

Committee(s)	Dated:
Audit and Risk Management Committee	03/10/21
Subject: Risk Management Update	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 – Corporate Risk Manager	

Summary

This report provides Committee with an update on the corporate and the top red departmental risk registers. The corporate and red departmental registers have been reviewed by the Chief Officer Risk Management Group (CORMG) on 14 September 2021 and the Executive Leadership Board (ELB) reviewed the corporate risk register on 15 September 2021.

There are currently 17 (17 in May 2021) corporate risks included on the corporate risk register of which there are 3 red and 14 amber risks. This report seeks the Committee's endorsement for two risks to be removed from the Corporate risk register – CR24 Operational security and CR28 Action Fraud.

The actions in relation to CR24 Operational security have now been completed although a new risk related to terrorism in the City is under active consideration by officers. CR28 Action Fraud is no longer a risk following the settlement of the commercial dispute with IBM limited.

No new risks have been recommended for endorsement as corporate risks for this meeting. Two corporate risks - CR10 Adverse Political Developments and CR34 Covid 19 have decreased in risk score – both from an amber 12 to an amber 8. There are no other changes to the risk score on the remaining corporate risks.

CR34 Covid 19 will be kept under constant review and should the situation change the risk score will be increased and new mitigation actions identified and implemented.

There are currently 15 red departmental risks, reduced in number from 20(May 2021).

Overall, there are a total of 407 risks (404 in May 2021) that have been identified by departments, providing a wide range of risks that may affect service delivery.

This total does not include the 41 (42 in May 2021) Covid-19 Thematic Group risks which are now being reviewed by their respective risk owners to either transfer the risk(s) to departmental risk registers or where appropriate deactivate the risk(s).

The Executive Leadership Board will be undertaking a facilitated workshop to review all the corporate risks as well as considering risk appetite levels in October 2021. The outcome of this review will be reported to the Committee at their meeting on 30 November 2021.

Recommendation(s)

Members are asked to note the:

1. Risk report including changes to both corporate and top red departmental risk registers since May 2021.
2. Endorse the removal of CR24 Operational Security and CR28 Action Fraud with immediate effect.
3. Note that whilst CR34 Covid 19 risk has met its target risk score (amber 8) it will continue to be reported on the corporate risk register. This risk will be kept under constant review.

Main Report

Background

1. The Corporate Risk Management Policy and Strategy of the City of London Corporation requires an update on the corporate and red departmental risks to be reported to this Committee on a quarterly basis.
2. The corporate and red departmental risk update reports provide one of the means by which the Committee exercises its role on the oversight of risks and risk management within the City Corporation. This is in addition to the corporate risk deep dive reports and the Chief Officer Informal Risk Challenge sessions.
3. The corporate risk and red departmental risk registers have been reviewed by the Chief Officer Risk Management Group on 14 September and Executive leadership Board reviewed the corporate risk register on 15 September 2021.
4. The overall picture of the number and risk rating of all risks recorded on the Pentana Risk system (comparison between May and January 2021) are set out in table 1 below:

Risk rating	September 2021	May 2021	Difference
Red	46	50	-4
Amber	225	222	+3
Green	136	132	+4
	407	404	+3










5. Table 2 below shows the breakdown of red, amber, and green risks by risk level for September 2021 compared with May 2021.





























Risk rating	Red		Amber		Green	
Risk level	Sept 2021	May 2021	Sept 2021	May 2021	Sept 2021	May 2021
Corporate	3	3	14	14	0	0
Departmental	15	20	99	92	36	30
Service	28	27	112	116	100	102
Total	46	50	225	222	136	132

6. Held separately from the departmental risk registers are another 42 Covid-19 Thematic Group risks. However, these risks are now in the process of being reviewed by risk owners to either transfer their risks(s) to their respective departmental risk registers or where appropriate deactivated.

Current Position







7. 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 committee 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 the five risks above appetite as well as a summary risk report showing all corporate risks, attached as appendix 2 and include the risk appetite table.
8. Members are asked to note that the risks approved by the ELB on 15 September 2021 - CR24 Operational Security and CR28 Action Fraud are shown in the Not for Publication part of the agenda (appendix 3 – Not for Publication).
9. There are no new risks being recommended for endorsement on the corporate risk register at this meeting. No risks have increased in risk score since the May 2021 report. There are two risks (CR24 Operational Security and CR28 Action Fraud), which have been agreed by the Executive Leadership Board to be removed from the corporate risk register, the Committee is asked to endorse this decision (see paras 13 a and b below).
10. Table 3 below – List of current corporate risks as of September 2021 (ordered by risk score) and highlighting the risk assessment flight path. The two risks (CR24 and CR28 approved by ELB for removal from the corporate risk register are shown separately below)

Risk code	Risk title	Current Risk Score	Current Risk Score Indicator	Trend Icon	Flight path
CR20	Road Safety*	24			
CR32	Wanstead Park Reservoirs *	24			
CR01	Resilience Risk*	12			

Risk code	Risk title	Current Risk Score	Current Risk Score Indicator	Trend Icon	Flight path
CR02	Loss of Business Support for the City	12			
CR16	Information Security	12			
CR21	Air Quality*	12			
CR23	Police Funding	12			
CR29	Information Management	12			
CR30	Climate Action*	12			
CR33	Major Capital Schemes	12			
CR35	Unsustainable Medium-Term Finances	12			
CR09	Health Safety and Wellbeing Risk (Management System)	8			
CR10	Adverse Political Developments	8			
CR17	Safeguarding	8			
CR34	COVID-19	8			

* = Risk above appetite

ELB approved these risks for removal from the Corporate risk register (Committee endorsement required)

CR28	Action Fraud	8			
CR24	Operational Security	16			

Corporate Risks- decreased in current risk score:

CR 10 Adverse Political Developments.

11. This risk has reduced in current risk score from an amber 12 to an amber 8 (target risk score). This is justified on the basis that the City Corporation is now operating in a much more stable political environment post Brexit and the Corporation's work continues to generate positive interest among Parliamentarians, the most recent example of which is on consideration of the Environment Bill. The threat created by the review of the City's Parliamentary Constituency Boundary as set out on the risk register has also been mitigated following a robust response to the consultation which argued in favour of retaining the current pairing of the City with Westminster.

CR34 Covid 19

12. ELB reviewed CR34 Covid 19 risk on the 15 September 2021. ELB recognised that the City Corporation had managed to maintain service delivery throughout the pandemic and noted the improved situation across the UK in terms of vaccinations as well as the recent lifting of government Covid 19 restrictions. However, it was considered prudent, given the recent increase in Covid 19

infections, hospitalisations and the coming winter that this risk be maintained on the corporate risk register, albeit at a lower risk rating and that it would remain under constant review. This current risk score is at amber 8 (target risk score)

Corporate risks – removal from the corporate risk register

13. The following risks have been approved by the Executive Leadership Board for removal from the Corporate risk register. The Committee are requested to endorse this decision. (see appendix 3 – Not for Publication)

- a) **CR24 Operational Security (Risk Owner- John Barradell)** - CR24 was established as corporate risk to cover threats and mitigation's that were in place pre and during 2017. With the CTSA reports, cross cutting works now all complete. Security contract in place, Senior Security Board (SSB) and with thematic boards underneath the reasons for this risk are now met. However, the threat of Terrorism is still real and current, as such a new corporate risk is being prepared and likely to be ready in October 2021.
- b) **CR 28 Action Fraud (Risk Owner – Ian Dyson)** - The City of London Corporation (CoL) and City of London Police (CoLP) entered into a formal Dispute with IBM UK Ltd (IBM) in relation to the failure to deliver the specified Action Fraud System and NFIB managed service during 2019. Both the City Corporation and City of London Police have confirmed closure of the dispute and this was reported to a number of Committees in July and September 2021(Fraud and Cyber Crime Reporting and Analysis Service Procurement Committee, Procurement Sub-Committee, Police Authority Board). As a result, the reason for the is risk has ceased.

Disposition of corporate risks on the risk matrix

14. The graphic below shows the disposition of corporate risks on the risk matrix between May 2021 (table 4) and September 2021 (table 5).

	Minor	Serious	Major	Extreme
Likely				
Possible			11	2
Unlikely			1	1
Rare				2

Table 4: May 2021 Risk Heatmap

	Minor	Serious	Major	Extreme
Likely				
Possible			9	2
Unlikely			3	1
Rare				2

Table 5: September 2021 Risk Heatmap

There are two changes in risk score from May 2021 shown in the September matrix. These are the change in risk score of CR10 to an amber 12 to an amber 8 and CR34 Covid 19 from an amber 12 to an amber 8. Both are now are target risk scores.

Red Departmental level risks

15. There are 15 departmental red risks (20 as at May 2021). The two top rated red departmental risks (current risk score 24) are:

- **MCP-PHPP 001** Brexit- Impact on Port health and Animal Health (under review – see para 6 above)
- **CLSG -01** Loss of income due to drop in student numbers (SA5 - Operations)

The Barbican Centre have added a new red risk - **BBC Arts 023 failure to manage EDI correctly** with a current risk rating of a red 16. This risk was discussed at the Committee's Barbican Centre informal risk challenge in September 2021.

16. Aside from the two risks scored at 24 (see above) all other risks have a current risk score of red 16. A list of the current departmental red risks is attached as appendix 4.

Review of Corporate Risks

17. The Executive Leadership Board (ELB) will be undertaking a facilitated review of the corporate risk register on the 13 October 2021. The ELB will also consider the existing risk appetite levels with the option of reviewing and amending this approach.

Conclusion

18. The corporate and red departmental registers have been reviewed by the Chief Officer Risk Management Group (CORMG) on 14 September 2021 and the Executive Leadership Board (ELB) reviewed the corporate risk register on 15 September 2021. This provides additional assurance to Chief Officers and the Audit and Risk Management Committee that corporate and red departmental risks are being appropriately and being actively managed.

Corporate & Strategic Implications

19. The reporting of risk information is in accordance with the Corporate Risk Management Strategy (2021)

Appendices

- Appendix 1 - Corporate risk and actions detailed report – Risks above appetite only
- Appendix 2 - Corporate risk summary report (All risks and including risk appetite table)
- Appendix 3 – CR24 Operational Security and CR28 Action Fraud are shown in the **Not for Publication** section of the agenda)

- Appendix 4 – Red departmental level risk register – summary report (by department)

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