

Committee(s): Audit and Risk Management Committee	Dated: 22/11/2022
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/A
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: Town Clerk and Chief Executive	For Information
Report author: Tatianna Wanyanga, Corporate Risk Manager	

Summary

This report provides the Committee with an update on the corporate and top red departmental risk registers since last reported to the Committee in July 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 outlined in this report.
- That CR35 Unsustainable Medium Term Finances has been split into two - CR35 City Fund and CR38 City's Cash - with both risks now showing as red.
- That CR16 Information Security has increased its risk rating, moving from amber to red.
- That CR17 Safeguarding has been reviewed by the Internal Audit team and is included in the Committee papers separately.

Main Report

Background

1. The corporate and red departmental risks are reported to this Committee on a quarterly basis to enable 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 Chief Officer Risk Management Group (CORMG) on 9 November 2022 as Senior Officers accountable for CoLC risk management actions, decisions and outcomes.

Current Position

All Risks

- Table 1 below shows the overall number and risk ratings of all risks recorded on the Pentana Risk system as at November 2022 compared with end June 2022 (the figures last seen by the Committee). Following discussions at the CORMG on 9 November, one red departmental risk has been temporarily deactivated pending further review and is therefore not reflected in the stats.

Risk rating (RAG)	Nov 2022	June 2022	Difference
Red	74	57	+17
Amber	259	259	0
Green	126	139	-13
Total	459	455	+4

Table 1: **November 2022:** Overall Risk Numbers by RAG Rating on Pentana (10/11/22)

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

Risk rating	Red		Amber		Green	
	Nov 2022	June 2022	Nov 2022	June 2022	Nov 2022	June 2022
Risk level						
Corporate	5	2	9	11	0	0
Departmental	24	19	81	93	25	28
Service	45	35	169	155	100	110
Team	0	1	0	0	0	0
PPM	0	0	0	0	1	0
Total	74	57	259	259	126	139

Table 2: **November 2022:** Breakdown of RAG Risks by Risk Level (10/11/22)

Corporate Risks

- Attached to this paper at Appendix 1 is the corporate risk register showing the seven risks above appetite and at Appendix 2 a summary report showing all corporate risks.
- There are currently 14 corporate risks on the corporate risk register (5x Red, 9x Amber).
 - CR35 Unsustainable Medium Term Finances has been split into two with both risks rated red (see Appendix 3.1 and 3.2 for the new and original versions):
 - CR35 Unsustainable Medium Term Finances City Fund; and
 - CR38 Unsustainable Medium Term Finances City's Cash.

- CR16 Information Security has increased its risk score from 12 to 24, moving from amber to red.
- All other corporate risk scores and ratings have remained constant.

7. **CR35/38 Unsustainable Medium Term Finances:** The split in the CR35 risk was made in November and reported into the November Finance Committee. Previously, CR35 had an amber risk rating of 12 (4x3 – impact major, likelihood possible). Both the revised CR35 City Fund and new CR38 City’s Cash have red risk ratings of 24 (8x3 – impact extreme, likelihood possible).
8. This revised scoring is a result of increased financial pressures due to high inflation, construction inflation running at 20%, contraction in key income streams and an increase in bad debts following post-pandemic change in working practices. In addition, there is an anticipated decline in public sector funding for both local government and police, increasing demands on revenue and capital and an ambitious programme of major project delivery.
9. **CR16 Information Security:** The impact has changed from major to extreme as a result of lessons learnt from the Hackney cyber-attack incident which cost over £12M and took more than a year to remediate, with negative publicity for a significant period on top of this. This has increased the risk rating from amber 12 (4x3 - impact major, likelihood possible) to red 24 (8x3 - impact extreme, likelihood possible). Mitigations are and will be continually reviewed.
10. Several security initiatives are being implemented to further reduce risk to the organisation, including:
 - decommissioning legacy technology.
 - working with the City of London Police on a Cyber Awareness campaign.
 - an external test of security and reconfiguring parts of our infrastructure.
 - a root and branch review of our people, process, technology within security.
11. Table 3 below shows a summary of all CoLC corporate risks as of November 2022.

Risk reference	Title	Risk Score	Risk score icon	Trend Icon	Risk flight path (last 12 assessments)
CR16	Information Security (formerly CHB IT 030)	24	●	↑	
CR35	Unsustainable Medium Term Finances - City Fund	24	●	↑	
CR38	Unsustainable Medium Term Finances - City's Cash	24	●	↑	
CR36	Protective Security	16	●	▬	
CR37	Maintenance and renewal of Physical Assets- Investment property and Corporate (operational) property (excluding housing assets)	16	●	▬	
CR01	Resilience Risk	12	▲	▬	
CR02	Loss of Business Support for the City	12	▲	▬	
CR10	Adverse Political Developments	12	▲	▬	
CR21	Air Quality	12	▲	▬	
CR29	Information Management	12	▲	▬	
CR30	Climate Action	12	▲	▬	
CR33	Major Capital Schemes	12	▲	▬	
CR09	Health Safety and Wellbeing Risk (Management System)	8	▲	▬	
CR17	Safeguarding	8	▲	▬	

Table 3: **November 2022**: List of Current Corporate Risks by Current Risk Score. CR38 although a new risk on the system, is showing as increased to reflect the change in CR35 of which it used to be part.

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

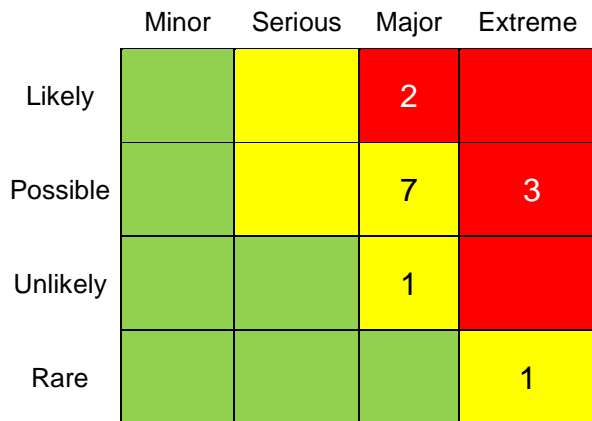


Table 4: **Nov 2022** Corporate Risk Heatmap

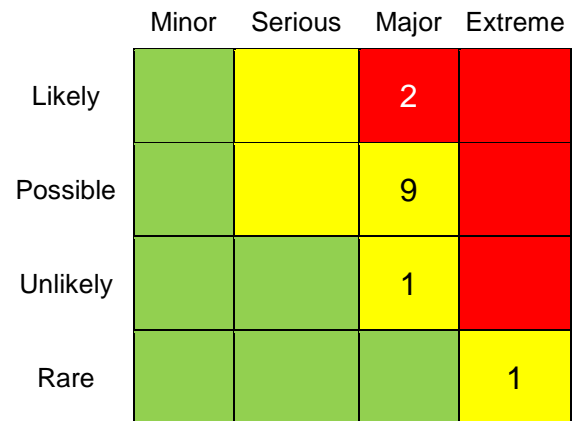


Table 5: **June 2022** Corporate Risk Heatmap

Red Departmental Risks

13. There are 24 departmental red risks (an increase from 19 in June 2022). Eight risks have been added and three risks removed¹. A summary report of the top red departmental risks is attached at Appendix 4.

14. The eight additions to the risk register are as follows:

- a. **BBC Finance 008** Shortage of staff in key areas of the business (Aug 2022)

¹ Following CORMG on 9 November, an additional risk was deactivated, pending further review.

- b. **BBC H&S 005** Failure to deliver the fire-related projects (Aug 2022)
- c. **COO-MKT-WM 004** Wholesale Markets – Traffic Management (Aug 2022)
- d. **BBC CL 002** Safeguarding (Sept 2022)
- e. **BBC Buildings 025** Inadequate and inappropriate levels of engineering resource (Oct 2022)
- f. **SUR SMT 006** Construction consultancy management (Oct 2022)
- g. **GSMD DDP 002** Reduced recruitment and retention of key staff (Oct 2022)
- h. **CLF 016** Financial sustainability (Nov 2022)

15. The three risks removed (to be handled at service level) are as follows:

- a. **SUR CB 003** City Bridges Substantial vessel strikes
- b. **SUR CB 006** City Bridges Wanton Damage/Terrorism
- c. **SUR CB 007** City Bridges – Tunnelling for the Thames Tideway Tunnel

16. The three highest rated departmental risks, with current risk scores of 24 (all other risks have a rating of 16) are:

- a. **ENV-PHPP-001** Brexit Impact on Port Health and Animal Health
- b. **CLS-OPS-002** Cyber Security (scoring increased from 16 in Sep 2022)
- c. **ENV-CO-TR-001** Road Safety

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

17. 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 above appetite excluding completed actions
- Appendix 2: Corporate Risk Register Summary Report
- Appendix 3.1: CR35 and CR38 new risks
- Appendix 3.2: CR35 original risk as at September 2022
- Appendix 4: Red Departmental Risks Summary

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