

<b>Committee(s):</b> Audit and Risk Management Committee	<b>Dated:</b> 24/05/2022
<b>Subject:</b> Risk Management Update	<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:</b> Chief Strategy Officer	<b>For Information</b>
<b>Report author:</b> Tabitha Swann, Head of Corporate Strategy and Standards, Corporate Strategy and Performance Team	

### Summary

This provides the Committee with an update on the corporate and top red departmental risk registers, including any changes since last reported to the Committee in January 2022. Full details on the risks can be found in the appendices listed at the end of this report.

### Recommendation

Members are asked to:

- Note the report and the changes to the corporate and the top red departmental risk registers, including:
  - The deactivation of one corporate risk (CR34 COVID-19)
  - The merger of two corporate risks (CR23 Police Funding into CR35 Unsustainable Medium-Term Finances)
  - The addition of one new corporate risk, previously monitored at departmental level (Surveyor's) as SUR SMT 004 Maintenance and Renewal of Physical Assets.

### Main Report

#### Background

1. The corporate and red departmental risks are reported to this Committee on a quarterly basis, enabling the Committee to exercise its role in the monitoring and oversight of risk management within the City of London Corporation.
2. The corporate and red departmental risk registers were reviewed by the Chief Officer Risk Manager Group (CORMG) and the Executive Leadership Board

(ELB) in April 2022 as Senior Officers accountable for CoLC risk management actions, decisions and outcomes.

## Current Position

### All Risks

3. Table 1 below shows the overall number and risk rating of all risks recorded on the Pentana Risk system in May 2022 compared with December 2021.

Risk rating (RAG)	May 2022	December 2021	Difference
Red	69	49	+20
Amber	246	229	+17
Green	141	136	+5
	456	414	<b>+42</b>

Table 1: **May 2022** Overall Risk Numbers by RAG Rating on Pentana

4. Table 2 below shows the breakdown of red, amber, and green risks by risk level in May 2022 compared with December 2021. The entries for corporate risks still include the risk being removed from the register (CR34) and the risk being merged with another (CR23), and does not yet include the new corporate risk on physical assets, which is recorded against departmental risks.

Risk rating	Red		Amber		Green	
Risk level	May 2022	Dec 2021	May 2022	Dec 2021	May 2022	Dec 2021
Corporate	1	3	13	12	0	0
Departmental	16	21	90	97	29	31
Service	51	25	143	120	111	105
Team	1	0	0	0	0	0
PPM	0	0	0	0	1	0
Total	69	49	246	229	141	136

Table 2: **May 2022** Breakdown of RAG Risks by Risk Level

### Corporate Risks

5. The Committee receives a detailed risk register of all corporate risks at their first meeting of the new municipal year, rather than a shorter report focusing on risks above appetite. This risk register can be found at Appendix 1. A summary report of corporate risks is provided at Appendix 2.
6. There are currently 14 corporate risks included on the corporate risk register (1x Red and 13x Amber):
  - a. One risk has increased its risk score by 4 points (CR10 Adverse Political Developments) moving from Amber 8 to Amber 12. This is due to a change in risk likelihood from 2 (unlikely) to 3 (possible), reflecting some negative representation of the financial sector, including the Square Mile, following the Russian invasion of Ukraine and subsequent economic


















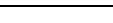









sanctions imposed on individuals and institutions associated with President Putin's regime and allegations that individuals and institutions associated with President Putin's regime are using London for illicit finance.

- b. One risk has decreased in risk score (CR23 Police Funding) moving from Amber 12 to Amber 8 due to a change in risk likelihood from 3 (possible) to 2 (unlikely). This risk will now be managed under CR35 Unsustainable Medium-Term Finances.
- c. All other risks have remained constant at previous scores and ratings.

7. Following the April meetings of the CORMG and ELB:

- a. One risk is being de-activated: CR34 COVID-19 as a specific risk relating to the handling of the COVID pandemic is no longer required given the current situation. Broader risks around the potential impact of a pandemic will be covered within other risks (resilience; public health). The details of CR34 can be found in the Not for Publication part of the agenda at Appendix 3.
- b. One risk previously managed as a departmental red risk will be added to the corporate risk register: SUR SMT 004 Maintenance and Renewal of Physical Assets. This will retain its current risk score of 16 (Red) when moved to the corporate register.
- c. As referenced above, two risks are being merged: CR23 Police Funding into CR35 Unsustainable Medium-Term Finances; and
- d. A new corporate risk (Skills and Capacity of our People) is in the process of being reviewed following input from CORMG/ELB and will be put on the register once finalised.

8. Table 3 below shows a list of the current corporate risks as at May 2022, ordered by risk score. CR23 (merging with CR35) and CR34 (being de-activated) are shown in a separate table (Table 4).

Risk code	Risk title	Current Risk Score	Current Risk Score Indicator	Trend Icon	Flight path
CR36	Protective Security	16			
CR01	Resilience Risk	12			
CR02	Loss of Business Support for the City	12			
CR10	Adverse Political Developments	12			
CR16	Information Security (formerly CHB IT 030)	12			
CR21	Air Quality	12			
CR29	Information Management	12			
CR30	Climate Action	12			
CR33	Major Capital Schemes	12			










Risk code	Risk title	Current Risk Score	Current Risk Score Indicator	Trend Icon	Flight path
CR35	Unsustainable Medium-Term Finances	12			
CR09	Health Safety and Wellbeing Risk (Management System)	8			
CR17	Safeguarding	8			

Table 3: **May 2022** List of Current Corporate Risks by Risk Score (excl. CR23 and CR34)







Risk code	Risk title	Current Risk Score	Current Risk Score Indicator	Trend Icon	Flight path
CR34	COVID-19	12			
CR23	Police Funding	8			

Table 4: **May 2022** CR34 and CR23 to come off the risk register

9. The RAG matrices below show the distribution of corporate risks as at May 2022 (Table 5) and December 2021 (Table 6). Table 5 still includes the Amber risks CR23 and CR34 (to be merged and de-activated, respectively) and does not include the new corporate risk on Physical Assets.



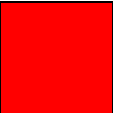


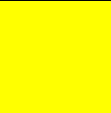
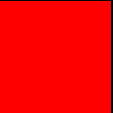





	Minor	Serious	Major	Extreme
Likely				
Possible			10	
Unlikely			2	1
Rare				1

Table 5: **May 2022** Risk Heatmap


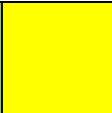

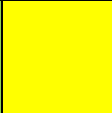





	Minor	Serious	Major	Extreme
Likely			1	
Possible			8	1
Unlikely			3	1
Rare				1

Table 6: **December 2021** Risk Heatmap

## Red Departmental Risks

10. There are 16 departmental red risks (down from 21 in December 2021). The two top rated red departmental risks with current risk scores of 24 are:
- ENV-CO TR001** (formerly CR20) Road Safety
  - ENV-PHPP 001** (formerly MCP-PHPP 001) Brexit - Impact on Port Health and Animal Health

All remaining risks have a current risk score of 16 (Red). A summary report of the current departmental red risks is attached at Appendix 4.

11. One of these departmental red risks, SUR SMT 004 which reflects the misalignment between available funds and the demands of our property estates, is being moved to the corporate risk register. Mitigation of this risk spans multiple users and funding streams, requiring cross-CoLC coordination. A summary of the risk can be found below in Table 7 and additional details in Appendix 5.



Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Risk Approach	Flight Path
SUR SMT 004	Maintenance and renewal of Physical Assets– Investment property and Corporate (operational) property (excluding housing assets)	4	4	16		Reduce	

Table 7: **May 2022** Red departmental risk SUR SMT 004 to move to the corporate risk register with a score as above

## Corporate & Strategic Implications

Strategic implications – Reporting to the Committee is in line with the CoLC Corporate Risk Management Strategy.

Financial implications – None applicable

Resource implications – None applicable

Legal implications - None applicable

Risk implications – None applicable

Equalities implications – None applicable

Climate implications – None applicable

Security implications – None applicable

## Conclusion

12. This risk update and accompanying documents (see appendices) are aimed at providing assurance to the Audit and Risk Management Committee that risks within the City of London Corporation are being effectively handled.

## Appendices

- Appendix 1 – Corporate Risk Register excluding completed actions and CR34
- Appendix 2 – Corporate Risk Summary
- Appendix 3 – CR34 (Not For Publication)
- Appendix 4 – Red Departmental Risks Summary

- Appendix 5 – New Corporate Risk Details (SUR SMT 004)

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