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| <b>Committee</b>  | <b>Date</b>         |
| Bridge House Estates (BHE) Grants Committee   | 6 December 2021     |
| <b>Subject:</b> City Bridge Trust Operational Risk Register   | <b>Public</b>       |
| <b>Which outcomes in the <i>BHE Bridging London 2020 – 2045</i> Strategy does this proposal aim to support?</b> | 1                   |
| <b>Which Bridging Divides Funding Strategy priority does proposal aim to support?</b>                           | All                 |
| <b>Does this proposal require extra revenue and/or capital spending?</b>  | No                  |
| <b>Report of:</b> Managing Director, BHE  | <b>For decision</b> |

### Summary

The report provides the operational risks for City Bridge Trust, which forms part of the wider Bridge House Estates risk register for review. The Charity Commission's Statement of Recommended Practice (SORP) requires that risks that impact upon a charity are reviewed continuously to ensure that existing risks are reconsidered, any new risks are identified and that appropriate measures are in place to mitigate those risks. This requirement is further emphasised within the Charity Governance Code.

5 of the risks on the CBT Operational Risk Register relate to the services overseen by the BHE Grants Committee. These relate to grants not being used for their intended purpose; financial loss through fraud or theft; negative publicity leading to reputational damage; IT failure and staff capacity – the five risks are detailed at Appendix 2.

The risk related to the impact of Brexit has now been removed from the risk register. Should the situation change, its possible reinsertion onto the register will be reviewed.

The risk related to financial loss through fraud or theft has moved from amber to green on the risk RAG rating. This is due to CBT no longer administering a high number of low value one-off grant awards to smaller organisations which had the potential to increase the likelihood of potential fraud.

The risk relating to staff capacity remains amber. Although CBT staff are working effectively in a hybrid way there is still some uncertainty that the Covid-19 pandemic may negatively impact staff levels at short notice.

Risks related to grants not being used for their intended purpose, negative publicity and reputational damage and IT failure remain rated the same.

### Recommendations

Members are asked to:

- a) review the five risks currently on the register for this Committee and confirm that appropriate control measures are in place; and

- b) confirm that there are no other risks relating to the services overseen by the Grants Committee which should be added to the Operational Risk Register, or which should be escalated as 'principal risks' to the BHE Principal Risk Register.

## **Main Report**

### **Background**

1. In May 2021, at the inaugural meeting of the Bridge House Estates Board ("BHE Board/ the Board"), Members approved a new Risk Management Protocol ("the BHE Protocol") for the charity, which sets out its method for assessing and managing risks. The BHE Protocol reflects the City Corporation's general approach to risk management as set out in its own Risk Management Strategy approved by the Audit and Risk Management Committee. Additionally, the BHE Protocol reflects the guidance set out in CC26 Charities and Risk Management Guide<sup>1</sup> issued by the Charity Commission (2017) and in the Charity Governance Code. In accordance with City Corporation best practice, all BHE Principal and Operational Risks are registered on the Pentana Risk Management System. The BHE Protocol can be accessed online [here](#)<sup>2</sup>.
2. The BHE Protocol acts as a communication tool to ensure that all those involved in the management of risk for BHE are aware of the purpose of using a formal risk management approach, the roles and responsibilities within the risk management processes, the process that is being adopted, and how the process will be managed and monitored.
3. Alongside approval of the BHE Protocol, the BHE Board approved the Principal Risk Register. The BHE Grants Committee are now recommended to review the risks that relate to City Bridge Trust (CBT) and confirm that the risks are comprehensive, scored correctly and that appropriate control measures are in place.

### **Review of Risks**

4. The method of assessing risk reflects the City of London Corporation's (CoLC) standard approach to risk assessment as set out in its Risk Management Strategy approved by the Audit and Risk Management Committee. The CoLC risk matrix, which explains how risks are assessed and scored, is attached at Appendix 1 of this report. Risk scores range from one, being lowest risk, to the highest risk score of thirty-two. These scores are summarised into 3 broad groups, each with increasing risk, and categorised green, amber or red.
5. Each risk in the register has been considered by the responsible officer who is referred to as the 'Risk Owner' in the register.

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<sup>1</sup> <https://www.gov.uk/government/publications/charities-and-risk-management-cc26>

<sup>2</sup> <https://col-vmw-p-mg01.corpoflondon.gov.uk/mgAi.aspx?ID=113627>

6. The BHE Grants Committee element of the BHE risk register (being the CBT Operational Risks) is shown at Appendix 2 and contains five risks: the first relating to the reduction in staff capacity as a result of the COVID-19 pandemic; the second to financial loss through fraud or theft; the third to the grant not being used for its intended purpose; the fourth to negative publicity leading to reputational damage; and fifth, major IT failure. Controls are in place to mitigate these risks, including an open, transparent and rigorous grants assessment process and, in relation to IT systems, the main grants system Blackbaud grant-making now running from an Agilisys data centre which is more resilient than the previous server at Guildhall.
7. Four risks have been assessed as green with a score of 4 (on a risk scale from one to the highest risk score of thirty-two). The remaining is assessed as amber with a score of six. The current mitigating actions are considered appropriate at this time.

## **Conclusion**

8. The risks faced by the charity have been reviewed and have been identified as relating to the services overseen by the CBT Committee. This Committee is requested to confirm that appropriate control measures are in place for these risks and that there are no other risks that should be added to the CBT Operational Risk Register or be escalated as 'principal' risks to the BHE Principal Risk Register in relation to services overseen by the Committee.

## **Appendices**

- Appendix 1 - City of London Corporation Risk Matrix
- Appendix 2 – City Bridge Trust Operational Risk Register

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