

<b>Committee(s):</b> Audit and Risk Management Committee	<b>Dated:</b> 08/07/2024
<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> Thomas Wrench, Corporate Strategic Development Lead	

### Summary

This report provides the Committee with an update on the corporate and top red departmental risk registers since they were last reported to the Committee in May 2024. 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 increased by one to 16 with the addition of *CR41 Tree Maintenance* (formerly *ENV SLT 005*). This has been raised from a departmental level in recognition of the cross-cutting nature of this risk.
  - The risk score of *CR21 Air Quality* has been reduced from Amber 6 (impact serious 2 x likelihood possible 3) to Green 3 (impact minor 1 x likelihood possible 3).
  - The risk score for *CR30 Climate Action* has been increased from Amber 8 (impact major 4 x likelihood unlikely 2) to Amber 12 (impact major 4 x likelihood possible 3).
  - The risk score for *CR36 Protective Security* has been increased from Amber 8 (impact major 4 x likelihood unlikely 2) to Red 16 (impact extreme 8 x likelihood unlikely 2).
- The number of departmental red risks has increased from 19 to 20. Two risks have been added to the register and one risk has been escalated to a corporate risk.
- The summary of the findings of a recent Risk Management Culture and Appetite Review, conducted by Zurich Risk Solutions.

## 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 Chief Officer Risk Management Group (CORMG) on 5 June 2024 as Senior Officers accountable for CoLC risk management actions, decisions and outcomes (including consideration of developing risk areas and cross-Corporation risk management themes).
3. In addition, Chief Officers have been reminded of the need to ensure accuracy within the risk registers – including target dates – and for risk owners to provide timely updates that reflect the ongoing mitigating actions.
4. A Risk Management Culture and Appetite Review has been conducted by Zurich’s Risk and Resilience Team. A summary of the report and recommendations begins at paragraph 18. The recommendations will be built into the action plan of the refreshed Risk Management Strategy and into the emerging Risk Management Policy.

### Current Position

#### All Risks

5. Table 1 below shows the overall number and risk ratings of all risks recorded on the Ideagen risk management system as of 24 June 2024 compared with 29 April 2024 (the figures last seen by the Committee).

Risk rating (RAG)	June 2024	April 2024	Difference
<b>Red</b>	<b>60</b>	59	+1
<b>Amber</b>	<b>230</b>	239	-9
<b>Green</b>	<b>114</b>	109	+5
<b>Total</b>	<b>404</b>	407	-3

Table 1: June 2024: Overall Risk Numbers by RAG Rating on Ideagen

6. Table 2 below shows the breakdown of the red, amber and green rated risks by risk level as of 24 June 2024 compared with 29 April 2024.

Risk rating	Red		Amber		Green	
	June 2024	Apr 2024	June 2024	Apr 2024	June 2024	Apr 2024
<b>Risk level</b>						
<b>Corporate</b>	6	4	9	11	1	0
<b>Departmental</b>	20	19	84	90	24	22
<b>Service</b>	34	36	137	138	89	87
<b>Total</b>	<b>60</b>	<b>59</b>	<b>230</b>	<b>239</b>	<b>114</b>	<b>109</b>
<b>Difference</b>	+1		-9		+5	

Table 2: June 2024: Breakdown of RAG Risks by Risk Level (no team or PPM risks recorded as of 24 June)

## Corporate Risks

7. There are currently 16 corporate risks on the corporate risk register (5x Red, 10x Amber, 1x Green). Since the last report to the Committee one risk has been added and three risk scores have changed. Attached to this paper at Appendix 1 is the corporate risk register showing the nine risks above appetite.
8. Risk Added: *ENV-SLT 005 Tree Failure* at Red 32 (impact extreme 8 x likelihood likely 4) has been escalated to the Corporate Risk Register as *CR41 Tree Maintenance* on a temporary basis, following confirmation that mitigating actions are cross-cutting and have been agreed with the relevant departments.
9. The risk score for *CR21 Air Quality* has been reduced from Amber 6 (impact serious 2 x likelihood possible 3) to Green 3 (impact minor 1 x likelihood possible 3) following further improvements in air quality. All coarse particulate matter (PM10) monitoring sites in the Square Mile have complied with the annual mean standard for the past seven years and in 2023 fine particulate matter (PM2.5) concentrations at both sites monitored met the new national standard ahead of the 2040 deadline. Of the 86 locations where nitrogen dioxide was monitored in 2023, just four fell short of the national standard. A new draft Air Quality Strategy for 2025 to 2030 has been published for consultation. This contains actions that will continue to deliver better air quality for our communities.
10. The risk score for *CR30 Climate Action* has been increased from Amber 8 (impact major 4 x likelihood unlikely 2) to Amber 12 (impact major 4 x likelihood possible 3). Historic delays to capital works implementation together with an increasing emissions factor of the national grid (caused by the 2022/23 energy crisis) increases the risk of missing net zero targets. Mitigation plans are in place (capital works delivery and governance) but need frequent review and prioritisation.
11. The risk score for *CR36 Protective Security* has been increased from Amber 8 (impact major 4 x likelihood unlikely 2) to Red 16 (impact extreme 8 x likelihood unlikely 2) to reflect the Senior Security Board's recent decision that this score better reflects the possible impact. This will continue to be monitored by the Senior Security Board and its subsidiary boards.
12. As part of the routine review of corporate risks, *CR10 Adverse Political Developments* is being considered in the context of a general election being called. At present, there are no changes to report.
13. The RAG matrices below show the distribution of corporate risks as of 24 June 2024 (Table 4) and 29 April 2024 (Table 5):

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

	Minor	Serious	Major	Extreme
Likely			3	
Possible		1	7	1
Unlikely			3	



Table 4: June 2024 Corporate Risk Heatmap



Table 5: April 2024 Corporate Risk Heatmap

14. The highest scoring corporate risks – 1x Red 32 (impact extreme 8 x likelihood likely 4) and 1x Red 24 (impact extreme 8 x likelihood possible 3) are:

- CR41 Tree Maintenance – Red 32
- CR16 Information Security – Red 24

15. Table 3 below shows a summary of all CoLC corporate risks as of 24 June 2024.
























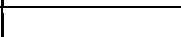





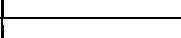


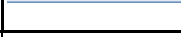















Risk reference	Title	Current Risk Score	Current risk score icon	Trend Icon	Risk flight path (last 12 assessments)	Creation Date	Risk Added to CR Register (year)
CR41	Tree Maintenance	32				23-Feb-2024	2024
CR16	Information Security (formerly CHB IT 030)	24				10-May-2019	Pre-Pentana (2014)
CR36	Protective Security	16				10-Jan-2022	2022
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
CR40	PSTN Switch Off 2025 (formerly CHB DITS 045)	16				26-Feb-2024	2024
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)
CR21	Air Quality	3				07-Oct-2015	2015

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

## Red Departmental Risks

16. There are currently 20 departmental red risks. Since the last report to the Committee, two risks have been added to the register and one risk has been escalated to a corporate risk. A summary of the top red departmental risks can be found at Appendix 2.

17. Changes to the register:

### Risks added:

- i) CJS 001 *Inadequate finances or financial plans*: escalated from Amber 12 to **Red 16** (impact Major 4 x likelihood Likely 4) relating to the shift to a new shared services model;
- ii) CJS 004 *Failure to complete building and then to Maintain Building and site*: escalated from Amber 12 to **Red 16** (impact Major 4 x likelihood Likely 4) to take into account the requirement for additional building work.

### Risks escalated to Corporate Risk Register:

- i) ENV SLT 005 *Tree Failure* (now CR41 *Tree Maintenance*) escalated from red departmental to corporate risk (impact Extreme 8 x likelihood Likely 4). Added following the development of inter-departmental mitigating actions.

## Risk Management Culture and Appetite Review

18. Zurich Resilience Solutions' Risk and Resilience Team were commissioned to review the approach taken by Officers to risk culture and risk appetite. The review took place between January and March 2024, with the final report received at the end of April. A summary of the report and findings was reviewed by the City Corporation's Senior Leadership Team on 4 June and by CORMG on 5 June. In order for Members to understand the background to the Zurich's comments and the recommendations, the full report is at Appendix 3 (non-public).

19. Zurich's observations and findings were based on one-to-one discussions with 11 Chief Officers, a survey completed by the Risk Management Forum and by members of the Executive Leadership Board, and supporting documentation provided (e.g., Risk Management Strategy 2021, Corporate Risk Register, etc.). The review focused on risk management within strategic and operational delivery (non-political), which is why it sought Officer input, rather than extending to Officers and Members.

20. Zurich identified many examples of good practice across the organisation which we will build on and improve. The City Corporation's strategic direction was understood and supported by respondents, and it was noted that communication around risk management had significantly improved over the past year, particularly through the development of the Risk Management Forum. The positive impact of prioritisation of risk was seen in a number of areas and the refreshed approach to risk management through basing this within Corporate Strategy and Performance was also noted.

21. In addition, areas requiring further attention were highlighted including the need for consistency in approach and decision making to be informed by broader considerations of risk and risk appetite. Generic risk appetite levels were also

suggested for future consideration and context, e.g., alongside risk categories from the UK Government National Risk Register (2023)<sup>1</sup> and other organisations. These considerations will inform a new risk appetite statement for the City Corporation and an update will be provided to this Committee as part of a future Risk Management Update report.

22. Officers have begun work on implementing the recommendations, tying this into the actions of the Risk Management Strategy 2024-2029, with progress reported to this Committee annually. Chief Officers, Heads of Profession, and members of the Risk Management Forum will be involved in delivering the required changes, with the ambition to move to business-as-usual activity across the organisation.

### **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 – detailed report above appetite only
- Appendix 2: All Red Departmental Risks – short summary report
- Appendix 3: Zurich Resilience Solutions – Risk Culture and Appetite Review Report Final (non-public)

**Thomas Wrench**

Corporate Strategic Development Lead

---

<sup>1</sup> <https://www.gov.uk/government/publications/national-risk-register-2023>