

Committee(s): Audit and Risk Management Committee	Dated: 26/02/2024
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
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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 November 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. Since the previous update:
 - The total number of corporate risks has reduced to 14. CR17 Safeguarding has been removed from the Corporate Risk Register (with Chief Officers ensuring safeguarding risks are appropriately captured, mitigated and overseen at a local level).
 - The likelihood of CR36 Protective Security and CR39 Recruitment and Retention has been reduced so both now have a rating of Amber 12.
 - The number of departmental red risks has decreased from 21 to 18. Three risks have been added to the register and six risks have been removed (two deactivated and four de-escalated). A summary of the top red departmental risks is at Appendix 3.
- The briefing note (at Appendix 2) on the work of the Reinforced Autoclaved Aerated Concrete (RAAC) Working Group.
- The continuing work on the Risk Appetite Review and the updating of the Risk Management Policy – both of which are due to be reported back to the Committee at their next meeting (May).

- The verbal update on CR30 *Climate Action* given by officers from Innovation & Growth, as requested by Members at the November 2023 Committee meeting. The risk wording is available at Appendix 1.

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).
2. The corporate and red departmental risk registers were reviewed by the Chief Officers Risk Management Group (CORMG) on 7 December 2023 and the Executive Leadership Board (ELB) on 8 February 2024 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 6 March 2024.
3. The Reinforced Autoclaved Aerated Concrete (RAAC) Working Group, led by the City Surveyor on behalf of the Town Clerk and comprising key departmental leads, was established to assess the risk of RAAC in City Corporation-owned properties (c.1,200 assets). The inspection – which has now concluded – identified three properties containing RAAC (at the City of London School, the City of London School for Girls and at an investment property in Canning Town), classifying them all as medium to low risk with no expected impact on operations or future property values. Remedial actions are in place and all associated stakeholders have been fully informed. A briefing note on this work is available at Appendix 2.
4. A risk appetite and culture review, led by Zurich’s risk and resilience team, is underway. The aim of the review is to understand how the City Corporation can develop the risk management culture across all departments, institutions and services and ensure that risk is a key and consistent driver for strategic decision-making. Members of the Executive Leadership Board and the Risk Management Forum will be invited to complete a survey, and eleven Chief Officers – corporate risk owners plus the Town Clerk and Chief Strategy Officer (Senior Responsible Officer for corporate risk) - will meet with Zurich. The results of the survey, and the report’s recommendations (to be completed before 31 March 2024) will feed into the refresh of the City Corporation’s Risk Management Policy & Strategy. The refreshed strategy will be presented to the Committee in May 2024.

Current Position

All Risks

5. Table 1 below shows the overall number and risk ratings of all risks recorded on the Ideagen (formerly Pentana) Risk system as of 12 February 2024 compared with 19 October 2023 (the figures last seen by the Committee).

Risk rating (RAG)	February 2024	October 2023	Difference
Red	63	65	-2
Amber	249	262	-13
Green	109	115	-6
Total	421	442	-21

Table 1: February 2024: Overall Risk Numbers by RAG Rating on Ideagen (formerly Pentana)

6. Table 2 below shows the breakdown of the red, amber and green rated risks by risk level as of 12 February 2024 compared to 19 October 2023.

Risk rating	Red		Amber		Green	
	Feb 2024	Oct 2023	Feb 2024	Oct 2023	Feb 2024	Aug 2023
Corporate	3	4	11	11	0	0
Departmental	18	21	99	97	22	24
Service	42	40	139	154	87	91
Team	0	0	0	0	0	0
PPM	0	0	0	0	0	0
Total	63	65	249	262	109	115
Difference	-2		-13		-6	

Table 2: February 2024: Breakdown of RAG Risks by Risk Level

Corporate Risks

7. There are currently 14 corporate risks on the corporate risk register (3x Red, 11x Amber). Attached to this paper at Appendix 1 is the corporate risk register showing the eight risks above appetite.
8. Since the Committee last received an update, the number of corporate risks remains the same, although one risk has been added to the register and one risk removed.
9. At their September 2023 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 (now CHB 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. The re-drafted risk was considered again at the November 2023 CORMG meeting, with direction provided on mitigating actions and cross-corporation ownership. With further work undertaken, this risk will be added to the Corporate Risk Register with a risk score of Red 16 (Impact major 4 x likelihood likely 4).
10. With the agreement of CORMG, CR17 Safeguarding has been removed from the Corporate Risk Register. Chief Officers were briefed on this at the November Executive Leadership Board and will ensure safeguarding risks are appropriately captured, mitigated and overseen at a local level.

11. The likelihood of CR36 Protective Security has reduced from Amber 12 to Amber 8 (impact major 4 x likelihood unlikely 2). Security governance is now embedded as business as usual and a programme of delivery with security partners in 2023 has maintained the City’s international reputation as a safe and secure venue. The move of the Central Criminal Courts and wholesale markets into the City Surveyor’s department has further developed the standardisation of security operations across sites.

12. The likelihood of CR39 Recruitment and Retention has been reduced from Red 16 to Amber 12 (impact major 4 x likelihood possible 3) following a reduction in staff turnover from 18.69 per cent in December 2022 to between 10 and 11 per cent in December 2023.

13. 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 Corporate Physical Operational Assets – Red 16
- CR38 Unsustainable Medium Term Finances City’s Estate¹ – Red 16

14. The RAG matrices below show the distribution of corporate risks as of 12 February 2024 (Table 4) and 19 October 2023 (Table 5):

	Minor	Serious	Major	Extreme
Likely			2	
Possible		1	8	1
Unlikely			2	
Rare				

Table 4: Feb 2024 Corporate Risk Heatmap

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

Table 5: Oct 2023 Corporate Risk Heatmap

¹ Renamed ‘City’s Estate’ from ‘City’s Cash’.

15. Table 3 below shows a summary of all CoLC corporate risks as of 12 February 2024.











































Risk reference	Title	Current Risk Score	Current risk score icon	Trend Icon	Risk flight path	Risk creation date (Pentana/Ideagen)	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 Estate	16				31 Oct 2022	2022
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)
CR09	Health, Safety and Fire Risk Management System	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
CR33	Major Capital Schemes	12				14 Feb 2020	2020
CR35	Unsustainable Medium Term Finances - City Fund	12				19 Jun 2020	2020
CR39	Recruitment and Retention	12				21 Feb 2023	2023
CR10	Adverse Political Developments	8				22 Sep 2014	Pre-Pentana (2014)
CR36	Protective Security	8				10 Jan 2022	2022
CR21	Air Quality	6				07 Oct 2015	2015

Table 3: February 2024: List of Current Corporate Risks by Current Risk Score

Red Departmental Risks

16. There are currently 18 departmental red risks. Since the last report to the Committee, three risks have been added to the register and six risks have been removed (two deactivated and four de-escalated). A summary of the top red departmental risks can be found at Appendix 3.

17. Changes to the register

Change	Risk	Note
Risks added	CLSG-13 <i>Governance</i>	Increased likelihood to Red 16 (impact major 4 x likelihood likely 4) reflecting challenges with the school's governance arrangements, including ongoing activity to work through Lisvane/Tomlinson reviews.
	CLSG-07 <i>School Facilities SA5-Operations</i>	Increased impact to Red 24 (impact extreme 8 x likelihood possible 3) covering aging facilities for teaching/activities and issues with FM contractor (work to improve standard underway).
	GSMD CROSCH 010 <i>Risk of not preparing for or managing a significant disruptive event</i>	Increased impact to Red 16 (impact extreme 8 x likelihood unlikely 2) from Amber 8. GSMD has a business continuity plan in place and Gold Group meets periodically to test preparedness.
Risks de-escalated to Amber	BBC Arts 023 <i>Failure to Manage EDI Correctly</i>	De-escalated with likelihood reduced to Amber 12 (impact major 4 x likelihood possible 3) as a team, strategy and action plan in place has strengthened mitigating activity.
	CJS 002 <i>Failure to recruit and retain high quality teaching and support staff</i>	De-escalated to Amber 12 (impact major 4 x likelihood possible 3) as recruitment for teaching and professional services staff has improved.
	CJS 004 <i>Failure to complete building and then to maintain buildings and site</i>	De-escalated to Amber 12 (impact major 4 x likelihood possible 3). This reflects the completion of the building in the spring term. More widely, new actions are being drafted to reflect mitigating activities relating to building maintenance.
	GSMD SUS 002 <i>Inability to deliver a balanced and sustainable model over the School's Business Cycle</i>	De-escalated to Amber 12 (impact major 4 x likelihood possible 3). This score change reflects the work to remodel the medium-term financial plan for the School, following on from the development of the School's new Strategic & Operational Plan to 2030.
Risks deactivated	BBC Finance 008 <i>Inadequate Levels of Staff in Key Areas of the Business</i>	Deactivated as the risk – which related to strikes and under investment in the buildings – has been successfully mitigated for 2024/2025.
	GSMD CROSCH 012 <i>Failure to invest in the renewal of buildings and estates infrastructure.</i>	Consolidated with GSMD SUS 001 <i>Inability to invest in new infrastructure and teaching spaces</i> due to the similarities between the two. The mitigating actions for the former have been moved

Change	Risk	Note
		across to the latter and the overall score remains unchanged, though it is hoped that developments with the City of London Surveyor's department, and progress in moving towards a more sustainable financial model will help drive this score down in the new year.
Risks renamed	CLSG-01 <i>External pressures on financial model (SA5-Operations)</i>	Renamed from CLSG-01 <i>Inadequate finances of financial plans (SA5-Operations)</i> following a review of school risks (see note below).

18. **City of London School for Girls** are reviewing their risk register to ensure it accurately reflects their challenges. These are reflected in the changes outlined above. The **Barbican Centre** are also continuing to review risks to ensure a consistent approach. GSMD SUS 001 *Inability to invest in new infrastructure and teaching spaces* is the highest rated red departmental risk with current risk score of Red 32 (impact extreme 8 x likelihood likely 4).

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: Reinforced Autoclaved Aerated Concrete (RAAC) Working Group Briefing Note
- Appendix 3: All Red Departmental Risks - short summary report

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