

<b>Committee:</b>	<b>Date:</b>
Audit and Risk Management Committee	16 July 2019
<b>Subject:</b> Corporate Risk Update	<b>Public</b>
<b>Report of:</b> The Chamberlain	<b>For Decision</b>
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### **Summary:**

This report provides the Committee with an update on the corporate and top red departmental risk registers. Both these registers have been reviewed by the Chief Officer Risk Management Group (CORMG) on the 4 June 2019 and Summit Group on 25 June 2019.

A total of 334 risks (343 in April 2018) have been identified by departments providing a wide range of risks that may affect service delivery.

There are currently 15 (13 in April 2019) corporate risks included on the corporate risk register of which there are four red and 11 amber risks. Two corporate risks have changed current risk score – CR16 information security risk from an amber 8 to an amber 12 and CR20 from an amber 12 to a red 16.

The Director of Built Environment has revised the CR20 Road Safety risk description and current/target risk scores following representations by the Planning and Transportation Committee to the Audit and Risk Management Committee on 7 May 2019. Summit Group reconfirmed the redrafted CR20 Road Safety as a corporate risk (25 June 2019). The Committee are asked to endorse this decision.

Both CR16 Information Security and CR20 Road Safety risks are the subject to Deep Dive reports at the Audit and Risk Management Committee on 16 July 2019.

At the Committee's request, Chief Officers, who are corporate risk owners, were asked to review the corporate risk descriptions. As a result, the following corporate risks have had minor amendments to their descriptions – CR10 Adverse Political Developments, CR17 Safeguarding and CR 28 Action Fraud. CR20 Road Safety has been completely redrafted.

With the number of corporate risks now totalling 15 (11 in October 2018) there is a risk that there could be a loss of focus on the City Corporation's corporate risks particularly if more risks are added. (Note a new risk on financial sustainability is now being considered in relation to the effects of the major projects and other pressures the City Corporation is facing). CORMG are keeping the situation under review.

The total number of top red departmental risks is 13 (15 in April 2019). Six risks have been removed and four new risks added to this register.

On the CR26 Brexit risk (organisational impact), in April 2019, HM Government agreed an extension to Article 50 which now means that, unless there are other interventions, the UK will leave the EU on 31 October 2019. The corporate and departmental Brexit related risks continue to be reviewed by Chief Officers.

## Recommendations

The Committee is asked to:

1. Note the risk report, including the discussion on the number of corporate risks.
2. Endorse the decision of Summit Group to reconfirm corporate status on the revised CR20 Road safety risk.








## Background









- 1 The corporate risk and top red departmental risk registers have been reviewed by the Chief Officer Risk Management Group on 4 June 2019 and Summit Group on 25 June 2019.
- 2 A total of 334 (343 in April 2019) wide ranging risks have been identified by departments - 29 red, 211 amber and 94 green risks.
- 3 Of the 334 total risks, there are 15 corporate, and 13 top red departmental level risks. There are another 95 amber and 39 green risks recorded at departmental level. The remaining 172 are recorded as either service, team or project level risks.
- 4 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

- 5 There are currently 15 corporate risks (four red and 11 amber). A copy of the corporate risk register is attached as appendix 2a together with the risk assessment history of the corporate risks (appendix 2b).

Table 1 below – List of current corporate risks as at 1 July 2019 (ordered by corporate - strategic and operational categories)

Risk ref	Risk title	Status	Risk Score	Trend Icon	Strategic/ Operational
CR24	Operational Security	Red	24		S/O
CR28	Action Fraud	Red	24		S/O
CR27	Change Management	Amber	8		S
CR02	Loss of Business Support for the City	Amber	12		S
CR23	Police Funding	Red	16		S
CR10	Adverse Political Developments	Amber	8		S
CR26	Brexit risk	Amber	12		S

CR20	Road Safety (Revised risk description, actions and risk score)	Red	16		O
CR16	Information Security (re- escalated on to the corporate risk register – May 2019)	Amber	12		O
CR21	Air Quality	Amber	12		O
CR01	Resilience Risk	Amber	12		O
CR09	Health and Safety Risk (revised wording awaiting)	Amber	12		O
CR17	Safeguarding	Amber	8		O
CR25	GDPR Compliance (under review – pending internal audit report)	Amber	6		O
CR27	Change Management	Amber	6		O

### Changes to the Corporate risk register

- 6 Two risks have increased in risk score – CR16 Information Security risk from an amber 8 to an amber 12 (see para 9) and CR20 Road Safety – from an amber 12 to a red 16 (see para10).
- 7 At the Committee's request, Chief Officers, who are corporate risk owners, were asked to review the corporate risk descriptions. The following corporate risks have had minor amendments – CR10 Adverse Political Developments, CR17 Safeguarding and CR 28 Action Fraud. CR20 Road Safety has been completely redrafted. CR09 Health and Safety risk has been redrafted and this is now awaiting Chief Office sign off. The revised version of CR09 risk will be included in the next risk update report.
- 8 CR25 GDPR Compliance risk is currently under review for de-escalation to departmental level pending the outcome of an internal audit review which is due to start shortly. The target date for this risk is now 30 September 2019.

### CR 16 Information Security Risk

- 9 Summit Group were advised at their meeting on 24 April 2019 that the Audit and Risk Management Committee (12 February 2019) agreed to de-escalate the CR16 Information Security risk to departmental level (Chamberlain's). Subsequent to this decision the Digital Services Sub Committee, at their meeting on 5 April 2019, questioned whether the information security risk should be re-classified as a corporate level risk given the potential operational and reputational impacts to the City Corporation. This matter was raised at the Audit and Risk Management Committee (7 May 2019), where it was requested that the information security risk be returned to the corporate risk register, pending a review at their meeting on 16 July 2019. CR16 Information Security risk has been re-rated to an amber 12 from an amber 8. A deep dive report for CR16 Information Security risk is included with this agenda.

## CR 20 Road Safety

- 10 The Director of Built Environment has revised the CR20 Road Safety risk description and current/target risk scores following representations by the Planning and Transportation Committee to the Audit and Risk Management Committee on 7 May 2019. Summit Group reconfirmed the redrafted CR20 Road Safety with a current risk score of 16 red (previous risk score amber 12). The Audit and Risk Management Committee is asked to endorse this decision. A deep dive report for CR20 Road Safety risk is included with this agenda.

## Disposition of corporate risks on the risk matrix

- 11 Table 2 below shows the disposition of corporate risks on the risk matrix between 26 April and 1 July 2019).



## Growth in the number of corporate risks

- 12 At CORMG on 4 June 2019, the Group discussed the recent growth in the number of corporate risks (from 11 in October 2018 to 15 as at 1 July 2019) as well as the potential for the number of risks, to be considered as corporate, to increase further. They noted that this was in part due to the greater awareness of the risk reporting framework across the City Corporation as well as the priority funding given to capital projects where a project was linked to a corporate risk. There was a risk that there could be a loss of focus on the most important risks, should the corporate register continue to grow. CORMG will keep this situation under review.

## Corporate risk ratings and target dates

- 13 Out of the fifteen corporate risks, five risks have 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 (Revised risk description awaited)
- CR10 Adverse political developments
- CR17 Safeguarding

The ten risks relate to specific target dates where the risk scores should be achieved.

- 14 The corporate risk with the highest likelihood rating (Likely) is CR23 Police funding. The following corporate risks which have the highest impact rating (Extreme) are CR10 Adverse Political Developments, CR17 Safeguarding, CR20 Road Safety, CR24 Operational Security and CR28 Action Fraud.

#### **Top departmental red risks**

- 15 There are 13 top red departmental risks (15 in April 2019). There continues to be a fluid movement of top red departmental risk register with six risks being removed and four new risks being added to the register. One risk, CLF 012 School Estate Plan has been re-rated from a red 24 to a red 16 following approval of the financial arrangements for this project. (see appendices 3a – top red departmental detailed risk register and 3b – risk assessment history)
- 16 The new risks added to the register include BBC Ex Halls Compliance and condition risk, BBC 006 Buildings MAN/CCC 002 Working at Height, OSD 005 Pests and Diseases. The risks removed include three Chamberlain's IT risks, a CLF risk concerning political changes affecting the school, the Town Clerk's CRM system and the Markets and Consumer Protection's Brexit risk (now rated as an amber risk).

#### **Brexit**

- 17 In April 2019, HM Government agreed an extension to Article 50 which now means that, unless there are other interventions, the UK will leave the EU on 31 October 2019. The corporate and departmental Brexit related risks continue to be reviewed by Chief Officers.

#### **Conclusion**

- 18 The corporate and departmental risk registers were reviewed by the Chief Officer Risk Management (CORMG) on the 4 June 2019 and Summit Group on 25 June 2019. The CORMG provides additional assurance to the Summit Group, Chief Officer Group and the Audit and Risk Management Committee that corporate and top red departmental risks are appropriate and being actively managed.

#### **Appendices:**

**APPENDIX 1** – Corporate Risk Matrix

**APPENDIX 2a** – Corporate risk register – detailed version

**APPENDIX 2b** – Corporate risk register – risk assessment history

**APPENDIX 3a** – Top red departmental risk register - detailed version

**APPENDIX 3b** – Top red departmental risk history status

**APPENDIX 4** – CR28 Action Fraud (Not for Publication)

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