

Committee: Grants Committee of the Bridge House Estates Board	Date: 5 December 2022
Subject: CBT Draft Operational Risk Register	Public
Which outcomes in the BHE <i>Bridging London 2020 – 2045 Strategy</i> does this proposal aim to support?	1, 2 and 3
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Summary

The Grants Committee will be aware that the BHE Board recently undertook a review and refresh of their Principal Risk Register which was approved on 13 September 2022. The BHE Leadership Team initiated a similar process for the review of the operational risks of the current constituent parts of the charity – City Bridge Trust (CBT), Tower Bridge and the Bridges.

The purpose of this report is to outline the findings and next steps of the CBT Operational Risk register review which was initiated in November 2022. Appendix 1 sets out the proposed revised eight operational risks for CBT – unsurprisingly a small number of the revised risks are similar to the existing CBT risks, however, there are several that are new risks.

There is further work to complete the revised CBT operational risk register particularly on the identification of existing/new risk actions and ownerships. Subject to the views of the Grants Committee, a final version of the CBT Operational Risk Register will be presented for approval at its meeting on 6 March 2023.

Recommendations

It is recommended that the Grants Committee of the Bridge House Estates Board, in the discharge of functions for the City Corporation as Trustee of Bridge House Estates (charity no. 1035628) and solely in the charity's best interests:

- i) Note the process and outcome of the CBT operational risk review;
- ii) Discuss whether the eight operational risks identified from this process are appropriate and scored correctly; and,
- iii) Note that a final CBT Operational Risk Register will be brought to the Grants Committee on 6 March 2023 for final approval.

Main Report

Background

1. Following the successful review of the BHE Principal Risk Register, approved by the BHE Board on 13 September 2022, the BHE Leadership Team decided to undertake a review of the operational risks within the constituent parts of the charity – CBT, Tower Bridge and the Bridges.

2. Work commences on the Tower Bridge risk review in January and later in 2023 it is proposed that an operational risk register will be produced for the business functions that support BHE. However, this report concerns the operational risk review for CBT.
3. CBT currently has an existing operational Risk Register in place containing five risks. These risks have been in place for some time and amended in the light of changing circumstances e.g., Brexit, Covid 19. These five existing risks are:

Risk no	Risk title
CBT 01	Financial loss through fraud or theft
CBT 02	Grant not used for intended purposes
CBT 03	Negative publicity and reputational damage
CBT 04	IT Failure
CBT 05	<i>Brexit (Risk now removed from register)</i>
CBT 06	Staff capacity

4. The aim of the CBT risk review was to take a fresh look at the most significant risks that could impact upon the effectiveness of CBT's operations. The Grants Committee are asked to note that an operational risk is defined as: "*the risk of loss resulting from inadequate or failed internal processes, people, and systems. or from external events affecting the operational effectiveness of a service*".
5. The following risk identification and assessment process was deployed for this review:
 - a. Completion of an online risk suggestion form sent to all CBT Senior managers. A total of 15 risk suggestions were identified in this manner.
 - b. The Associate Director of CBT, Head of the Managing Director's Office and Head of Strategy and Governance then considered these 15 risks on the basis whether they should be- kept, amended/combined, or removed from this list.
 - c. A total of eight risks were finally agreed upon with some covering similar areas of uncertainty identified in the current CBT operational risk register.

Current Position

6. The key areas of suggested and agreed risk identified from this process were (listed by highest risk score):

Risk no	Risk title	Risk Score
8	Grant making systems	Amber, 12
5	Staff recruitment and retention	Amber, 6
1	Ineffective governance (Grants Committee)	Green, 4
2	Non-compliant funding applications and payments	Green, 4
3	Ineffective budgetary control and financial reporting	Green, 4
4	Unforeseen/Emergency events	Green, 4
6	Failure to deliver work in the best interests of communities most impacted on by inequality and lack of diversity.	Green, 4

7	Strategic planning (Bridging Divides)	Green, 2
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7. The eight risks are set out in draft risk register at **Appendix 1** showing the risk description, the risk owner, and an indicative current risk score.
8. For information, the BHE Principal Risks are shown below to provide assurance that other risks such as safeguarding, reputational damage etc are being appropriately managed across the whole charity.

BHE Principal Risks

Risk no	Risk title	Current score	Target Score	Risk Approach
6	Structural damage to bridges	Red 24	Red 16	Reduce
5	Safeguarding	Red 16	Amber 8	Reduce
7	Maintenance of the Bridges	Amber 12	Amber 8	Reduce
4	Insufficient investment returns	Amber 12	Amber 8	Reduce
8	Reputation management	Amber 12	Amber 6	Reduce
1	Failure to deliver BHE's strategy and organisational change	Amber 8	Green 4	Reduce
2	Ineffective charity governance	Amber 8	Green 4	Reduce
3	Lack of diversity of skills, knowledge, and experience within the charity	Amber 6	Green 4	Reduce

9. There is more work to be done to complete the revised CBT Operational Risk Register for final approval by the Grants Committee. This includes setting out both the preventative and mitigating actions for each of the eight risks and identifying action owners.
10. Before this work is undertaken, the Committee is requested for their views on the risks identified and to confirm if they represent the key areas of risk exposure to CBT operations. New risks will emerge over time, and it is therefore important for regular risk reviews to take place both by the CBT Management Team and the Grants Committee (twice per year) in line with the BHE Risk Management protocol and the Charity Commission Guidance CC26 Charities and Risk Management Guidance¹.
11. Subject to the views of the Committee, the aim is to bring a final CBT Operational Risk Register to the Board at the next meeting on 6 March 2023 for final approval.

Conclusion

12. Following the successful completion and approval of the BHE Principal Risk Register in September 2022, the BHE Leadership Team initiated a review of the operational risks within constituent parts of the charity. CBT operational risk review began in November and identified a total of 15 risk suggested which has since

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https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/589944/CC26.pdf

been considered and filtered by officers to a total of eight suggested risks. Following any comments or suggestions from the Committee on the eight risks and following further work on the risk actions and ownerships, the intention is to bring a final version of the operational Risk register for approval in March 2023.

Appendices:

- Appendix 1 – Draft CBT Operational Risk Register, June 2022

Background Paper

- Report to the Bridge House Estates Board, entitled BHE Principal Risk Register, dated 13 September 2022, Item 17.

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