

<b>Committee(s)</b>	<b>Dated:</b>
Audit and Risk Management Committee	25 September 2018
<b>Subject:</b> Risk Management Update	<b>Public</b>
<b>Report of:</b> Dr Peter Kane, Chamberlain	<b>For decision</b>
<b>Report author:</b> Paul Dudley, Chamberlain's department	

### Summary

This report provides the Committee with an update on the corporate and top red departmental risk registers following the review by the Chief Officer Risk Management CORMG on 3 July 2018 and Summit Group on 25 July 2018.

There are currently 11 corporate risks included on the corporate risk register of which four are red and seven are amber. One risk, CR02 Loss of Business Support for the City was reduced in score from a red 16 to an amber 12 on 30 August 2018.

Members are asked to note that Summit Group on 25 July 2018 approved the removal of two risks from this register. These risks (not included in the current risk register – appendix 2) are CR19 IT Service provision, re-rated to green and de-escalated to departmental level and CR22 Barbican Centre fire safety risk, given that the risk largely focussed on the completion of fire risk assessments and management action which has now been achieved. A new Barbican Centre fire safety project delivery risk has been included at departmental level. CORMG at their next meeting in October will be assessing if this new risk required escalation to corporate level.

The Committee, on 17 July 2018 agreed to retain the CR25 GDPR risk on the corporate risk register.

A total of 304 risks (297 as at July 2018) have been identified by departments providing a wide range of risks that may affect service delivery. The total number of top red departmental risks is seven (seven in July 2018).

Summit Group noted that CORMG had considered proposals for three new corporate risks. These were maintenance on operational buildings, organisational change and information management. The Group agreed that the maintenance risk was currently being effectively managed (as a City Surveyor departmental level risk) whilst recognising funding challenges. It decided not to recommend this risk for consideration by Summit Group. The two other risks – organisational change and information management were agreed in principle although further work was required. It was likely that the organisational change risk would be presented to the Summit Group for consideration as a corporate risk in the autumn.

The outcome of corporate risk profiling exercise, undertaken by David Forster, Head of Risk, Zurich Municipal was reported to the Chief Officer Group on 14 June 2018. COG considered ten issues identified in the Chief Officer and member discussions. The key action was that the Director of Economic Development was requested to develop a new Brexit risk and to co-ordinate the organisation's response to prepare for the UK exiting EU in March 2019. The other issues identified included diversity and inclusion, expansion of academies, capital plans and projects, organisational change and the 4<sup>th</sup> industrial revolution. Many of these areas already had risks identified (at corporate or departmental level) and for the remainder Chief Officers have been asked to reflect on whether there are any new risks that could be suggested because of this exercise.

## **Recommendation**

The Committee is asked to:

1. Endorse the decision Summit Group for the removal of both CR19 IT Service provision and CR22 Barbican Fire safety risk from the corporate risk register.
2. Note the risk report

## **Main Report**

### **Background**












- 1 The corporate risk register was last reviewed by the CORMG on 3 July 2018 and Summit Group on 25 July 2018.
- 2 In accordance with the established risk framework, each risk has been reviewed and where appropriate updated by the responsible risk owner and departmental management teams.
- 3 A total of 304 (297) wide ranging risks have been identified by departments comprising of 25 (24) red, 179 (174) amber and 100 (99) green risks.
- 4 Of the 304 total risks, there are 11 corporate, and seven top red departmental level risks. There are another 89 amber and 32 green risks recorded at departmental level. The remaining 167 are recorded as either service or team level risks.
- 5 Departments have used the City Corporation's Risk Management Strategy to ensure that there is a consistent approach to the way risks are described and scored. Attached as appendix 1 is the corporate risk matrix which illustrates the likelihood and impact ratings as well as the definitions for red, amber and green risks.

### **Corporate risk register**

- 6 There are currently 11 corporate risks (four red and seven amber). Summit Group approved the de-escalation of CR 19 IT service provision to departmental level within the Chamberlain's department as well as the

removal of CR22 (Barbican Centre fire safety). The Committee recommended, at their meeting on 17 July 2018 to retain CR25 GDPR risk on the corporate risk register. No new corporate risks have been added to this register since the last report. One risk- CR02 Loss of Business Support for the City was reduced in score from a red 16 to an amber 12 on 30 August 2018 as a result of further mitigating action being taken by the City Corporation, businesses and Government to ensure continued service provision. A. copy of the corporate risk register is attached as appendix 2.

- 7 Table 1 below – List of current corporate risks as at 12 September 2018 (each risk is also categorised as strategic and operational).

Risk Code & Title	Status	Current Risk Score	Current Risk Trend Icon	Strategic/ Operational
CR01 Resilience Risk	Amber	12		O
CR02 Loss of Business Support for the City	Amber	16		S
CR09 Health and Safety Risk	Amber	12		O
CR10 Adverse Political Developments	Amber	8		S
CR16 Information Security	Red	16		O
CR17 Safeguarding	Amber	8		O
CR20 Road Safety	Amber	12		O
CR21 Air Quality	Red	16		O
CR23 Police Funding	Red	16		O
CR24 Operational Security	Red	24		S/O
CR25 General Data Protection Regulation Project phase 2	Amber	12		S

### Corporate risk ratings and target dates

- 8 Out of the 11 corporate risks, five risks have rolling annual target dates and relate to longer term risks. These are:

- CR01 Resilience risk
- CR02 Loss of Business Support for the City
- CR09 Health and Safety
- CR10 Adverse political developments
- CR17 Safeguarding

The other six risks relate to specific, and usually significant operational risks. They have target dates where the risk scores should be achieved.

- 9 The corporate risks with the highest likelihood rating (Likely) are CR02 Loss of Business Support for the City, CR16 Information Security, CR21 Air Quality and CR23 Police Funding. The following corporate risks have the

highest impact rating – CR10 Adverse political developments, CR17 Safeguarding and CR24 Operational Security.

- 10 Below is a table showing three corporate risks which have target dates from the August 2018 to the end of December 2018. Further information about these CR16 and CR20 is contained in paras 11 and 12-14 below. There is a separate report on CR25 GDPR Project on the agenda for this meeting.

Code	Title	Current Risk Score	Target Risk Score	Target Risk Date
CR16	Information Security	16 (Red)	8 (amber)	31 December 2018
CR20	Road Safety	12 (Amber)	6 (Amber)	31 October 2018
CR25	GDPR Project	12 (Amber)	4 (Green)	31 December 2018

### **CR19 IT Service provision**

- 11 The IT Director has reported that significant progress has been made to mitigate both CR16 information security and CR19 IT service provision risks. CR19 has been re-rated as a green risk. This risk was mitigated, on schedule, with the implementation of the new Local Area Network and Wi-fi. IT Sub Committee on 10 July 2018 endorsed the decision to rate this risk as green. Summit Group approved the de-escalation of this risk to a Chamberlain's departmental level risk.

### **CR20 Road Safety**

- 12 The Director of the Build Environment has reported that the Permanent Bank Scheme is still on hold and a final decision is due to be taken by the Court of Common Council on 13 September 2018. There are also other actions being implemented to mitigate this risk and these are outlined in the detailed risk register (attached as appendix 2). This risk also the subject of a deep dive report at this Committee meeting.
- 13 The past 12 months have seen schemes proceed, campaigns be undertaken, a new Road Danger Reduction & Active Travel Plan be prepared and consulted on and a Transport Strategy be developed.
- 14 The 'Bank on Safety' scheme has proved to be successful and to have met all the success criteria. In relation to casualties, the scheme is in the process of being made permanent. The Policy and Resources Committee agreed to make the experiment permanent on the 6th September 2018. This committee report was finalised on the 11 September 2018. A final decision on the future of the Bank on Safety scheme was due to take place on the 13 September. If approved, the target risk rating of 6 will have been achieved by the target date.

### **Retirement of CR 22 Barbican Centre fire safety risk from the corporate risk register**

- 15 The Director of Operations (Barbican Centre) reported to CORMG (3 July 2018) that significant progress made on the fire safety arrangements at the Barbican Centre. CORMG recommended to Summit Group that CR22 Barbican Centre fire safety risk be removed from the corporate risk register and this was approved on 17 July 2018. A new Barbican Centre fire safety focussed on project delivery risk has been developed and features on the top red departmental risk register as BBC H&S 005- The Failure to Deliver the Fire Related Projects (see appendix 3). CORMG, at their October 2018 meeting, will consider whether this risk should be recommended to Summit Group as a corporate risk.
- 16 Members are asked to note that the Barbican Centre will be the subject of the informal risk challenge session being held on 6 November 2018.

### **Potential new corporate risks**

- 17 CORMG, at their meeting on 3 July 2018, received proposals for three new corporate risks for their consideration. These were maintenance on operational buildings (City Surveyor), organisational change and information management (Town Clerk). The Group agreed that the maintenance risk was currently being effectively managed (as a City Surveyor departmental level risk) whilst recognising funding challenges. It decided not to recommend this risk for consideration as a corporate risk by Summit Group.
- 18 The two other risks – organisational change and information management were agreed in principle although further work was required. It was likely that the organisational change risk would be presented to the Summit Group for consideration as a corporate risk in the autumn.

### **Top departmental red risks**

- 19 There are currently seven top departmental red risks (seven in July 2018). There are no changes to this register since the July 2018 report.

### **Corporate risk profiling exercise**

- 20 The outcome of corporate risk profiling exercise, undertaken by David Forster, Head of Risk, Zurich Municipal was reported to the Chief Officer Group (COG) on 14 June 2018. COG considered ten issues identified in the Chief Officer and member discussions. The key action was that the Director of Economic Development was requested to develop a new Brexit risk and to co-ordinate the organisation's response to prepare for this event in March 2019. A draft is being consulted on with the aim of seeking corporate risk status at Summit Group in September 2018.
- 21 The other issues identified included diversity and inclusion, expansion of academies, capital plans and projects, organisational change and the 4<sup>th</sup> industrial revolution. Many of these areas already have risks identified (at corporate or departmental level) or are being developed. For the remainder

of the other issues Chief Officers have been asked to reflect on whether there are any new risks that could be suggested because of this exercise.

## **Conclusion**

- 22 The corporate and top red departmental risk registers were reviewed by Chief Officer Risk Management CORMG on 3 July 2018 and Summit Group on 25 July 2018. The CORMG provides additional assurance to the Summit Group, COG and the Audit and Risk Management Committee that corporate and top red departmental risks are appropriate and being actively managed.

## **Appendices:**

**APPENDIX 1** – Corporate Risk Matrix

**APPENDIX 2** – Corporate risk register

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

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