

<b>Committee(s):</b> Audit and Risk Management Committee	<b>Dated:</b> 13/03/2023
<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/A</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	

### 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 January 2023. 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, including the changes to the registers as follows:
  - The number of corporate risks has increased by one to 15 with the addition of a new corporate risk **CR39 Recruitment and Retention** (risk rating of Red 16, 4x4 - impact major, likelihood likely).
  - **CR36 Protective Security** has reduced its risk rating from red to amber (Amber 12, 4x3 - impact major, likelihood possible).
  - The number of red departmental risks has increased by one to 25 with the addition of five risks to the register since the last written update and the de-escalation of four risks to amber (details in the report below).

### 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 Officers Risk Management Group on 27 February 2023 as Senior Officers accountable for CoLC risk management actions, decisions and outcomes. The Executive Leadership Board was subsequently briefed on 28 February 2023.

## Current Position

### All Risks

- Table 1 below shows the overall number and risk ratings of all risks recorded on the Pentana Risk system as of 27 February 2023 compared with 3 January 2023 (the figures last seen by the Committee).

Risk rating (RAG)	Feb 2023	Jan 2023	Difference
Red	69	71	-2
Amber	265	254	+11
Green	122	131	-9
Total	456	456	0

Table 1: February 2023: Overall Risk Numbers by RAG Rating on Pentana

- Table 2 below shows the breakdown of the rated red, amber and green risks by risk level as of 27 February 2023 compared to 3 January 2023.

Risk rating	Red		Amber		Green	
	Feb 2023	Jan 2023	Feb 2023	Jan 2023	Feb 2023	Jan 2023
Corporate	5	5	10	9	0	0
Departmental	25	24	87	80	22	25
Service	39	42	168	165	99	105
Team	0	0	0	0	0	0
PPM	0	0	0	0	1	1
Total	69	71	265	254	122	131
Difference	-2		+11		-9	

Table 2: February 2023: Breakdown of RAG Risks by Risk Level

### Corporate Risks

- There are currently 15 corporate risks on the corporate risk register (5x Red, 10x Amber). This is an increase of one due to the addition of the new 'people' risk **CR39 Recruitment and Retention** (attached at Appendix 1) which has gone onto the register as a red risk (Red 16, 4x4 - impact major, likelihood likely).
- CR36 Protective Security** has reduced its rating from Red 16 to Amber 12 (4x3 - impact major, likelihood possible). This reflects work across all the mitigating actions and a positive audit by Counter Terrorism Security Advisors (CTSA).
- The highest scoring corporate risks (all at Red 24, 8x3 - impact extreme, likelihood possible) are:

- CR16 Information Security<sup>1</sup>
- CR35 Unsustainable Medium-Term finances - City Fund
- CR38 Unsustainable Medium-Term finances - City's Cash

8. Attached to this paper at Appendix 2 is the corporate risk register showing the eight risks above appetite. This is an increase of one since January due to the addition of CR39 Recruitment and Retention.

9. Table 3 below shows a summary of all CoLC corporate risks at the end of February 2023.

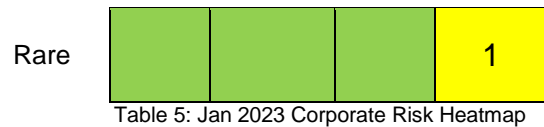
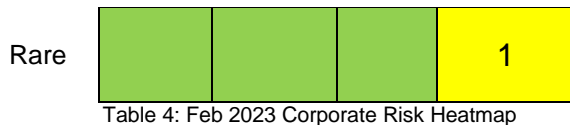
Risk code	Risk title	Current Risk Score	Risk Score Indicator	Trend Icon	Flight path	Risk creation date (Pentana)	Risk added to CR register (year)
CR16	Information Security (formerly CHB IT 030)	24				10-May-2019	Pre-Pentana (2014)
CR35	Unsustainable Medium Term Finances - City Fund	24				19-Jun-2020	2020
CR38	Unsustainable Medium Term Finances - City's Cash	24				31-Oct-2022	2022
CR37	Maintenance and renewal of Physical Assets- Investment property and Corporate (operational) property (excl housing assets)	16				04-Nov-2019	2022
CR39	Recruitment and Retention	16				21-Feb-2023	2023
CR01	Resilience Risk	12				20-Mar-2015	Pre-Pentana (2014)
CR02	Loss of Business Support for the City	12				22-Sep-2014	Pre-Pentana (2014)
CR21	Air Quality	12				07-Oct-2015	2015
CR29	Information Management	12				08-Apr-2019	2019
CR30	Climate Action	12				07-Oct-2019	2019
CR33	Major Capital Schemes	12				14-Feb-2020	2020
CR36	Protective Security	12				10-Jan-2022	2022
CR09	Health Safety and Wellbeing Risk (Management System)	8				22-Sep-2014	Pre-Pentana (2014)
CR10	Adverse Political Developments	8				22-Sep-2014	Pre-Pentana (2014)
CR17	Safeguarding	8				22-Sep-2014	Pre-Pentana (2014)

Table 3: February 2023: List of Current Corporate Risks by Current Risk Score.

10. The RAG matrices below show the distribution of corporate risks as of 27 February (Table 4) and 3 January 2023 (Table 5):

	Minor	Serious	Major	Extreme		Minor	Serious	Major	Extreme
Likely					Likely				
Possible					Possible				
Unlikely					Unlikely				

<sup>1</sup> The increase in the CR16 risk rating was reported to the Committee in November 2022 when the impact 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). Mitigating actions are being carried out and continue to be regularly reviewed.



## Red Departmental Risks

11. There are currently 25 departmental red risks, an increase of one since the last report to the Committee. A summary of the top red departmental risks can be found at Appendix 3.
12. Five risks have been added to the red departmental register and four risks de-escalated to amber.

The following risks have been added:

- **CHB 001 Chamberlain’s department transformation and knowledge transfer** - escalated from amber on 11 January and briefed to Committee verbally at their January meeting. The risk is scored at Red 16 (4x4 - impact major, likelihood likely).
- **GSMD CROSCHE 012 Failure to invest in the renewal of buildings and estate infrastructure** - escalated to Red 24 (8x3 – impact extreme, likelihood possible) on 23 January and reassessed at Red 32 (8x4 - impact extreme, likelihood likely) on 3 February.
- **TC PA 03 Fraud and Cyber Crime Reporting and Analysis Service (FCCRAS) Procurement** - added to the register in December and captured within Pentana reporting in February. The risk is scored at Red 24 (8x3 – impact extreme, likelihood possible). There is a similar red risk on the City of London Police risk register. Work is underway to ensure that there is no unnecessary duplication and that the risk is being appropriately managed.
- **BBC Buildgs 027 Failure to Invest in the Renewal of Buildings and Estates Infrastructure** – a new risk created on 6 February and scored at Red 24 (8x3 – impact extreme, likelihood possible).
- **BBC Buildgs 028 Insufficient Staffing Levels to Cover Safety** - a new risk created on 8 February and scored at Red 16 (4x4 – impact major, likelihood likely).

The risk de-escalated to amber are:

- SUR SMT 007 Energy Pricing
- CLSG-03 Failure to recruit and retain high quality teaching and support staff
- CLSG-04 Failure of child protection procedures
- CLS-OPS-002 Cyber Security

13. The red risks carried by the City of London School (CLS), City of London School for Girls (CLSG) and City of London Freeman’s School (CLF) - and how these are identified and mitigated against - were raised at the Committee meeting in January. CLS and CLSG, together with the City Junior School (CJS), operate a shared service for their risk management. The CLS/CLSG changes above are a result of the most recent review of their risk registers. Although CLF does not participate in this shared service, the four schools are alert to each other’s risks

and consider how they might usefully interact on these, noting that they do operate in slightly different markets.

14. The following two risks are the highest rated departmental risks with current risk scores of 32 (8x4 - impact extreme, likelihood likely).
  - GSMD CROSCH 012 Failure to invest in the renewal of buildings and estate infrastructure – escalated to the red risk register on 23 January and assessed at 8x4 Red 32 on 3 February.
  - GSMD SUS 001 Inability to invest in new infrastructure and teaching spaces - increased from 4x4 Red 16 to 8x4 Red 32 in January.
15. There are a number of risks relating to estates management and infrastructure on the red departmental risk register (one of which, BBC Buildgs 020 LTHW Pumps, was raised at the January Committee meeting). These risks were considered at the Chief Officer Risk Management Group (CORMG) meetings in January and February to ensure that they were being managed appropriately and at the right level (departmental or corporate). The CORMG agreed that the existing corporate risk relating to CoLC operational property - CR37 Maintenance and Renewal of Physical Assets – investment property and corporate (operational) property (excluding housing assets) - should be redrafted so that it effectively covered the estates/infrastructure risks being raised by Barbican Centre and Guildhall School of Music and Drama (GSMD).
16. CR37 is 'owned' by the City Surveyor and he is meeting with the Chief Executive of the Barbican Centre and the Principal of GSMD to discuss the handling of their risks, the mitigating actions and his oversight role in this as Head of Profession for Facilities and Estates Management across City Corporation. More widely, the role of Heads of Profession in relation to risk management was covered at the Executive Leadership Board in February, with agreement that they should set the direction for their respective area(s) of responsibility.<sup>2</sup>
17. CORMG also looked at risks relating to residential property risks, which fall outside CR37. Additional review work is being undertaken on these and CORMG will consider this issue again at their next meeting in March.

### **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

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<sup>2</sup> Heads of Profession (HoP) were created under the Target Operating Model. There are currently 18 HoPs; further work is ongoing to develop these roles.

Climate implications – None applicable

Security implications – None applicable

## **Conclusion**

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: CR39 Recruitment and Retention Risk
- Appendix 2: Corporate Risk Register Report - above appetite risks only
- Appendix 3: All Red Departmental Risks - short summary report

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