

Essentially risk management is the process by which risks are identified, evaluated, controlled and monitored at regular intervals. It is about managing resources wisely, evaluating courses of action to support decision-making, protecting clients from harm, safeguarding assets and the environment and protecting the Corporation's public image.

Whenever an activity takes place, there will be an outcome that will either lead to a success or failure. In undertaking the activity there will be a number of factors which needs to be right to determine whether the activity is a success or not, or to put it the other way round, there are a number of risk factors which, if they are not managed properly, will result in failure rather than success.

Risk Management is also a business planning tool designed to provide a methodical way for addressing risks. It is about:

- Identifying the objectives and what can go wrong;
- Acting to avoid it going wrong or to minimise the impact if it does;
- Realising opportunities and reducing threats.

## The risk management cycle

The risk management process is broken down into five steps illustrated below:

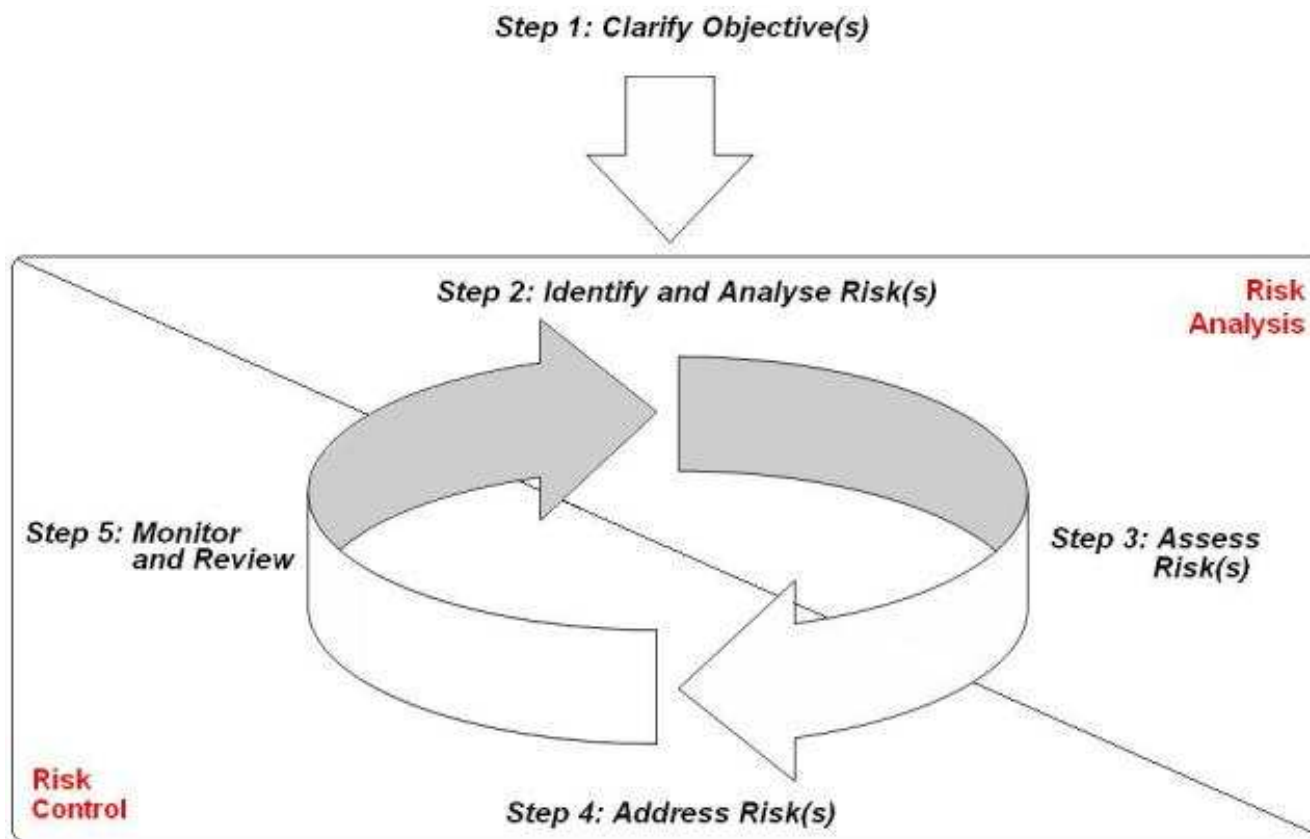


Figure 1: City of London's risk management cycle

## **Step 1: Clarify Objectives**

It is difficult to think about risks in isolation, so the first step is to be clear about the objectives and key deliverables. This part of the process requires information about the (planned) activity.

This will include an understanding of:

- The corporate/departmental/project objectives;
- The scope of the activity;
- The assumptions that have been made;
- The list of stakeholders; and
- How the activity sits within the corporate/departmental/project structure.

### ***This includes:***

- Making sure that everyone is clear about the relationship between the services and its wider environment;
- Identifying internal and external stakeholders;
- Understanding the Corporation and its capabilities, as well as its objectives and strategies that are in place to achieve them.

**Note:** Risks will always be linked to a Service, Departmental or Corporate objective.

## **Step 2: Identify and Analyse risks**

The aim of this step is to identify the risks to the (planned) activity that may affect the achievement of the objective(s), which can either be positive or negative.

Consultation is required from different levels of management and staff members, and sometimes customers and stakeholders, asking the following questions:

- What might prevent the achievement of the stated objectives?
- Has it gone wrong before?
- Who should own this risk?
- When should we start managing this risk?

It is widely recommended to identify risks through workshops and/or training sessions. However, there are many other methods which can be used such as questionnaires, a Strengths - Weaknesses - Opportunities - Threats analysis, brainstorming sessions, and more.

During the identification stage the following information needs to be gathered:

- The description of the risk, in terms of Cause → Risk → Effect;
- The nature of the risk – for example, political, financial, reputation, and more; and
- The name of the individual taking responsibility for the risk (i.e. the risk owner).

### Step 3: Assess Risks (4x4)

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 Appendix 1 for details on how risks should be scored.

The risk score is placed on the Risk matrix (Figure 2) and is used to help prioritise and assist risk owners in the actions they need to take to manage the risk.

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

Figure 2: COL risk matrix

Step 5 highlights how often risks should be reviewed and Chapter 4 highlights how the risk scores are used for reporting purposes.

## Step 4: Address Risks

Without this step, risk management would be no more than a bureaucratic process. Addressing risk involves taking practical steps to manage and control it.

Not all risks need to be dealt with in the same way. The common risk response outlined below should help in considering the range of options available when responding to risks.

Importantly, when agreeing actions to control risk, consideration is required on whether the actions themselves introduce new risks

### Threat responses

When managing threats, the controls that are put in place should help to effectively reduce the risk to a manageable level. There are four approaches that can be taken when deciding on how to manage threats:

- **Reduce:** A selective application of management actions, by applying internal control to reduce either the likelihood or the impact, or both, designed to contain risk to acceptable levels, e.g. mitigation action, contingency planning and more;
- **Transfer:** Shifting part of the responsibility or burden for the loss to another party, e.g. through outsourcing, insurance, etc;
- **Avoid:** An informed decision not to become involved in a risk situation. This can be challenging as the City of London Corporation may not be able to avoid risks associated with its statutory functions;
- **Accept:** An informed decision to accept the likelihood and impact of a particular risk. For example, the ability to do anything about a risk may be limited, or the cost of taking any action may be disproportionate to the potential benefit.



## **Ownership of Risks and Controls**

Having identified and defined the risks, it is essential that someone "owns" them (i.e. the risk owner). This is not the same as being responsible for carrying out the tasks or actions for the risk (i.e. the control owner). This is a critical part of the step as without a named individual it is unlikely that the risk will be managed.

### Risk Owner

It is important that the risk owner, where possible, be:

- A person who has the ability to influence the outcome of the event, one way or another;
- A person who can be accountable for the delivery in the area where the risk would have an effect;
- A person who can take charge and lead nominated control owners.

From a departmental viewpoint, the risk owner should be a member of the department's management team.

### Control Owner

Control owners are responsible for carrying out the tasks or actions for the risk, as assigned by the risk owner.

It is important to note that:

- Control owners can be different from the Risk owner;
- Control owners can be from a different department to the Risk owner;
- A risk may contain many controls, therefore many control owners, however only on an exceptional basis would one control be assigned to multiple risks.

Control owners can be any officer within the organisation, but must have an adequate reporting line to the Risk owner.

### Step 5: Monitor and Review

Once risks have been identified and appropriate controls and action plans put in place to manage them, it is essential to routinely monitor their status. Risks change, due to many factors, and it is essential that they are periodically reviewed to capture any new events which may affect the delivery of our objectives.

As a guide, risks should be reviewed in management meetings using the following criteria:

Risk Type	Standard Review	Programmes, projects and partnerships
Red Threats	1-3 months	Monthly
Amber Threats	3 months	Monthly
Green Threats	6 months	Quarterly

**Note:** At least annually, each risk register should be reviewed in its entirety.

## **Chapter 4: Reporting risks**

### **Reporting framework**

It is essential that risk management is used as a tool to assist good management and to provide assurances to relevant officers and Members that adequate measures have been taken to manage risk.

Escalation of risks ensures that managers have a clearer picture on risks or potential issues facing service areas. This helps in the overall decision making process by allowing senior staff to allocate resources or review areas of concern.

Page 16 illustrates the reviewing and reporting framework to support this escalation and assurance process.

### **Role of Audit and Risk Management Committee**

As set out in its formal terms of reference, the Audit and Risk Management Committee is responsible for monitoring and overseeing the City Corporation's risk management strategy and needs to be satisfied that the assurance framework properly reflects the risk environment. It is through this Committee that the Court of Common Council discharges its responsibility for obtaining assurance that those risks faced by the Corporation are being appropriately managed.

### **Role of Other Committees and Departments**

It is the role of each Service Committee and Department to maintain and act on its own risks, working closely with the Risk and Assurance Manager if need be. The criteria for escalating risks should be agreed by the relevant Service Committee and Chief Officer.

The Audit and Risk Management Committee will concentrate on monitoring the Corporate Risks faced by the City Corporation, and the measures taken to control the risk. The Audit and Risk Management Committee will also seek assurance regarding the effective operation of this framework at Committee level.

## Review and Reporting Framework

Risks will be escalated using a bottom up process depending on the risk score (i.e. Risk tolerance) and/or management recommendation.

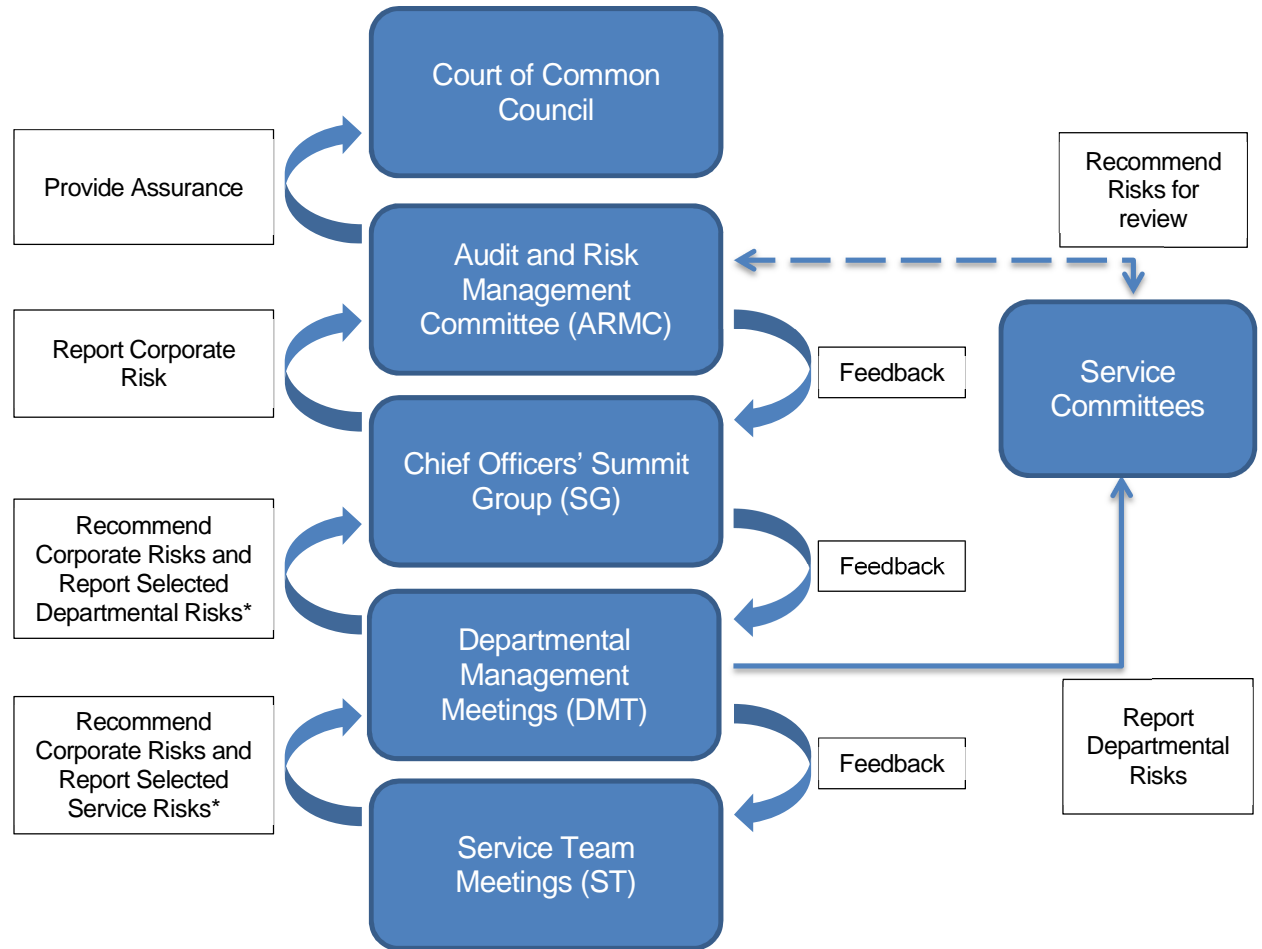
Corporate Reviews will be undertaken either every two or three months.

Departmental Reviews should be adapted to suit the structure of each respective department, although as minimum should be done Quarterly.

Annual review of all risks should be undertaken as a minimum.

### Reporting Criteria

Reporting Criteria	Reporting Body	Criteria
Corporate reviews	ARMC	Oversee Corporate risks
	SG	Identify Corporate/Departmental risks and review all Departmental risks of score 24 or more.
Departmental Reviews	DMT's	Identify Corporate/Departmental risks and review all Service Teams risks of score 16 or more
	ST's	Identify Corporate/Departmental risks and review all Service risks of score 6 or more
	Team meetings /121's	Identify potential Corporate/Departmental risks and review all current risks



*\*exception basis*

## Risk Registers

Key risk registers are listed below along with their escalation criteria (based on risk score).

Corporate Risk Register	The Corporate Risk Register is used to highlight and assure Members that key risks are being effectively managed. These risks are extracted from various areas of the Corporation's risk system as directed by the Members and approved by the Town Clerk and Chief Officers (See Glossary for definition of Corporate Risk).
Top Risk Register	This register flows out from the Departmental risk registers and is challenged and moderated quarterly by the Chief Officer's Summit Group (SG).  Risks which are escalated here are those with a risk score of 24 or more.
Departmental risk register	This register flows out from the Service risk registers and is challenged and moderated quarterly by the Departmental Management Teams (DMT's).  Risks which are escalated here are those with a risk score of 16 and above.
Service risk register	This register flows out from the Service area/Team risk registers and is challenged and moderated quarterly by the Service Team Meetings (ST's).  Risks which are escalated here are those with risk score of 6 and above.
Programme and Project risk registers	Where it is considered appropriate, major partnerships, programmes and projects will produce and maintain their own risk registers. Risk to the programme/project should be recorded within Project Vision and managed through the corporate Project framework.

## Challenging environment

There is a strong support framework in the City Corporation to challenge risks and to provide assistance to departments. Below lists some of the key groups which assist with this:

<p>Audit and Risk Management Committee</p>	<p>On a periodic cycle each Corporate risk and a nominated Departmental risk register is challenged by Members of the Audit and Risk Management Committee. These sessions allow Chief Officers to demonstrate how risks are being managed and allow Members to directly question any areas of interest.</p>
<p>Chief Officers' Summit Group</p>	<p>Each quarter the Chief Officers' Summit Group review all the top risks for the Corporation (of score 24 and above) and challenge and moderate as necessary. Corporate risks are escalated by the Departmental Management Teams and upon approval are escalated to the Audit and Risk Management Committee.</p>
<p>Departmental Risk Coordinators</p>	<p>The risk coordinators provide advice and guidance on the application of the Risk Management Strategy, working closely with the Risk and Assurance Manager. They are the first point of call for risk related matters for their department providing operational support.</p> <p>The Risk Coordinators meet as a group on a 6 monthly basis with representatives from the City of London Police, Internal Audit, Health and Safety, Contingency Planning, Corporate Performance &amp; Business Development and Insurance.</p>

## Chapter 5: Strategic Improvement

This strategy is based on strengthening and improving the City's approach to risk management, enhancing its ability to deliver its corporate aims and objectives successfully. It is recognised that to significantly improve the risk management capability and the maturity of the Corporation will be a journey requiring continuous review and improvement activity.

The Risk Management Strategy will be regularly reviewed. Further activities to enhance existing arrangements will be identified by reviewing emerging best practice and assessing their suitability for implementation in the context of the aims, objectives and organisational culture of the Corporation. Once assessed and agreed, further improvement activities will be implemented through the risk management improvement plan.

Below lists some of the key activities/projects which will assist in delivering the strategy.

<b>Project / Task</b>	<b>Brief summary</b>	<b>Target date / Frequency</b>
Introduce a Risk Management Information System	To procure an online risk register tool ensuring consistency, transparency and a clear audit trail for risks and controls.	Aug 2014
Improve skill set and raise awareness of risk management	Create a suite of tools to raise awareness and assist officers in the management of risks.	Jan 2015
Review new framework	Review the risk maturity of the organisation on a yearly cycle.	Annual review
Introduce Opportunity Risk Management	Subject to the organisations risk maturity level, introduce the opportunity risk methodology and look to report opportunity risks.	Review in 2015/16

## Glossary

Consistent understanding and application of language provides a sound basis for embedding risk management. To promote this consistency, the following key terms are defined:

Term	Definition
Cause	<p>Definite events or sets of circumstances which exist in the department, programme/project, partnership or their environments, and which give rise to uncertainty.</p> <p>Causes themselves are not uncertain since they are facts or requirements.</p>
Control Evaluation	A measure to determine how effective the controls are.
Control Owner	The person that has accountability for a particular task to control an aspect of the risk, either the Cause or the Effect. The role is accountable to the Risk Owner.
Controls	Measures taken to control the impact or likelihood of risks to an acceptable level.
Corporate risk	<p>Strategic or Operational risks reported to the Audit and Risk Management Committee for assurance purposes.</p> <p>One or more of the following criteria must apply:</p> <ul style="list-style-type: none"> <li>▪ The risk relates directly to one or more of the Strategic Aims or Key Policy Priorities.</li> <li>▪ A risk that has significant impact on multiple operations if realised.</li> <li>▪ There are concerns over the adequacy of departmental arrangements for managing a specific risk.</li> </ul> <p>Corporate risks can also be those requested by the Audit and Risk Management Committee specifically.</p>
Current / Net risk	The re-assessed level of risk taking in to account the existing controls.
Effect	<p>Unplanned variations from objectives, either positive or negative, which would arise as a result of risks occurring.</p> <p>Effects are contingent events, unplanned potential future variations which will not occur unless risks happen.</p>
Operational Risk	Risks arising from or relating to the execution of day-to-day operations and service delivery.



<b>Term</b>	<b>Definition</b>
Original / Gross risk	The assessed level of risk on the basis that no mitigating controls are in place.
Risk	The effect of uncertainty on objectives.
Risk Management	The systematic application of policies, procedures and practices to the tasks of identification, evaluation, and mitigation of issues that threaten the achievement of defined objectives.
Risk Owner	The person that is accountable for the overall management of the risk, including bidding for resources to control the risk.
Strategic risk	Risks arising from or relating to long term departmental objectives.
Target risk	The level at which the risk will be deemed as acceptable.

## Appendix 1 - 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

## Risk Matrix

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	X				
	Likely (4)	4	8	16	32
	Possible (3)	3	6	12	24
	Unlikely (2)	2	4	8	16
Rare (1)	1	2	4	8	

Figure 2: COL risk matrix

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

- Red - Urgent action required to reduce rating
- Amber - Action required to maintain or reduce rating
- Green - Action required to maintain rating

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