



Board of Governors of the City of London Freemen's School

Date: WEDNESDAY, 11 FEBRUARY 2015

Time: 11.00 am

Venue: COMMITTEE ROOM - 2ND FLOOR WEST WING, GUILDHALL

Members:

Stuart Fraser (Chairman)	Hugh Morris
Roger Chadwick (Deputy Chairman)	Graham Packham
Deputy John Bennett	Sheriff & Alderman Dr Andrew Parmley
Michael Bramwell, (co-opted external Member)	Judith Pleasance
Brian Harris	Adam Richardson
Alderman Peter Hewitt	Elizabeth Rogula
Michael Hudson	Deputy Dr Giles Shilson (Ex-Officio Member)
Vivienne Littlechild	Sir Michael Snyder (Ex-Officio Member)
Sir Clive Martin, (co-opted external Member)	Councillor Chris Townsend (co-opted external Member)
Andrew McMillan, (co-opted external Member)	Philip Woodhouse
Douglas Mobsby, (co-opted external Member)	Gillian Yarrow (co-opted external Member)

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Lunch will be served in Guildhall Club 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 and summary of the meeting held on 25 November 2014.

For Decision
(Pages 1 - 4)

4. **DISCLOSURE AND BARRING REQUIREMENTS FOR SCHOOL GOVERNORS APPOINTED BY THE COURT OF COMMON COUNCIL**

Report of the Town Clerk.

For Information
(Pages 5 - 12)

5. **RISK MANAGEMENT STRATEGY**

Report of the Chamberlain.

For Information
(Pages 13 - 48)

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

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

8. **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.

Part 2 - Non-Public Agenda

9. **NON-PUBLIC MINUTES**

To agree the non-public minutes of the meeting held on 25 November 2014.

For Decision
(Pages 49 - 54)

10. **REPAIRS, MAINTENANCE AND IMPROVEMENTS FUND**
Joint report of the Chamberlain, the Headmaster of the City of London Freemen's School and the City Surveyor. (TO FOLLOW)
- For Decision**
11. **PROPOSED 2015/16 REVENUE BUDGET**
Joint report of the Chamberlain and the Headmaster of the City of London Freemen's School. (TO FOLLOW)
- For Decision**
12. **HEADMASTER'S REPORT**
Report of the Headmaster of the City of London Freemen's School.
- For Information**
(Pages 55 - 66)
13. **HEAD OF JUNIOR SCHOOL REPORT**
Report of the Head of the Junior School, City of London Freemen's School.
- For Information**
(Pages 67 - 70)
14. **BURSAR'S REPORT**
Report of the Bursar of the City of London Freemen's School.
- For Information**
(Pages 71 - 80)
15. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**
16. **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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Agenda Item 3

BOARD OF GOVERNORS OF THE CITY OF LONDON FREEMEN'S SCHOOL Tuesday, 25 November 2014

Minutes of the meeting of the Board of Governors of the City of London Freeman's School held at City of London Freeman's School, Ashted Park, Surrey, KT21 1ET on Tuesday, 25 November 2014 at 11.00 am

Present

Members:

Stuart Fraser (Chairman)	Sir Clive Martin (External Member)
Roger Chadwick (Deputy Chairman)	Andrew McMillan (External Member)
Deputy John Bennett	Douglas Mobsby (External Member)
Michael Bramwell (External Member)	Hugh Morris
Brian Harris	Graham Packham
Alderman Peter Hewitt	Adam Richardson
Michael Hudson	Elizabeth Rogula
Vivienne Littlechild	Councillor Chris Townsend (External Member)

Officers:

Chrissie Morgan	Director of HR
Jacqui Daniels	Town Clerk's Department
Julie Mayer	Town Clerk's Department
Steve Telling	Chamberlain's Department
Philip MacDonald	Headmaster, City of London Freeman's School
Mark Lowman	City Surveyor
Sue Williams	Bursar, City of London Freeman's School
Matt Robinson	Head of the Junior School, City of London Freeman's School

1. **APOLOGIES**

Apologies for absence were received from Judith Pleasance and Gillian Yarrow.

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

Councillor Chris Townsend declared a non-pecuniary interest stating that he was currently serving as an elected representative on Mole Valley District Council.

3. **MINUTES**

RESOLVED – That the public minutes and summary of the Board of Governors' Meeting held on 7th October 2014 be approved subject to it being noted that Councillor Townsend was co-opted and was therefore not an ex-officio Member and that Adam Richardson had been unable to attend the previous meeting due to an administrative error.

It was agreed that the following non-public item be taken at this point in the meeting.

Exclusion of the Public

RESOLVED – That, under Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Part I of Schedule 12A of the Local Government Act as follows:-

Item nos.	Paragraph no.
17	1 & 2

Service Based Review

17. The Board considered a report of the Headmaster which set out proposals for savings to meet the Service Based Review requirements for the City of London Freemen's School.

The public were re-admitted during the consideration of the remainder of the public business.

4. **MINUTES OF THE FINANCE, GENERAL PURPOSES AND ESTATES SUB COMMITTEE OF THE BOARD OF GOVERNORS OF THE CITY OF LONDON FREEMEN'S SCHOOL**

The public minutes of the City of London Freemen's School Finance, General Purposes and Estates Sub-Committee, of 10 November 2014, were noted.

5. **MINUTES OF THE ACADEMIC AND EDUCATION SUB COMMITTEE OF THE BOARD OF GOVERNORS OF THE CITY OF LONDON FREEMEN'S SCHOOL**

The public minutes of the City of London Freemen's Academic and Education Sub-Committee, of 10 November 2014, were noted.

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

There were no questions.

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

The Chairman agreed that the following items of urgent business may be considered:-

a) Terms of Reference and Frequency of Meeting

A report of the Town Clerk was considered which requested that Governors review the Board's Terms of Reference and Frequency of Meetings.

The Chairman commented that whilst he was content with the frequency of regular meetings of the Board, he advised Governors that it may be necessary to call an extra meeting at some stage in the New Year to consider fee increases.

RESOLVED – That the terms of reference of the Board of Governors of the City of London Freemen's School be approved for submission to the Court of Common Council in April 2015 and that current frequency of Board meetings be confirmed.

b) Swimming Pool - request for delegated authority

The Board considered a report of the Headmaster requesting delegated authority to consider the Gateway 4c (detailed options appraisal) for the Masterplan Phase 2a Swimming Pool replacement project at the School so

that project may be progressed as soon as possible to prevent the completion date slipping beyond the current anticipated date of September 2016.

RESOLVED – That authority be delegated to the Town Clerk, in consultation with the Chairman and the Deputy Chairman of the Board of Governors, to approve Gateway 4c detailed design report for the Masterplan Phase 2a Swimming Pool replacement subject to approval of the Gateway 4c report by the Policy & Resources, Projects Sub and Finance Committees.

8. **EXCLUSION OF THE PUBLIC**

RESOLVED – 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 as follows:-

Item nos.	Para no.
9-13 & 15	3
14 & 16	1 & 2

9. **NON-PUBLIC MINUTES**

The non-public minutes of the meeting, held on 7 October 2014, were considered and approved as a correct record.

10. **NON-PUBLIC MINUTES OF THE FINANCE, GENERAL PURPOSES AND ESTATES SUB COMMITTEE OF THE BOARD OF GOVERNORS OF THE CITY OF LONDON'S FREEMEN'S SCHOOL**

The non-public minutes of the Finance, General Purposes and Estates Sub Committee meeting, held on 10 November 2014, were received.

11. **NON PUBLIC MINUTES OF THE EDUCATION AND ACADEMIC SUB COMMITTEE OF THE BOARD OF GOVERNORS OF THE CITY OF LONDON FREEMEN'S SCHOOL**

The non-public minutes of the Academic and Education Sub Committee meeting, held on 10 November 2014, were received.

12. **HEADMASTER'S REPORT**

The Board considered and approved a report of the Headmaster of the City of London Freemen's School relative to various School matters including the school roll, staffing matters, the Chaplain, Prize Day 2015, marketing and admissions.

13. **BURSAR'S REPORT**

The Board received a report of the Bursar regarding various issues including arrears of fees and the potential for a Fees in Advance Scheme.

14. **HEAD OF JUNIOR SCHOOL REPORT**

The Board received a report of the Head of the Junior School providing Governors with an overview of events in the Junior School since the last Board meeting.

15. **PRE-PREP SCHOOL**

The Board considered and approved a report of the Headmaster which provided Governors with an update of the proposal for a Pre-Prep School and attaching the results of a feasibility study.

16. **PUBLIC BENEFIT AND OUTREACH REPORT**

The Board received a joint report of the Headmaster and the Chaplain providing Governors with an overview of activities the School had been involved with in 2013-14 which, in addition to benefitting the education of pupils, were also of 'public benefit'.

17. **SERVICE BASED REVIEW**

The Board considered this item earlier in the meeting.

18. **ACTION TAKEN UNDER URGENCY PROCEDURES**

Governors received a report of the Town Clerk which set out details of action taken under urgency procedures concerning the consideration of a bursary application.

19. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**

School Fees

In answer to a Governor's question, the Headmaster updated the Board on the work undertaken, to date, on research concerning school fees and a note summarising the position was laid round the table for Governors to digest away from the meeting. The Headmaster undertook to give Governor's more detailed information by email after the meeting.

20. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE BOARD AGREES SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

There were no items of urgent business.

COMMITTEE MATTERS

In closing the meeting the Chairman welcomed Adam Richardson to his first meeting of the Board, expressed the Board's appreciation of the work of Julie Mayer, who had clerked their recent meetings and welcomed Jacqui Daniels, the new Clerk, to her first meeting of the Board.

The meeting ended at 1.00 pm

Chairman

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<p>Committees: Board of Governors of City of London School for Girls Establishment Committee Board of Governors of City of London Freeman’s School Community and Children’s Services Committee – <i>For Decision</i> Board of Governors of City of London School</p>	<p>Dated: 4 February 2015 5 February 2015 11 February 2015 13 February 2015 25 February 2015</p>
<p>Subject: Disclosure and Barring Requirements for School Governors appointed by the Court of Common Council</p>	<p>Public</p>
<p>Report of: Town Clerk</p>	<p>For Information</p>

Summary

This report outlines the City of London Corporation’s obligations in relation to disclosure and barring service (DBS) requirements for chairmen and governors on boards of the City’s independent schools, academies, and one maintained school. It summarises the legal basis of the DBS requirements and advises that the checks are mandatory in the context of academies and independent schools, and can be enforced by the Secretary of State for Education through the criminal courts. This report goes on to advise members of the policy recommendation made by the City of London Corporation’s Education Board to make it obligatory of all members of the Court of Common Council who stand for nomination as a school governor to undergo DBS checks.

Recommendation

- Members of the Boards of Governors of the independent schools and the Establishment Committee are asked to note the report.
- Members of the Community and Children’s Services Committee are asked to agree that governors appointed by the City Corporation to maintained schools such as Sir John Cass Foundation Primary School be obliged to undergo DBS checks prior to commencing their appointment or as soon as practicable upon commencement.

Main Report

Background

1. Following queries from members over the legal basis for the enforcement of disclosure and barring checks for governors of the City’s independent schools and academies, officers in the Town Clerk’s Department have consulted with colleagues in the Comptroller and City Solicitor’s Department. The advice of the Comptroller and City Solicitor is summarised below. In short, the provisions are mandatory in independent schools, academies and free schools and can ultimately be enforced by the Secretary of State for Education through the criminal courts.

Independent Schools

2. Section 157 of the Education Act 2002 states that, in relation to independent schools, 'regulations shall prescribe standards about the following matters...(d) the suitability of proprietors of and staff at independent schools...'
3. The relevant Regulations are the Education (Independent Schools Standards) (England) Regulations 2010. The Regulations lay down the standards to be met by all independent schools (with limited exceptions). Part 4 of the Regulations deals with the standards in relation to suitability of the proprietor and staff. It should be noted that the Independent Schools Inspectorate publishes a Handbook (2014) which provides detailed guidance on the regulatory requirements applicable. As the Handbook does not have the force of law it is not referred to in this report but it should be noted that the approach in the Handbook is entirely consistent with the explanation of the legal requirements in this report.
4. Section 18 (2) (d) of the Education (Independent Schools Standards) (England) Regulations 2010 states that checks, including DBS Checks, regarding the suitability of a person to be a Chair of Governors or a Governor "should be carried out before or as soon as practicable after a person is appointed".
5. A 'proprietor' is defined in Section 579 of the Education Act 1996 as "the person or body of persons responsible for the management of the school (so that, in relation to a community, foundation or voluntary or community or foundation special school, it means the governing body)".
6. Ownership of the independent schools rests with the City Corporation, but management is delegated to the Boards of Governors. The Chief Inspector of the Independent Schools Inspectorate has expressed the view in a letter to the City of London Schools for Girls (16 October 2014) that each Board of Governors should be regarded as the proprietor of their respective City school by virtue of the wide ranging powers of management and control vested in each Board. It is the view of the Comptroller and City Solicitor that this interpretation is correct.
7. Part 4, paragraph 21(4) – paragraph 21(8) of the Regulations relate to the suitability of the proprietor where the proprietor is a corporate or unincorporated body of persons. The principal obligations are placed personally on the **chairman** of the proprietorial body, that is, the Board.
8. The required standard is met if the chairman:
 - (a) Is not barred from regulated activity relating to children, or otherwise prohibited or disqualified, and

- (b) The Secretary of State makes the following checks relating to the chairman:
 - a) an enhanced criminal records check, countersigned by the Secretary of State;
 - b) checks confirming the individual's identity and their right to work in the United Kingdom;
 - c) checks that the person is not barred from regulated activity relating to children in accordance with the Safeguarding and Vulnerable Groups Act 2006;
 - d) in the case of an individual living or having lived outside the United Kingdom, and obtaining an enhanced criminal record check is not sufficient to establish the individual's suitability to work in a school, such further checks as the Secretary of State considers appropriate.

- 9. Paragraph 21(6) relates to the other Board members. It provides that the required standard is met if the member is not barred or otherwise prohibited or disqualified, and the chairman makes the following checks in relation to each Board member:
 - a) an enhanced criminal records check;
 - b) checks confirming the individual's identity and their right to work in the United Kingdom;
 - c) in the case of an individual living or having lived outside the United Kingdom, and obtaining an enhanced criminal record check is not sufficient to establish the individual's suitability to work in a school, such further checks as the Secretary of State considers appropriate.

- 10. Clearly it would be onerous if the chairmen were required to make these checks personally on other Board members. The work involved can be undertaken on behalf of the chairmen, but they remain responsible for satisfying themselves that all other members of their Board have been subject to the necessary checks.

- 11. In addition, the Regulations, at paragraph 22, make it clear that the proprietor is under an obligation to keep a register, known as a Single Central Record, of the date of when the above checks were undertaken, in respect of all other governors appointed after May 2007 and the outcome.

- 12. From the above there is no doubt firstly that all the Board chairmen of the City schools will be subject to the above checking and secondly that these checks are mandatory rather than discretionary. As a matter of law the Secretary of State will only permit a person to be a Chairman of Governors if they have satisfied the above checks.

- 13. Again, neither the Regulations nor guidance suggest that the performance of these checks by the chairmen in relation to the other Board members is

discretionary. All governors of the City schools should undergo the above checking if this has not already taken place.

14. Section 163 of the Education Act 2002 gives the Independent Schools Inspectorate the duty to inspect registered schools, including those run by the City, and the inspections shall relate to ensuring that specified standards are being met. For the avoidance of doubt this includes assessing whether the standards required regarding the suitability of staff, the proprietor and members of the Board of Governors have been complied with.
15. In the event that the Inspectorate determines that the standards required have not been complied with, the Inspectorate can make a determination that:
 - a) Notice be served on the proprietor identifying the breaches and requiring that an action plan be submitted by the proprietor, within a specified timeframe, outlining when the breaches identified will be remedied.
 - b) Admittedly in more extreme circumstances, the school could be prohibited from admitting any new students or part closed or closed.
16. It is important to note, again in the worst case scenario, that failure to comply with regulatory standards is taken extremely seriously and can result in criminal prosecution of a chairman personally as the proprietor of a School who can be liable on summary conviction to a term of imprisonment not exceeding six months, or to a fine not exceeding level 5 on the standard scale.

Academies and Free Schools

17. Academies are defined as Independent Schools by virtue of Section 463 of the Education Act 1996. (*Meaning of Independent School is given as “any school at which fulltime education is provided for 5 or more pupils of compulsory school age And which is not (a) a school maintained by a local education authority” (b)*)
18. The relevant Regulations for Academies are the Education (Independent Schools Standards) (England) Regulations 2010. The Regulations lay down the standards to be met by all independent schools (with limited exceptions). Part 4 of the Regulations deals with the standards in relation to suitability of the proprietor and staff.
19. Accordingly, the Independent School Standards place a statutory duty on Academy Trusts (the legal entity that runs, and is the proprietor of, an Academy) to:
 - a) ensure that all members of staff have received an enhanced DBS check prior to the confirmation of their appointment or as soon as practically possible thereafter,
 - b) that this check confirms their suitability to work with children.

- c) New disclosures should be sought unless the member of staff has worked in a relevant educational setting within the previous three months.
- d) Undertake DBS Checks on the Chairman of Governors and all Governors.

20. The DBS check on the Chairman of Governors is carried out by the Secretary of State. However, it is the Chairman's responsibility to ensure that enhanced DBS checks are carried out for all other Governors. These checks must have been completed before a Governor takes up his/her position or as soon as practicable thereafter.

21. Free Schools are state funded primary, secondary, middle schools that are independent of local authorities and are academies in law and are set up under the Academies Act 2010. Therefore the DBS obligation is identical to that for Academies.

Maintained Schools

22. It should be noted that a cause of recent misunderstanding in the City Corporation is that there is a difference in legislative approach between the maintained and independent sectors. The Protection of Freedoms Act 2012 altered the position for Governors in the maintained sector, to the effect that only a Governor who engages in "regulated activity" has to have an enhanced criminal record check. However, the position has not changed in the independent sector because the Standards Regulations clearly require a Board Governor to submit to the checks specified above in para 8. The Inspectorate emphasise that this is still the position in the independent sector, and indeed, the opportunity was not taken to change the position in recent Regulations last year that amend certain of the other standards, effective from 29 September 2014.

Portability of DBS Clearance

23. It should be further noted that DBS clearance is portable from one organisation to another. However the Employee / Member / Governor must have firstly registered with the DBS Update Service and then provided to the employer for which the clearance is required a) the relevant reference number and b) permission to access the information for the purposes of checking to see if there have been any changes.

24. The City Corporation's Human Resources Department will support members engaged in registering with the DBS.

DBS Obligation for Members of the Court of Common Council

25. At its meeting on 15 January 2015, the Education Board considered the DBS obligations of governors across the City Schools, including the three independent schools, the City academies, and Sir John Cass Foundation primary school, the City Corporation's one maintained school. The Board noted that the Court of Common Council also appoints members onto the governing boards of schools such as Prior Weston Primary School in Islington.
26. The Education Board noted that the City Corporation appointed over 70 schools governors onto the boards of independent schools and academies, and 2 governors onto the board of the Sir John Cass Foundation Primary School.
27. The Board noted that, given the majority of governors appointed by the City Corporation were appointed to the boards of independent schools and academies, and in light of its terms of reference to consult with those Committees where education responsibilities are expressly provided for within the terms of reference of that Committee, that it would be advisable for it to be a requirement of all school governors appointed by the Court of Common Council to be obliged to undergo DBS checks, even where this was not a strict legal prerequisite. This would ensure consistency of application across the City Family of Schools.
28. It is therefore recommended that the Community and Children's Services Committee, under whose remit the two City Corporation governors of Sir John Cass Primary School are appointed, agree that any person nominated by the Court of Common Council to the board of Sir John Cass Foundation Primary School be required to undergo DBS checks prior to commencing their appointment or as soon as practicable upon commencement.

Corporate & Strategic Implications

29. The Comptroller and City Solicitor has been consulted on this report and his comments incorporated.

Conclusion

30. This report outlines the City of London Corporation's obligations in relation to disclosure and barring requirements for governors of the City Schools. It summarises the legal basis of the requirements and advises that the checks are mandatory and can be enforced by the Secretary of State for Education through the criminal courts. There is therefore no scope for discretion in their enforcement.

Appendices

- None

Background Paper(s)

- *Disclosure and Barring Requirements for Governors of Independent Schools*
– Report of the Town Clerk to the Education Board – 15 January 2015

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Agenda Item 5

Committee:	Date:
City of London Freemen's School -Board of Governors	11 February 2015
Subject: Risk Management Strategy	Public
Report of: The Chamberlain	For information

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 Freemen's School -Board of Governors.

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 Freemen's School is scheduled for 3 November 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 Freeman's School regularly reports its key risks, via the Risk Register, to the Board of Governors via the Bursar's report. Up until the implementation of the software planned for Quarter 4 2014/15 risk information will continue to be presented in the current format.

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 Freeman's School scheduled for 3 November 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

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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 RESPONSIBILITY¹ 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)

¹Accounts 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 risk² 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 is²:

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

²OGC: 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.

Tier	Responsibility
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.

Tier	Responsibility
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:

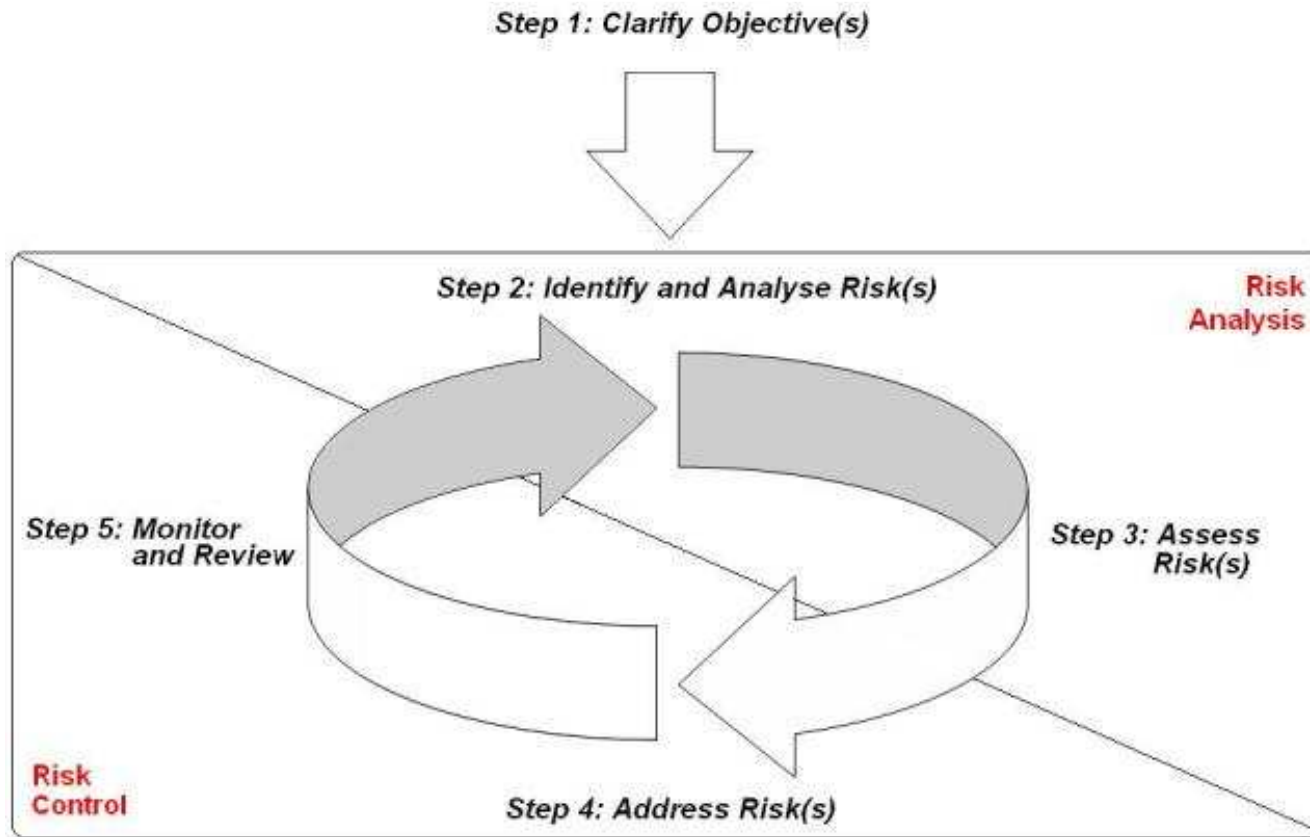


Figure 1: City of London's risk management cycle

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	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.

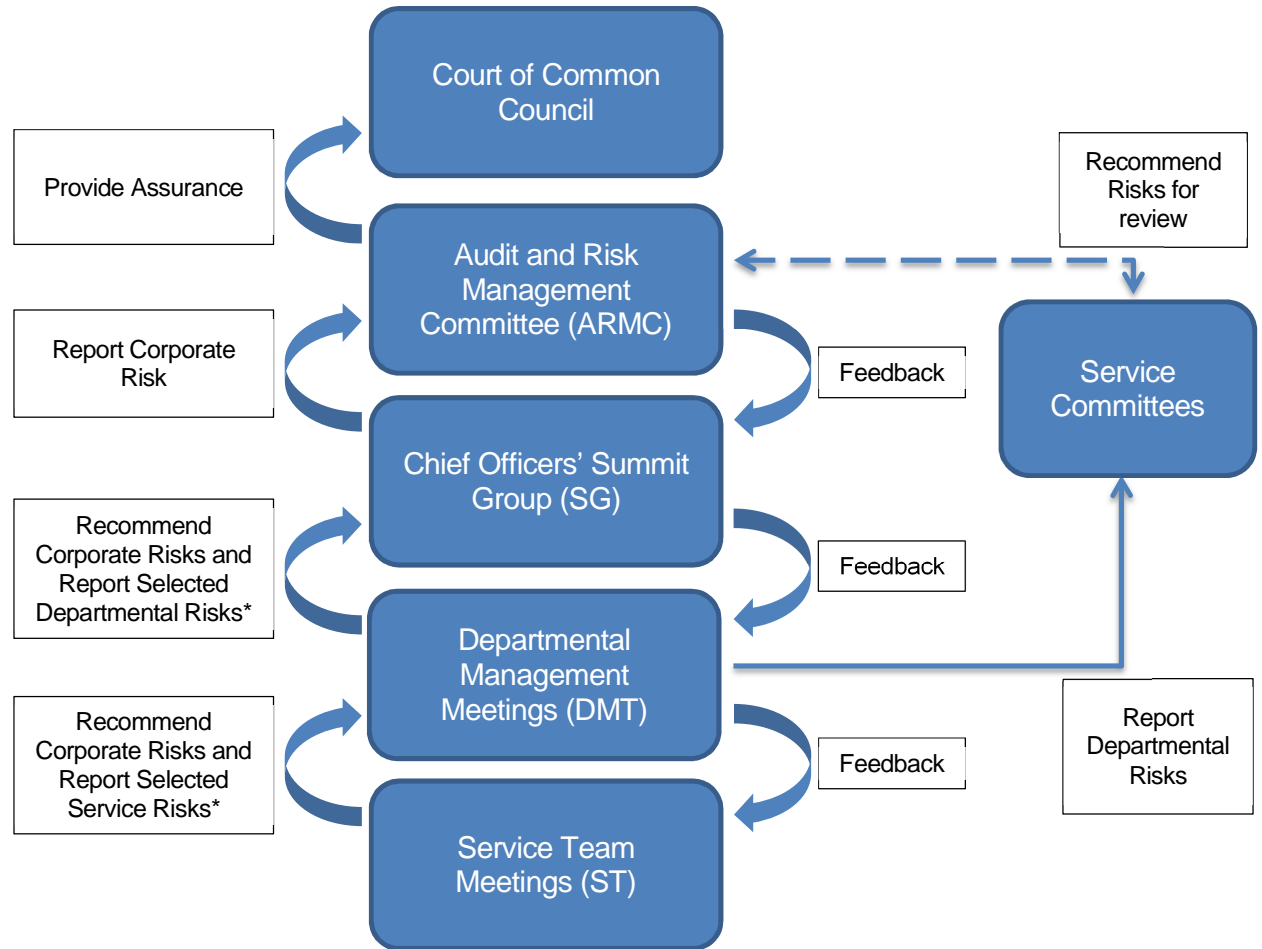
Corporate Reviews will be undertaken either every two or three months.

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		
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 & 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.

Project / Task	Brief summary	Target date / Frequency
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"> ▪ The risk relates directly to one or more of the Strategic Aims or Key Policy Priorities. ▪ A risk that has significant impact on multiple operations if realised. ▪ There are concerns over the adequacy of departmental arrangements for managing a specific risk. <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.

Term	Definition
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 ⁻⁵)	Less than one chance in ten thousand (<10 ⁻⁴)	Less than one chance in a thousand (<10 ⁻³)	Less than one chance in a hundred (<10 ⁻²)

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
THREATS	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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