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| Committee(s): Audit and Risk Management Committee | Dated: 12/07/2022 |
| 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: Chief Strategy Officer | For Information |
| Report author: 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 since last reported to the Committee in May 2022. Further details can be found in the appendices listed at the end of this report.

Recommendation

Members are asked to note:

- The report and the corporate and top red departmental risk registers, which now reflect the changes reported at the last Committee meeting - there have been no new additions/de-escalations to the corporate risk register since then.
- That further to discussion at the May Committee:
 - CR02 (Loss of Business Support to the City) and CR10 (Adverse Political Developments) have been reviewed by the Internal Audit Team and are included in Committee papers separately (*Corporate Risk – Deep Dive Review: CR02 Loss of Business Support for the City and CR10 Adverse Political Developments*).
 - CR17 (Safeguarding) has been updated.
 - CR35 (Unsustainable Medium-Term Finances) has been updated and was discussed at Finance Committee on 14 June.

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 (CoLC).

- The corporate and red departmental risk registers were reviewed by the Executive Leadership Board (ELB) on 15 June 2022 and the Chief Officer Risk Manager Group (CORMG) on 22 June 2022 as Senior Officers accountable for CoLC risk management actions, decisions and outcomes. ELB have delegated primary responsibility for the routine review of the corporate and departmental red risk registers to CORMG, although ELB will still receive regular risk register updates and any areas of concern and/or new risks will be flagged to them.

Current Position

All Risks

- Table 1 below shows the overall number and risk rating of all risks recorded on the Pentana Risk system as at the end of June 2022 compared with May 2022.

| Risk rating (RAG) | June 2022 | May 2022 | Difference |
|-------------------|-----------|----------|------------|
| Red | 57 | 69 | -12 |
| Amber | 259 | 246 | +13 |
| Green | 139 | 141 | -2 |
| | 455 | 456 | -1 |

Table 1: **June 2022** (28/06/22) Overall Risk Numbers by RAG Rating on Pentana

- Table 2 below shows the breakdown of red, amber and green risks by risk level as at the end of June 2022 compared with May 2022.

| Risk rating | Red | | Amber | | Green | |
|--------------|-----------|-----------|------------|------------|------------|------------|
| | June 2022 | May 2022 | June 2022 | May 2022 | June 2022 | May 2022 |
| Risk level | | | | | | |
| Corporate | 2 | 1 | 11 | 13 | 0 | 0 |
| Departmental | 19 | 16 | 93 | 90 | 28 | 29 |
| Service | 35 | 51 | 155 | 143 | 110 | 111 |
| Team | 1 | 1 | | 0 | | 0 |
| PPM | | 0 | | 0 | 1 | 1 |
| Total | 57 | 69 | 259 | 246 | 139 | 141 |

Table 2: **June 2022** (28/06/22) Breakdown of RAG Risks by Risk Level

Corporate Risks

- Although the Committee would usually receive a shorter report on corporate risks focussing on risks above appetite, the full corporate risk register has been included at Appendix 1 following the discussion of various corporate risks at the last Committee meeting. A summary report is provided at Table 3 below.
- There are currently 13 corporate risks included on the corporate risk register (2x Red and 13x Amber):

- a. Although the risk score has remained at 16, **CR36** has changed its scoring from 8x2 (impact extreme, likelihood unlikely) to 4x4 (impact major, likelihood major).
- b. All other risks have remained constant at previous scores and ratings.
- c. Work continues to define a new corporate risk on skills and capacity of our people (mentioned in the May risk management update). The new Chief People Officer is considering what needs to be included in this risk and the relevant mitigations/actions and it will go back to the CORMG in September for discussion and final agreement.

7. Table 3 below shows a summary of the current corporate risks as of June 2022, ordered by risk score.








































| Risk | Title | Risk Score | Current risk score icon | Trend Icon | Flight path (last 12 assessments) |
|-----------------------------|--|------------|---|---|---|
| CR36 | Protective Security | 16 |  |  |  |
| CR37 (formerly SUR SMT 004) | Maintenance and renewal of Physical Assets - Investment property and Corporate (operational) property (excl. housing assets) | 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 |  |  |  |
| CR35 | Unsustainable Medium-Term Finances | 12 |  |  |  |
| CR09 | Health Safety and Wellbeing Risk (Management System) | 8 |  |  |  |
| CR17 | Safeguarding | 8 |  |  |  |

Table 3: **June 2022** (28/06/22) List of Current Corporate Risks by Risk Score (trend against last report to Committee)

8. The RAG matrices below show the distribution of corporate risks as of June 2022 (Table 4) and May 2022 (Table 5).

| | Minor | Serious | Major | Extreme |
|----------|-------|---------|-------|---------|
| Likely | | | 2 | |
| Possible | | | 9 | |
| Unlikely | | | 1 | |
| Rare | | | | 1 |

Table 4: **June 2022** (28/06/22) Risk Heatmap

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

Table 5: **May 2022** Risk Heatmap

Red Departmental Risks

9. There are 19 departmental red risks (up from 16 in May 2022). A summary report of the current top departmental red risks is attached at Appendix 2.
10. The two highest rated departmental risks, with current risk scores of 24 (all other risks have a rating of 16) remain:
 - a. **ENV-CO TR001** (formerly CR20) Road Safety
 - b. **ENV-PHPP 001** (formerly MCP-PHPP 001) Brexit - Impact on Port Health and Animal Health
11. There have been the following additions to the red risk register:
 - a. **BBC Arts 027** Impact of Economic Factors on our Business Supply and Demand
 - b. **BBC Buildgs 018** Failure to Secure Sufficient Funds for Barbican Renewal
 - c. **SUR SMT 007** Energy Pricing
 - d. **SUR SMT 009** Recruitment and Retention of Property Professionals
12. As reported in the risk management update in May 2022, **SUR SMT 004** Maintenance and Renewal of Physical Assets has now been moved to the corporate risk register (CR37).

Corporate & Strategic Implications

Strategic implications – Reporting in line with 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

13. 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
- Appendix 2 – Red Departmental Risks Summary

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