

Committee(s): Audit and Risk Management Committee	Dated: 6/11/2023
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 September 2023. Further details can be found in the appendices listed at the end of this report.

Recommendation

Members are asked to note:

- This 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 no changes to the risk ratings since the previous written update. However, consideration is being given to whether a red departmental risk on BT's decision to retire their Public Switched Telephone Network (PSTN) should be escalated to a corporate risk.
- The number of departmental red risks has decreased from 26 to 21, with five risks de-activated following a review of the Barbican risk register, and one risk de-escalated to Amber and one risk added from Chamberlain's since the last report to the Committee.

Main Report

Background

1. The corporate and red departmental risks are reported to this Committee as a minimum 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 (CORMG) on 26 September and the Executive Leadership Board (ELB) on 18 October as the Senior Officers accountable for CoLC risk management actions, decisions and outcomes (including consideration of developing risk areas and cross-corporation risk management themes). The CORMG are due to meet again on 2 November.
- An extraordinary ELB chaired by the Town Clerk was held on 13 October in relation to the conflict in the Middle East. Risks are being reviewed in the light of this, including CR10 Adverse Political Developments by the Remembrancer and Deputy Town Clerk.

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 19 October 2023 compared with 24 August 2023 (the figures last seen by the Committee).

Risk rating (RAG)	October 2023	August 2023	Difference
Red	65	71	-6
Amber	262	266	-4
Green	115	117	-2
Total	442	454	-12

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

- Table 2 below shows the breakdown of the red, amber and green rated risks by risk level as of 19 October compared to 24 August 2023.

Risk rating	Red		Amber		Green	
	Oct 2023	Aug 2023	Oct 2023	Aug 2023	Oct 2023	Aug 2023
Corporate	4	4	11	11	0	0
Departmental	21	26	97	104	24	23
Service	40	41	154	151	91	94
Team	0	0	0	0	0	0
PPM	0	0	0	0	0	0
Total	65	71	262	266	115	117
Difference	-6		-4		-2	

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

Corporate Risks

- There are currently 15 corporate risks on the corporate risk register (4x Red, 11x Amber). Attached to this paper at Appendix 1 is the corporate risk register showing the eight risks above appetite.

7. The number of risks and the risk scores remains the same as when the Committee last received an update.
8. At their September meeting, CORMG discussed whether the new red departmental risk relating to BT’s decision to retire their Public Switched Telephone Network (PSTN) - COO DITS 045 PSTN Switch Off 2025 - should be escalated to a corporate risk. Taking place at the end of 2025, this will make current PSTN connections redundant and force an upgrade to digital fibre/mobile services. It was agreed that the Director of Digital Information and Technology should return to the November CORMG meeting having re-drafted the risk through the corporate risk lens. In the meantime, the full details of the COO DITS 045 PSTN Switch Off 2025 risk can be found at Appendix 2. It had previously been flagged to the Committee in their September update.
9. The highest scoring corporate risks – 1x Red 24 (8x3 impact extreme, likelihood possible) and 3x Red 16 (4x4 impact major, likelihood likely) – remain:
 - CR16 Information Security – Red 24
 - CR37 Maintenance and Renewal of Corporate Physical Operational Assets – Red 16
 - CR38 Unsustainable Medium Term Finances City’s Cash – Red 16
 - CR39 Recruitment and Retention – Red 16
10. The RAG matrices below show the distribution of corporate risks as of 19 October (Table 4) and 24 August (Table 5):














































	Minor	Serious	Major	Extreme
Likely			3	
Possible		1	8	1
Unlikely			1	
Rare				1

Table 4: Oct 2023 Corporate Risk Heatmap

	Minor	Serious	Major	Extreme
Likely			3	
Possible		1	8	1
Unlikely			1	
Rare				1

Table 5: Aug 2023 Corporate Risk Heatmap

11. Table 3 below shows a summary of all CoLC corporate risks as of 19 October 2023.

Risk Code	Title	Current Risk Score	Current risk score icon	Trend Icon	Risk 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)
CR37	Maintenance and Renewal of Corporate Physical Operational Assets (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 Sept 2014	Pre-Pentana (2014)
CR09	Health, Safety and Fire Risk Management System	12				22 Sept 2014	Pre-Pentana (2014)
CR29	Information Management	12				08 Apr 2019	Pre-Pentana (2014)
CR30	Climate Action	12				07 Oct 2019	2019
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
CR10	Adverse Political Developments	8				22 Sept 2014	Pre-Pentana (2014)
CR17	Safeguarding	8				22 Sept 2014	Pre-Pentana (2014)
CR21	Air Quality	6				07 Oct 2015	2015

Red Departmental Risks

12. There are currently 21 departmental red risks, with five risks de-activated following a review and risk consolidation by the Barbican since the last report to the Committee. A summary of the top red departmental risks can be found at Appendix 3.

13. Changes to the register

- Risks de-activated:
 - Now covered under Finance 006 Failure to Manage Changing Business Environment: **BBC Arts 027 Impact of Economic Factors on Our Business (Supply and Demand)**
 - All risks below now covered under updated wording of Buildgs 027 Failure to Invest in the Renewal of Buildings and Estates Infrastructure:
 - **BBC Buildgs 018 Failure to Secure Sufficient Funds for Barbican Renewal**
 - **BBC Buildgs 020 LTHW Pumps**
 - **BBC Buildgs 025 Inadequate and Inappropriate Levels of Engineering Resource**
 - **BBC Buildgs 028 Insufficient Staffing Levels to Cover Safety**
- Risk added:
 - **CHB 002 Housing Revenue Account Financials Red 16** (impact major 4 x likelihood likely 4). This reflects an increasingly precarious five-year financial projection in relation to the HRA noting various challenges, e.g. from inflationary cost pressures of building repairs, maintenance, and utility costs. Mitigations have been put in place and continuous close monitoring is being undertaken by Chamberlain's, working closing with DCCS. The ability to balance the budget with the newly emerged in-year pressures is not clear and will be reported to Members as part of the autumn Estimates process via the Corporate Services Committee and the Finance Committee through the Medium-Term Finance Plan.
- Risk de-escalated to Amber:
 - **CHB 001 Chamberlain's department transformation and knowledge transfer** (impact serious 2 x likelihood possible 3). This score change reflects multiple successful ongoing mitigations including the successful recruitment and fulfilment of the Assistant Director and vacancies across financial services, enabling realignment of workloads, and work on learning and development (e.g. reconvening of the CHB Learning and Engagement board).

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

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

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 document (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 - above appetite risks only
- Appendix 2: COO DITS 045 PSTN Switch Off 2025
- Appendix 3: All Red Departmental Risks - short summary report

Tabitha Swann

Head of Corporate Strategy and Standards

Tabitha.Swann@cityoflondon.gov.uk