

Committee	Date
Bridge House Estates Board	16 February 2022
Subject: Bridge House Estates Principal Risk Register	Public
Which outcomes in the <i>BHE Bridging London 2020 – 2045 Strategy</i> does this proposal aim to support?	1, 2 and 3
Report of: David Farnsworth, Managing Director of BHE	For decision
Report Author: Milly Ehren, Strategic Project Lead, BHE	

Summary

This report provides the Bridge House Estates Board (“BHE Board”/ “the Board”) with an update on the management of risks faced by Bridge House Estates (“BHE”). In May 2021, the BHE Board approved the BHE Risk Management Protocol (the Protocol) and reviewed and approved the Principal Risk Register for the charity. As set out in the Protocol, principal risks will be reported to the BHE Board on a quarterly basis. This paper sets out the final report on the Principal Risk Register for the year 2021/22. As also set out in the Protocol, the Principal Risks are reviewed as part of the ongoing management of operations and the Operational Risks are regularly reviewed by the relevant Management Teams on behalf of the charity e.g., Tower Bridge, City Bridge Trust and within City Surveyor’s.

In January 2022, following the TOM process, BHE formally adopted its new Leadership Team structure. Following the embedding of the team and recruitment of key posts in January/ February 2022, the intention is for officers, in collaboration with the Board, to now undertake an extensive review of the Risk Register particularly in regard to the responsibility and ownership of the charity’s risk management. Officers will engage the Board in this review (and some Board Members have already kindly volunteered to work on this with officers) and will prepare refreshed Principal and Operational Risk Registers for endorsement at the Board meeting in April 2022, following its reconstitution by the Court of Common Council (“the Court”). If endorsed, the Annual Principal Risk Register will then be presented to the Court for final approval (as per the Board’s current Terms of Reference).

Nine principal risks are outlined in the Risk Register - of which one is currently scored red, three are currently scored amber and five currently scored green. The BHE Board are asked to review the risks, ratings and control measures to ensure they are satisfactory and appropriate. The BHE Board is also asked to confirm that there are no other risks that should be added to the BHE Principal Risk Register or other actions recommended in mitigation against those risks.

Recommendations

It is recommended that the Bridge House Estates Board, in discharge of functions for the City Corporation as Trustee for Bridge House Estates and solely in the charity’s best interests:

- i) Approve the Bridge House Estates Principal Risk Register at Appendix 2.
- ii) Note the next steps to undertake an extensive review of all the charity’s risks prior to April 2022.

Main Report

Background

1. Trustees should regularly review and assess the risks faced by their charity in all areas of its work and plan for the management of those risks. Risk is an everyday part of charitable activity and managing it effectively is essential to achieving the charity's objectives and safeguarding the charity's fund and assets.
2. In May 2021, at the inaugural meeting of the BHE Board, the Board approved a new Risk Management 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. The BHE Protocol can be accessed online [here](#)¹. Additionally, the BHE Protocol reflects the guidance set out in CC26 Charities and Risk Management Guide issued by the Charity Commission in 2017² and in the Charity Governance Code³. In accordance with City Corporation best practice, all BHE risks are registered on the Pentana Risk Management System.
3. The BHE Protocol acts as a communication tool to ensure that all those involved in the management of risks 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.
4. Alongside approval of the BHE Protocol in May 2021, the Board approved the annual Principal Risk Register. The BHE Board are now recommended to review the risks and confirm that the risks are comprehensive, scored correctly and that appropriate control measures are in place.

BHE Principal Risk Register

5. To assist the BHE Board in reviewing the BHE Principal Risk Register, the City Corporation's Risk Matrix is attached at **Appendix 1** which explains how risks are assessed and scored.
6. The BHE Principal Risk Register can be found at **Appendix 2**. BHE "Principal Risks" refer to the most important risks to the charity as a whole, with specific risks for each operational area of the charity referred to as "Operational Risks".

Review of risks

7. Following presentation of the Principal Risk Register to the BHE Board in November 2021, officers have reviewed the risks to incorporate the detailed

¹ <https://col-vmw-p-mg01.corpoflondon.gov.uk/mgAi.aspx?ID=113627>

² <https://www.gov.uk/government/publications/charities-and-risk-management-cc26>

³ <https://www.charitygovernancecode.org/en/front-page>

comments and feedback that was provided by the Board. At the November 2021 Board meeting, it was highlighted that a more detailed review of the risks facing the charity would be required particularly as BHE works through its TOM proposal to ensure that the responsibility and ownership of the charity's risks were appropriate, and that they were managed correctly. It was recommended that officers should work in collaboration with nominated Members of the Board in between meetings to carry out such a review.

8. This detailed review with Members and officers can now progress as the last two months have seen the successful completion of the TOM BHE Leadership Team consultation, including the assimilation of post holders into existing roles (where appropriate on HR advice) and the appointment of a BHE Chief Operating Officer (COO) and a Head of Strategy & Governance. The COO is particularly relevant as, on behalf of the Managing Director of BHE, they have responsibility for risk management across the charity.
9. The review will have particular regard to the responsibility and ownership of the charity's risk management and will consider a Risk Appetite Statement. The review recommendations will be presented to the April 2022 BHE Board meeting. If endorsed, the Annual Principal Risk Register will then be presented to the Court of Common Council for final approval (as per the Board's current Terms of Reference).

Principal Risks

10. The Principal Risk Register at **Appendix 2** contains nine risks, relating to the areas below. The Risk Register also highlights change in scores since the Board last reviewed the risks in November 2021, as either a result of mitigating actions being implemented or an escalation of risks due to specific circumstances. The nine risks are:
 - a. BHE LT 001 – Knowledge of Trustee duties & powers (Green, Score 4)
 - b. BHE LT 002 – Conflict of interests (Green, Score 4)
 - c. BHE LT 003 – Structural damage to Bridges (Red, Score 16)
 - d. BHE LT 004 – Income generation/ diversity of income (Amber, Score 6)
 - e. BHE LT 005 – Reputational damage (Amber, Score 8)
 - f. BHE LT 006 – Organisational change (Green, Score 4)
 - g. BHE LT 007 – Failure to deliver strategy (Green, Score 4)
 - h. BHE LT 008 – Key person risk (Green, Score 2)
 - i. BHE LT 009 – Management and maintenance of London's River crossings (Amber, Score 8)
11. One risk has been assessed 'Red', scoring 16 (on a risk scale from one to the highest score of thirty-two). Three risks are currently assessed as 'Amber', two scoring 8 and one scoring 6. Five risks are currently assessed as 'Green', with four risks scoring 4 and one risk scoring 2. The City Corporation's Risk Matrix, which explains how risks are assessed and scored is attached at **Appendix 1** to assist with understanding the scorings.
12. Control measures have been identified for each risk, as described on the Principal Risk Register. The current mitigating actions are being taken and are considered

appropriate at this time with a view to either reducing the risk level as soon as is reasonably possible or to maintain the risk at the current level (as the risk is widely accepted).

13. Officers will continue to provide the BHE Board with quarterly risk reports to ensure the effective management of risk on an ongoing basis, consistent with the Trustee's obligations to keep such matters under review. The charity's full risk register will also be presented annually to the BHE Board for endorsement, for onward approval to the Court.

Conclusion

14. The need to systematically manage principal risks across BHE and operational risks at a local level is addressed by the production of the Principal and Operational Risk Registers. The BHE Board are asked to review the Principal Risk Register, looking at the risks, ratings and control measures to ensure they are satisfactory and appropriate. The BHE Board is also asked to confirm that there are no other risks that should be added to the BHE Principal Risk Register or other actions recommended in mitigation against those risks.

Background Papers

- Report to the Bridge House Estates Board, entitled Bridge House Estates Principal Risk Register, dated 24 November 2021, (Item 16).
- Report to the Bridge House Estates Board, entitled Bridge House Estates Risk Management Protocol and Principal Risk Register, dated 04 May 2021, (Item 10).

Appendices

- Appendix 1 – City of London Corporation's Risk Matrix
- Appendix 2 – Bridge House Estates Principal Risk Register

Milly Ehren

Strategic Project Lead, Bridge House Estates

E: amelia.ehren@cityoflondon.gov.uk