

<b>Committee(s)</b>	<b>Dated:</b>
Audit and Risk Management Committee	18/1/22
<b>Subject: Risk Management Update</b>	<b>Public</b>
<b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b>	<b>N/A</b>
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>N</b>
<b>If so, how much?</b>	<b>N/A</b>
<b>What is the source of Funding?</b>	<b>N/A</b>
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	<b>N/A</b>
<b>Report of: The Chamberlain</b>	<b>For Decision</b>
<b>Report author: Paul Dudley – Corporate Risk Manager</b>	

### Summary

This report provides the Committee with an update on the status of the existing corporate risk register, request for endorsement for the de-escalation of two existing corporate risks and adding one new risk to the corporate risk register. It highlights progress update on the Executive Leadership Board (ELB) risk workshop held in October and their subsequent discussion at ELB at their November 2021 meeting. There is also follow up information, requested by the committee on 30 November 2021, from the Director of Innovation and Growth following the deep dive on corporate risk 02 – Loss of business support for the city.

The corporate and red departmental registers have been reviewed by the Chief Officer Risk Management Group (CORMG) on 23 November 2021 and ELB on 15 December 2021.

There are currently 15 (17 in September 2021) corporate risks included on the corporate risk register of which there are 3 red and 12 amber risks. Two risk have increased in current risk score CR16 Information Security (amber 8 to red 16) and CR34 Covid 19 (from an amber 8 to an amber 12) whilst one risk has decreased in current risk CR20 Road Safety red 24 to red 16.

The ELB Risk Workshop in October 2021, when reviewing the exiting corporate risk register, proposed that three risks should be de-escalated from this register. These risks were CR 20 Road Safety, CR21 Air Quality and CR32 Wanstead Park Reservoirs. The CORMG, on 23 November 2021, considered that both CR20 and CR32 be recommended to de-escalation to departmental level registers (following an assessment of these risks together with the progress and effectiveness of current mitigation actions) but that CR21 Air Quality should, be retained in recognition of the importance of air quality to the City Corporation's approach to climate action. ELB agreed this recommendation.

The CORMG also recommended that a new risk, proposed by the Town Clerk, on protective security (new risk reference CR36) be added to the corporate risk register.

This recommendation was accepted at ELB meeting of 25 November 2021. The Audit and Risk Management Committee is requested to endorse this decision at their meeting on 18 January 2021.

In respect of corporate risk CR 34 Covid 19 the Town Clerk has reported that due to the new Omicron variant and higher transmissibility, HM Government implemented Plan B. In addition to help mitigate this, HM Government set a challenge to have all adults vaccinated and to include boosters. With a challenging target of 1 million vaccinations a day. COVID infection rates have seen to increase especially in London, impacting resilience across service delivery in multiple sectors. As such Gold group was reinstated 13<sup>th</sup> December 2021 and met throughout Christmas and New Year and continues to support the most vulnerable as well as the NHS in the vaccination roll out programme.

There are currently 21 red departmental risks increased from 15 (September 2021). Eight new red risks were added whilst two were removed from this register.

Overall, there are a total of 414 risks (407 in September 2021) that have been identified by departments, providing a wide range of risks that may affect service delivery.

### **Recommendation(s)**

Members are asked to:

1. Note the Risk Management update report.
2. Endorse the decision of ELB for removal of CR20 Road Safety and CR32 Wanstead Park Reservoirs from the corporate risk register and de-escalate to departmental registers and retain CR21 Air Quality on this register.
3. Endorse the ELB decision to include CR36 Protective Security on to the corporate risk register with immediate effect.

### **Main Report**

#### **Background**

1. The Corporate Risk Management Policy and Strategy 2021 of the City of London Corporation requires an update on the corporate and red departmental risks to be reported to ELB on a quarterly basis and subsequently to the Audit and Risk Management Committee.
2. The corporate and red departmental risk update reports provide one of the means by which ELB exercises its role on the oversight of risks and risk management within the City Corporation.
3. The corporate risk and red departmental risk registers have been reviewed by the Chief Officer Risk Management Group on 23 November 2021 and ELB on 15 December 2021.

#### **Current Position**

4. The overall number and risk rating of all risks recorded on the Pentana Risk system (comparison between December 2021 and September 2021) are set out in table 1 below:

Risk rating	December 2021	September 2021	Difference
Red	49	46	+3
Amber	229	225	+4
Green	136	136	0
	414	407	+7

5. Table 2 below shows the breakdown of red, amber, and green risks by risk level for December 2021 compared with September 2021. *(Note that the corporate risk total for December 2021 includes the two risks (CR20 and CR32) agreed by ELB for removal from the corporate risk register).*







































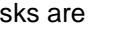
Risk rating	Red		Amber		Green	
Risk level	Dec 2021	Sept 2021	Dec 2021	Sept 2021	Dec 2021	Sept 2021
Corporate	3	3	12	14	0	0
Departmental	21	15	97	99	31	36
Service	25	28	120	112	105	100
Total	49	46	229	225	136	136

### Exiting Corporate Risk Register

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 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 four of the five risks above risk appetite. Appendix 1a shows the fifth risk - CR19 Covid 19 in the Not for Publication part of the agenda. There is also a summary risk report showing all corporate risks, attached as appendix 2 and includes the risk appetite table.
7. There are currently 15 (17 in September 2021) corporate risks included on the corporate risk register of which there are 3 red and 12 amber risks. One risk has increased in risk score CR16 Information Security (amber 8 to red 16) and two risks have shown decreases (CR10 Adverse Political Developments – amber 12 to amber 8) and (CR20 Road Safety red 24 to red 16) – see 8 below.
8. The ELB Risk Workshop in October 2021, when reviewing the exiting corporate risk register, proposed that three risks should be de-escalated from this register. These risks were CR 20 Road Safety, CR21 Air Quality and CR32 Wanstead Park Reservoirs. The CORMG, on 23 November 2021, considered that both CR20 and CR32 be recommended to de-escalation to departmental level registers (following an assessment of the risks and effectiveness of current mitigation actions) but that CR21 Air Quality should, be retained in recognition of the importance of air quality to the City Corporation's approach to climate action. ELB agreed this recommendation at their meeting on 15 December 2021 (see appendix 4 for details of both risks).
9. The CORMG recommended to ELB that a new risk, proposed by the Town Clerk, on protective security (new risk reference CR36), be added to the corporate risk register. This recommendation was accepted at ELB meeting of 25 November







2021. (Note: this risk is not included in the above figures until endorsed by the Audit and Risk Management Committee on 18 January 2021). A copy of the risk register entry for CR36 is attached as appendix 3.

10. Table 3 below shows a list of current corporate risks as of December 2021 (ordered by risk score) and highlighting the risk assessment flight path. The two risks (CR20 – red 16 and CR32- red 24) recommended for de-escalation to departmental level by CORMG are shown separately below (table 4).

Risk code	Risk title	Current Risk Score	Current Risk Score Indicator	Trend Icon	Flight path
CR16	Information Security (formerly CHB IT 030) +	16			
CR01	Resilience Risk* +	12			
CR02	Loss of Business Support for the City	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			
CR34	COVID-19 +	12			
CR09	Health Safety and Wellbeing Risk (Management System) *	8			
CR10	Adverse Political Developments*	8			
CR17	Safeguarding*	8			

The corporate risks marked with an asterisk \* above are recorded as meeting their target risk scores (i.e., their current risk score is the same as the target risk score and as a result these risks are “accepted”). Risks marked + are noted as above risk appetite.

Table 4 – ELB agreed to the corporate risks below be de-escalated to departmental level.

Risk code	Risk title	Current Risk Score	Current Risk Score Indicator	Trend Icon	Flight path
CR32	Wanstead Park Reservoirs	24			
CR20	Road Safety	16			

## Corporate Risks- Increased in current risk score

### CR16 Information Security

11. The increase in current risk score from an amber 8 to a red 16 was due to an increase in malware attacks and the success of them getting through our defences via email pay loads. This should be mitigated and moved back down to Amber when the City Corporation has implemented the security provision from our MS E5 licence. This includes real-time threat protection.

### CR34 Covid 19

12. This risk increased from an amber 8 an amber 12 in November 2021. The Town Clerk has reported that due to the new Omicron variant and higher transmissibility, HM Government implemented Plan B. In addition to help mitigate this, HM Government set a challenge to have all adults vaccinated and to include boosters.
13. With a challenging target of 1 million vaccinations a day. COVID infection rates have seen to increase especially in London, impacting resilience across service delivery in multiple sectors. As such Gold group reinstated 13<sup>th</sup> December 2021 and met throughout Christmas and New Year and continues to support the most vulnerable as well as the NHS in the vaccination roll out programme.

### Disposition of corporate risks on the risk matrix

14. The graphic below shows the disposition of corporate risks on the risk matrix between September 2021 (table 5) and December 2021 (table 6). Note the December risk heatmap includes both CR20 Road Safety and CR32 Wanstead Park reservoirs being recommended for de-escalation to departmental level (see 8 above).

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

Table 5: **September 2021** Risk Heatmap

	Minor	Serious	Major	Extreme
Likely			1	
Possible			8	1
Unlikely			3	1
Rare				1

Table 6: **December 2021** Risk Heatmap

### **ELB Actions – Risk workshop**

15. A risk workshop for ELB was held on 13 October 2021 and facilitated by Zurich Municipal. The output report, discussed by ELB on 25 November 2021, identified a number of new risks that needed to be developed as well as existing risks that either required rewording or further review.
16. Chief Officers are now undertaking this work which should be completed in January 2022. Once completed the revised corporate risk register will be presented to ELB for their agreement. Given that the Committee are not formally meeting until 24 May 2022 it is intended to circulate the revised corporate risk register, to Members, for any comments following ELB agreement probably in February 2022. A final version of the revised corporate will be presented to Committee endorsement at the May meeting.

### **Red Departmental level risks**

17. There are 21 departmental red risks (15 as at September 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)
  - **CLSG -04** Failure of Child Protection procedures (SA5 -Operations)
18. Aside from the two risks scored at red 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 5.

### **Deep Dive CR02 Loss of business support for the city**

19. The Committee considered, at their meeting on 30 November 2021, a deep dive report on corporate risk CR02 – Loss of support of the Business City. The Director of Innovation and Growth was requested to provide the Committee with information about data that is considered when assessing the current risk score of this risk. Details are included as appendix 6 to this report. In addition, work is underway to review CR02 (as part of the ELB corporate risk review) and to work with the SBREC to determine a possible new risk in relation to support the SME sector.

### **Conclusion**

20. The corporate and red departmental registers have been reviewed by the Chief Officer Risk Management Group (CORMG) on 23 November 2021 and ELB on the 15 December 2021. Some amendments to the corporate risk register were agreed by ELB and the Committee are requested to endorse these changes. This risk update is aimed at providing additional assurance to the Audit and Risk Management Committee that corporate and red departmental risks are being appropriately and being actively managed.

### **Corporate & Strategic Implications**

21. 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 1a - CR34 Covid risk (NOT FOR PUBLICATION)
- Appendix 2 - Corporate risk summary report (All risks and including risk appetite table)
- Appendix 3 – New corporate risk CR36 Protective Security- for endorsement
- Appendix 4 – CR 32 and CR20 risks seeking endorsement for their de-escalation to department level.
- Appendix 5 – Red departmental level risk register – summary report (by department)
- Appendix 6 – KPIs supplied by the Director of Innovation and Growth

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