

Committee(s)	Dated:
Audit and Risk Management Committee	13/1/2021
Subject: Corporate Risk Management Strategy	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	N/A
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: The Chamberlain	For Information
Report author: Paul Dudley	

Summary

This report provides Committee with an update on the corporate and the top red departmental risk registers as well as information on the Covid-19 Thematic Group risks. Both the corporate and red departmental registers have been reviewed by the Chief Officer Risk Management Group (CORMG) on 17 November 2020. The Covid 19 Recovery Group are responsible for reviewing the Thematic Group risk registers.

A total of 395 risks (397 in October 2020) have been identified by departments providing a wide range of risks that may affect service delivery. This total does not include the 42 (42 in October) Covid-19 Thematic Group risks, six of which are red risks (eight in October 2020).

There are currently 18 (18 in October 2020) corporate risks included on the corporate risk register of which there are eight red and ten amber risks.

In relation to the CR26 Brexit risk, a new EU Transition group has been established under the chairmanship of the City Surveyor with senior officers attending from across the City Corporation. The Group meets weekly. In the light of the current status of negotiations between the UK and the EU the current risk score has been elevated to a red 16.

With effect from 16 December 2020, the government has announced that London, most of Essex and parts of Hertfordshire will move into England's highest tier (Tier Three) of Covid restrictions and from 19 December much of the South East of England will be in Tier Three as well. It appears that a new variant of virus has been identified and this may be associated with the faster spread in southern England.

The corporate risk CR34 Covid-19, which has a current risk score of red 24 (second highest rating) is reviewed on regularly by the Gold Recovery Group (most recently on 22 December 2020). The Recovery Group has considered the potential impacts, of the move of London and much of the South East into Tier 4, on City Corporation services and have decided to maintain the current risk score of red 24. Should this change the Committee will be informed accordingly.

There are 24 (29 in October 2020) red departmental risks. Following discussions with relevant risk owners requesting a reassessment of their red departmental risks the number of these risks has reduced now to 24 from a high of 31 in June 2020. The fall is also in part due to a small number of Covid 19 red risks being reduced in risk score following progress in service mitigations.

The new Target Operating Model has implications for the content of the Corporate Risk Management Strategy. With the agreement of the Chairman, the Corporate Risk Management Strategy has been rescheduled for Committee endorsement for the May 2021 committee meeting.

There will be an internal audit review of risk management included in the Internal Audit Plan 2021/22. This review will include an assessment of the City Corporation's risk maturity. The current view of the City Corporation's risk maturity is at level four (out of five – five being the top risk maturity rating) on the ALARM/CIPFA risk maturity model.

Recommendation(s)

Members are asked to note the:

1. Risk report including changes to both corporate and top red departmental risk registers since October 2020.
2. Covid -19 Thematic Group summary risk register.
3. That the Corporate Risk Management Strategy will be represented for endorsement at the May 2021 Committee meeting.

Main Report

Background

1. The corporate risk and top red departmental risk registers have been reviewed by the Chamberlain and the Chief Officer Risk Management Group (17 November 2020).
2. A total of 395 (397 in October 2020) wide ranging risks have been identified by departments – 51 red, 226 amber and 118 green risks at all levels.
3. Of the 395 total risks, there are 18 corporate, and 23 red departmental level risks. There are another 104 amber and 34 green risks recorded at departmental level. The remaining 215 are recorded as service level risks.
4. Held separately from the departmental risk registers are another 42 Covid-19 Thematic Group risks maintained on the Pentana Risk system (see paras 19-20). These registers are reviewed by the Covid19 Recovery Group on a regular basis.

Current Position

5. There are currently 18 corporate risks (eight red and ten amber). Of the eight red risks there are five risks which are scored at red 24. Three risks have increased in risk score whilst two risk have decreased in current risk score. All other corporate risks remain with the same current risk scores as reported in October 2020.
6. At the Committee meeting on 28 January 2020, it was agreed that at the first meeting after the end of each municipal year, the Committee would receive a detailed risk register of all corporate risks and at three other meetings during the year only, risks above appetite would be shown in detailed form plus a summary report provided. Attached, for this meeting as appendix 1, is the detailed corporate risk register showing risks above appetite as well as a summary risk report showing all corporate risks, attached as appendix 2.
7. Members are asked to note that the corporate risks CR28 Action Fraud and CR34 Covid-19 (detailed reports) are presented in the Not for Publication part of the agenda (appendix 3).
8. Table 1 below – List of current corporate risks as of 14th December 2020 (ordered by risk score) and highlighting the risk assessment flight path.

Risk reference	Title	Current Risk Score	Current risk score icon	Trend (difference in current and previous risk score)	Risk flight path (since risk creation date)
CR34	COVID-19	24			
CR35	Unsustainable Medium-Term Finances	24			
CR20	Road Safety	24			
CR28	Action Fraud	24			
CR32	Wanstead Park Reservoirs (formerly OSD 013)	24			
CR23	Police Funding	16			
CR24	Operational Security	16			
CR26	Brexit - Organisational Impact	16			
CR01	Resilience Risk	12			
CR02	Loss of Business Support for the City	12			
CR09	Health Safety and Wellbeing Risk (Management System)	12			
CR10	Adverse Political Developments	12			
CR16	Information Security (formerly CHB IT 030)	12			
CR21	Air Quality	12			

Risk reference	Title	Current Risk Score	Current risk score icon	Trend (difference in current and previous risk score)	Risk flight path (since risk creation date)
CR29	Information Management	12			
CR30	Climate Action	12			
CR33	Major Capital Schemes	12			
CR17	Safeguarding	8			

**Corporate Risks increased in current risk score:
CR26 Brexit Risk and CR10 Adverse Political Developments**

9. There are three risks which have increased in risk score since the October 2020 report. Both CR26 Brexit risk (amber 8 to red 12) and CR10 Adverse Political Developments (amber 8 to amber 12). Both current risk ratings for these risks have been influenced by the current status of the negotiations between the UK and EU on the proposed trade agreement.

CR30 Climate Action

10. CR30 Climate Action has increased from a green (4) to an amber (12) following the approval of the Climate Action Strategy by the Court of Common Council in October 2020 and the commencement of the delivery of the strategy from April 2021.

11. The reason for the increase in current risk score for CR30 Climate Action is that prior to the Climate Action strategy being approved, the risk was focused on phase 1: 'Develop strategy and action plan'. Now that that phase has been successfully completed, the City Corporation has moved to in phase 2: 'Deliver and refine action plan'.

12. This second phase has a higher risk score as until the individual action plans within the overall programme have been fully worked up, there is a level of uncertainty. Indeed, the risk score is expected to fluctuate as each year long period of the six-year work programme is approached and funding mechanisms and detailed action plans are confirmed. The City Corporation is currently in the process of mobilising (working with departments on detailed plans and how to deliver them) for the first year. Implementation commences on 1 April 2021.

Corporate Risk decreased in current risk score:

CR33 Major Capital Schemes and CR 24 Operational Security

13. CR33 Major Capital schemes has been decreased in risk score from a red 16 to an amber 8 given that progress had been made to ensure that there is sufficient capacity and capability to continue to move these projects through to delivery as well as the implementation of a robust and working governance structure.

14. CR24 Operational Security- With mitigations in place and reduced footfall, red 16 is appropriate score. There is detailed risk mitigation covering temporary measures across our highways and audit, reviews, training and policy consistency taking place across our estate. Cross cutting work is nearly complete.

Updates on CR26 Brexit and CR34 Covid-19 Risks:

CR26 Brexit

15. This risk relates to City Corporation services failing to prepare appropriately for the UK departure from the EU. Potential impacts include services being disrupted as supply chains and contracts are reassessed, potentially increasing cost and reprioritisation of resources; uncertainty over multi-year grants may undermine the City Corporation's ability to deliver or commit to services; and the City Corporation may be unable to access the specialist talent and supply chains it needs to deliver some of its services.

16. A strategy was prepared by the Brexit lead officer outlining the key short, medium and long-term considerations in preparing for Brexit. A new EU Transition Group, meeting weekly and under the Chairmanship of the City Surveyor, reviews the risks and mitigations within the Brexit risk register.

17. The CR26 Brexit risk current risk score has been increased from amber 8 to a red 16 following an assessment the potential for a no deal with the EU and the additional arrangements that are now being put in place in Port Health and HARC to manage the additional work loads. At the time of producing this report (15 December 2020) both the EU and UK continue to negotiate the trade agreement prior to the end of the Transition Period on 31 December 2020.

18. The City Corporation continues to engage with stakeholders at central, regional and local level, including providing information, when requested, to MHCLG via London Councils and the attendance of the Town Clerk & Chief Executive at meetings on Brexit preparedness with the GLA, London Councils and other stakeholders.

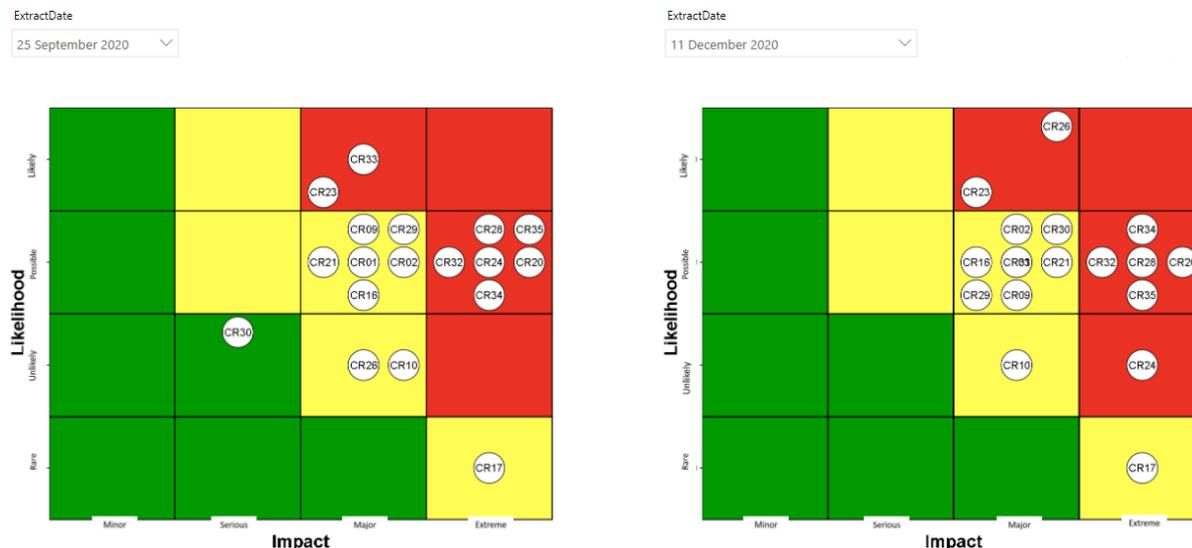
CR34 Covid 19

19. With effect from 20 December 2020 London and parts of the South East of England moved into a new Tier Four following the increased transmissibility of a new strain of Covid 19.

20. The corporate risk CR34 Covid-19, which has a current risk score of red 24 (second highest rating) is regularly reviewed by the Gold Recovery Group (last reviewed on 22 December). The Recovery Group has considered the potential impacts, of the move of London into Tier 4, on City Corporation services and have decided to maintain the current risk score of red 24 although the risk continued to be reviewed. Should the current risk score change the Committee will be informed accordingly.

Disposition of corporate risks on the risk matrix

21. Table 3 below shows the disposition of corporate risks on the risk matrix between 25 September 2020 to 11 December 2020



Red Departmental level risks

22. There are 24 departmental red risks (29 in October 2020). The Committee were previously advised of significant increase in departmental red risks (31 in June 2020), partly due to Covid 19 risk assessments. Discussions have taken place with departmental red risk owners to discuss these assessments and this has led, where appropriate, to some of these risks have being re-rated as amber risks. A list of the current departmental red risk is attached as appendix 4

Covid19 Thematic Group Risks

23. In addition to the CR34 Covid-19 corporate risk there are 42 (42 in October 2020) Thematic Group risks which include six red risks, thirty amber and six green risks. Attached as appendix 5 is a short summary report of all 42 Covid-19 Thematic group risks included in the not for publication part of the agenda.

24. The CR34 Covid 19 risk is reviewed regularly by the Gold Recovery Group and recently received a change in current risk score (September 2020 from a red 16 to a red 24). The latest assessment has not changed the current risk score (see para 19-25). The departmental level Covid19 risks are reviewed/monitored by the relevant thematic groups. Gold is sent a weekly update on all Covid 19 risks.

Corporate Risk Management strategy

25. The Corporate Risk Management Strategy was due to be presented to the Committee, for endorsement, at this meeting. The announcement of the City Corporation's Target Operating Model in November and its subsequent approval by the Court of Common Council in December 2020 impacts on the contents of

the strategy, particularly in relation to roles and responsibilities and potentially the risk policy statement. With the agreement of the Chairman, it has been agreed to resubmit, for endorsement, the revised Policy for the May 2021 meeting.

Internal Audit Review of Risk Management

26. There will be an internal audit review of risk management in the Internal Audit Plan 2021/22. This review will include an assessment of the City Corporation's risk maturity (a measure of current risk maturity against a recognised maturity framework).
27. The current view of the City Corporation's risk maturity is at level four (out of five – five being the top risk maturity rating) using the ALARM/CIPFA risk maturity model. This assessment is based upon the 2016 health check report produced by Gallagher Basset International Ltd (and reported to the November 2016 Audit and Risk Management Committee) and considering the improvements to the City Corporation's Risk Management framework since that time.
28. Central Government are currently developing a risk maturity model for use in the Civil Service. Based upon the limited information currently available on this risk maturity model, the City Corporation has many of the elements of level 4 (out of five – five being the top-rated level of risk maturity). This maturity model is likely to be available in the first half of 2021.
29. The outcome of the internal audit review and the assessment of risk maturity will be reported to the Committee in 2021/22.

Conclusion

30. The corporate and red departmental risk registers were reviewed by the Chamberlain and the Chief Officer Risk Management Group. The Covid19 Recovery Group regularly review the Thematic Group risk registers. This provides additional assurance to Chief Officers and the Audit and Risk Management Committee that corporate and top red departmental risks (as well as the Covid19 Thematic Group red risks) are being appropriately and being actively managed during this emergency. The Corporate Risk Management Strategy will be re-presented in May 2021 for endorsement. The internal audit of risk management will be reported in 2021/22.

Corporate & Strategic Implications

31. The reporting of risk information is in accordance with the Corporate Risk Management Strategy (2020)

Appendices

- Appendix 1 - Corporate risk and actions detailed report – Risks above appetite only
- Appendix 2 - Corporate risk summary report (All risks)

- Appendix 3 - CR28 Action Fraud and CR34 Covid-19 risks (Included in the **Not for Publication** section of the agenda)
- Appendix 4 – Red departmental level risk register – summary report (by department)
- Appendix 5 – Covid19 Thematic group Summary risks by department (Included in the **Not for publication** part of the agenda)

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