

Committee(s): Audit and Risk Management Committee	Dated: 12/05/2023
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: Chief Strategy Officer	For Information
Report author: 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 attached to this report.
- That the total number of corporate risks remains at 15, with the following changes to the risk ratings:
 - **CR38 Unsustainable Medium Term Finances – City's Cash has reduced from Red 24 to Red 16** (impact major 4 x likelihood likely 4)
 - **CR35 Unsustainable Medium Term Finances – City's Fund has reduced from Red 24 to Amber 12** (impact major 4 x likelihood possible 3)
 - **CR21 Air Quality has reduced from Amber 13 to Amber 6** (impact serious 2 x likelihood possible 3)
- **CR37 Maintenance and Renewal of Physical Assets** has been reviewed to reflect Barbican and Guildhall School of Music and Drama risks in this area.
- That the number of red departmental risks has increased by one to 26 with the addition of four risks to the register since the last written update and the de-escalation of three risks to service level.

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).
2. The corporate and red departmental risk registers were reviewed by the Chief Officers Risk Management Group on 25 April 2023 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 ratings of all risks recorded on the Pentana Risk system as of 2 May 2023 compared with 27 February 2023 (the figures last seen by the Committee).

Risk rating (RAG)	May 2023	Feb 2023	Difference
Red	71	69	+2
Amber	276	265	+11
Green	121	122	-1
Total	468	456	+12

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

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

Risk rating	Red		Amber		Green	
	May 2023	Feb 2023	May 2023	Feb 2023	May 2023	Feb 2023
Corporate	4	5	11	10	0	0
Departmental	26	25	104	87	24	22
Service	41	39	161	168	96	99
Team	0	0	0	0	0	0
PPM	0	0	0	0	1	1
Total	71	69	276	265	121	122
Difference	+2		+11		-1	

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

Corporate Risks

5. The Committee receives the full risk register of all corporate risks at their first meeting of the new civic year, rather than a shorter report focusing on risks above appetite. This risk register can be found at Appendix 1.

























6. There are currently 15 corporate risks on the corporate risk register (4x Red, 11x Amber). The number of risks remains the same as when the Committee last received an update, however, the following risks have reduced their risk ratings:

- **CR38 Unsustainable Medium Term Finances – City’s Cash has reduced from Red 24 to Red 16** (impact major 4 x likelihood likely 4) following approval of the 2023/24 City’s Cash five-year financial forecast by Court of Common Council in March 2023. Further attention is needed on the long-term financial plan, with forecasts showing a requirement to drawdown on financial instruments, which is why the risk remains at Red.
- **CR35 Unsustainable Medium Term Finances – City’s Fund has reduced from Red 24 to Amber 12** (impact major 4 x likelihood possible 3). This is due to the increase in the Business Rates Premium and the approved council tax increase. Contingency measures have also been adopted to mitigate 2023/24 pressures.
- **CR21 Air Quality has reduced from Amber 13 to Amber 6** (impact serious 2 x likelihood possible 3). This reflects work on the mitigating actions with 94% of the publicly accessible area meeting the target level for nitrogen dioxide in 2022. Levels of nitrogen dioxide increased slightly in 2023 as we emerged from the pandemic but are significantly lower than pre-pandemic.

7. The highest scoring corporate risks - 1x Red 24 (8x3 impact extreme, likelihood possible) and 3x Red 16 (4x4 impact major, likelihood likely) - are:

- CR16 Information Security – Red 24
- CR37 Maintenance and Renewal of Physical Assets – Red 16
- CR38 Unsustainable Medium Term Finances City's Cash – Red 16
- CR39 Recruitment and Retention – Red 16

8. Table 3 below shows a summary of all CoLC corporate risks as of 2 May 2023.

Risk code	Risk Title	Current risk score	Risk score indicator	Trend icon	Flight path (12 assessments)	Risk creation date (Pentana)	Year risk added to register
CR16	Information Security (formerly CHB IT 030)	24				10-May-2019	Pre-Pentana (2014)
CR37	Maintenance and renewal of Physical Assets- Investment property and Corporate (operational) property (excluding housing assets)	16				04-Nov-2019	2022
CR38	Unsustainable Medium Term Finances - City's Cash	16				31-Oct-2022	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)
CR29	Information Management	12				08-Apr-2019	Pre-Pentana (2014)
CR30	Climate Action	12				07-Oct-2019	2019

Risk code	Risk Title	Current risk score	Risk score indicator	Trend Icon	Flight path (12 assessments)	Risk creation date (Pentana)	Year risk added to register
CR33	Major Capital Schemes	12				14-Feb-2020	2020
CR35	Unsustainable Medium Term Finances - City Fund	12				19-Jun-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)
CR21	Air Quality	6				07-Oct-2015	2015

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

9. The RAG matrices below show the distribution of corporate risks as of 2 May (Table 4) and 27 February 2023 (Table 5):

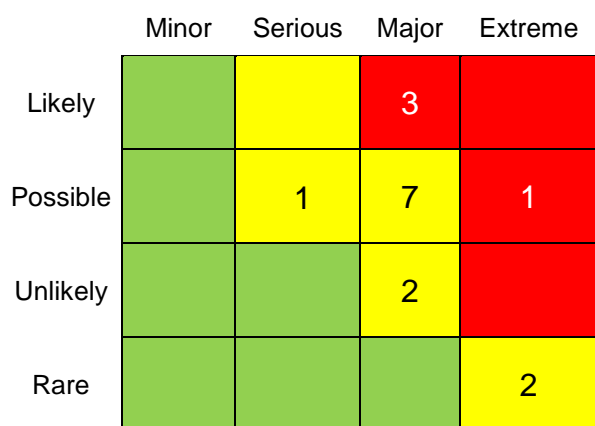


Table 4: May 2023 Corporate Risk Heatmap

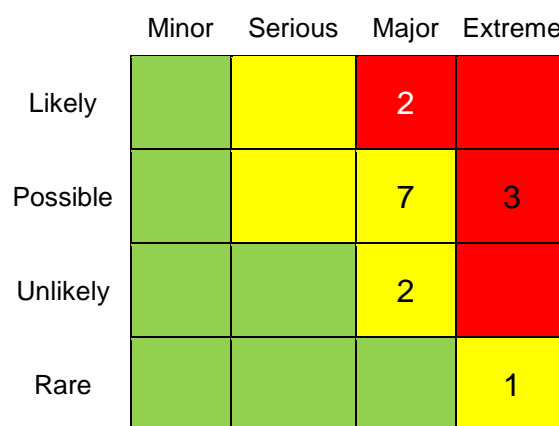


Table 5: Feb 2023 Corporate Risk Heatmap

Red Departmental Risks

10. There are currently 26 departmental red risks, an increase of one since the last written report to the Committee. A summary of the top red departmental risks can be found at Appendix 2.

11. Four risks have been added to the red departmental register and three risks de-escalated to service level.

The following additions have been made:

- **ENV-SLT 001 Maintenance and Renewal of Physical Assets – Red 16** (impact major 4 x likelihood likely 4) - verbally briefed to the March Committee
- **DCCS HS 007 Blake Tower Barbican Estate - Red 16** (impact major 4 x likelihood likely 4) - verbally briefed to the March Committee
- **CJS 002 Failure to recruit and retain high quality teaching and support staff - Red 16** (impact major 4 x likelihood likely 4)

- **CJS 004 Failure to complete building and then to maintain buildings and site - Red 16** (impact major 4 x likelihood likely 4)

The following risks have been de-escalated to red service level (*verbally briefed to the March Committee*):

- ENV-CO-TR 001 Road Safety
- ENV PHPP 001 Brexit impact on Port Health
- ENV CO-GC 001 Road traffic collision caused by CoLC staff or contractor unfit to drive

12. The following two risks remain the highest rated departmental risks with current risk scores of Red 32 (impact extreme 8 x likelihood likely 4).

- GSMD CROSC 012 Failure to invest in the renewal of buildings and estate infrastructure
- GSMD SUS 001 Inability to invest in new infrastructure and teaching spaces

13. At their meeting in April, the Chief Officer Risk Management Group (CORMG) further considered the City Corporation risks relating to estates management and infrastructure.

- As briefed to the Committee in March, CR37 Maintenance and Renewal of Physical Assets – investment property and corporate (operational) property (excluding housing assets) – has been redrafted to reflect the risks in this area raised by the Barbican Centre and Guildhall School of Music and Drama (GSMD). The City Surveyor has been engaging with the CEO of the Barbican Centre and the Principal of GSMD about the handling of their risks and the mitigating actions. GSMD condition surveys are being planned and will be completed during the summer holiday period this year.
- A Cyclical Works Paper to address the maintenance backlog was tabled at the Operational Property and Projects Sub Committee (OPPSC) in April. This was positively received and it is intended to be discussed at the RASC (Resource Allocation Sub Committee) Away Day in June in order to help identify an appropriate funding strategy. The OPPSC was supportive in ring-fencing funds and managing this as an individual project running alongside business-as-usual cyclical maintenance requirements. The requirement for funding over the next 3 years to negate any further increase in the backlog was also recognised.
- Officers across City Corporation departments are working together to review and mitigate the risk relating to Blake Tower on the Barbican Estate (held as a Department for Community and Children's Services departmental red risk). Action is ongoing in relation to this and Blake Tower will be put on the CORMG agenda at their next meeting.
- The February CORMG had previously discussed whether to create an additional risk on Pentana relating to the Housing Revenue Account (HRA). It was agreed this risk was being adequately covered and mitigated through existing risks and City Corporation action, but will be reviewed at the next CORMG meeting.

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

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 Report
- Appendix 2: All Red Departmental Risks - short summary report

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