

Committee(s): Audit and Risk Management Committee	Dated: 23/09/2024
Subject: Risk Management Update	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	All
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: 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 July 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 number of corporate risks has decreased from 16 to 15 with *CR21 Air Quality* de-escalated to a departmental risk.
 - The number of departmental red risks increased from 20 to 21. Two risks have been added and one risk has been de-escalated from Red 16 (Impact 4 Major x Likelihood 4 Likely) to Green 4 (Impact 1 Minor x Likelihood 4 Likely).¹
- That the development of a new Risk Management Policy and the continued delivery of training for officers in line with the Risk Management Strategy 2024-2029 will help to ensure the regular and accurate updating of risks and mitigating actions and improve the City Corporation's risk management culture.
- That a review and refresh of the City Corporation's risk appetite levels is in progress and is likely to be completed by the end of the 2024-2025 financial year.

¹ Risk de-escalated: CHB004 *Casual Staff Pensions Entitlement/Enrolments*

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). An update on the ongoing Risk Appetite Review, as reported to the Committee at its July 2024 meeting, is at paragraph 18.
2. The corporate and red departmental risk registers were reviewed by Chief Officer Risk Management Group (CORMG) on 7 August 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 response to feedback given by Members at the July Audit and Risk Management Committee meeting, officers have been reminded about the importance of regular and accurate risk reporting. This includes the differentiation of risks from issues, ensuring risk register accuracy in relation to target dates and appropriate risk titles, concerns about sensitive content being shared in the public domain through committee reports and discrepancies between business plans and risk registers, with the delivery of mitigating actions not being recorded. Ensuring mitigating actions address likelihood and impact will be taken to the Risk Management Forum as a learning item in September 2024.
4. The corporate risk management training offer continues to develop in line with the Risk Management Strategy 2024-2029. Recently, this has included engagement with departmental senior leadership teams on risk identification, a workshop for the Environment Department led by Zurich, and sharing guidance and best practice during Risk Management Forum sessions.
5. The development of a new Risk Management Policy is underway, and a draft will be presented to the Committee in November for endorsement. Initial assumptions about the scope, content, and application of the policy were tested with CORMG on 7 August and discussions on these are taking place with risk leads across the City Corporation, including in the Institutions (e.g., City Bridge Foundation and City of London Police).
6. The proposed mayoral priorities of the next Lord Mayor, Alderman Alastair King (subject to election) includes a pillar of activity around growth optimisation in the financial services sector, with engagement with regulators, chief executives and chief risk officers to advocate appropriate risk appetite. Officers in the Corporate Strategy & Performance Team, Innovation & Growth and the Office of the Lord Mayor are co-ordinating to ensure alignment between the mayoral theme – *Growth Unleashed* – and City Corporation risk management objectives. This will continue throughout the mayoral year.

Current Position

All Risks

7. Table 1 below shows the overall number and risk ratings of all risks recorded on the Ideagen risk management system as of 9 September 2024 compared with 24 June 2024 (the figures last seen by the Committee).

Risk rating (RAG)	September 2024	June 2024	Difference
Red	59	60	-1
Amber	235	230	+5
Green	113	114	-1
Total	407	404	+3

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

8. Table 2 below shows the breakdown of the red, amber and green rated risks by risk level as of 9 September 2024 compared with 24 June 2024.

Risk rating	Red		Amber		Green	
	Sept 2024	June 2024	Sept 2024	June 2024	Sept 2024	June 2024
Risk level						
Corporate	6	6	9	9	0	1
Departmental	21	20	84	84	25	24
Service	32	34	142	137	88	89
Total	59	60	235	230	113	114
Difference	-1		+5		-1	

Table 2: September 2024: Breakdown of RAG Risks by Risk Level (no team or PPM risks recorded as of 9 September)

Corporate Risks

9. There are currently 15 corporate risks on the corporate risk register (6x Red and 9x Amber). Since the last report to the Committee one risk has been de-escalated to departmental level (no scoring changes as at 9 September). Attached to this paper at Appendix 1 is the corporate risk register showing the nine risks above appetite.² Corporate risks are being reviewed by CORMG to ensure they accurately reflect the greatest threats and concerns to the City Corporation.
10. Risk de-escalated: *CR21 Air Quality* has been de-escalated from corporate risk to an Environment departmental risk following CORMG agreement. This decision was supported by the significant improvement in air quality, meeting national standards in most locations, with expectations to meet them everywhere within the next two-to-three years. Statutory obligations have been consistently fulfilled, with annual reports submitted to the Greater London Authority and the Department for Environment, Food & Rural Affairs. Additionally, the introduction

² CR41 *Tree Maintenance* added to above appetite risk register report; CR21 *Air Quality* removed. We are reviewing the reporting of our above appetite risks as part of the risk appetite refresh.

of a new (draft) Air Quality Strategy aims to exceed national standards, further demonstrating our commitment to maintaining and improving air quality.

11. Following discussion at CORMG, *CR37 Maintenance and Renewal of Corporate Physical Operational Assets* will be redrafted to disaggregate and fully reflect the ongoing corporate risk. Separately, Internal Audit will use this risk as an example to explore how Heads of Profession can be better utilised to effectively and proactively manage (corporate) risks.

12. The RAG matrices below show the distribution of corporate risks as of 9 September 2024 (Table 4) and 24 June 2024 (Table 5):

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

Table 4: September 2024 Corporate Risk Heatmap

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

Table 5: June 2024 Corporate Risk Heatmap

13. The highest scoring corporate risks – 1x Red 32 (Impact 8 Extreme x Likelihood 4 Likely) and 1x Red 24 (Impact 8 Extreme x Likelihood 3 Possible) are:

- CR41 Tree Maintenance – Red 32. Continues to be monitored as a corporate risk with a view to de-escalating this once the necessary resources are in place to clear the outstanding works at Epping Forest and funding for ongoing tree works across all sites has been identified.
- CR16 Information Security – Red 24

14. Table 3 below shows a summary of all CoLC corporate risks as of 9 September 2024.






























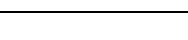





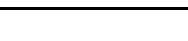









Code	Title	Current Risk Score	Current risk score icon	Trend Icon	Risk flight path (last 12 assessments)	Risk Creation Date (Ideagen)	Risk Added to CR Register (year)
CR41	Tree Maintenance	32				23 February 2024	2024
CR16	Information Security (formerly CHB IT 030)	24				10 May 2019	Pre-Pentana (2014)
CR36	Protective Security	16				10 January 2022	2022
CR37	Maintenance and Renewal of Corporate Physical Operational Assets (excluding housing assets)	16				04 November 2019	2022
CR38	Unsustainable Medium-Term Finances - City's Estate	16				31 October 2022	2024
CR40	PSTN Switch Off 2025 (formerly CHB DITS 045)	16				26 February 2024	2023
CR01	Resilience Risk	12				20 March 2015	Pre-Pentana (2014)
CR02	Loss of Business Support for the City	12				22 September 2014	Pre-Pentana (2014)
CR09	Health, Safety and Fire Risk Management System	12				22 September 2014	Pre-Pentana (2014)
CR29	Information Management	12				08 April 2019	Pre-Pentana (2014)
CR30	Climate Action	12				07 October 2019	2020
CR33	Major Capital Schemes	12				14 February 2020	2020
CR35	Unsustainable Medium-Term Finances - City Fund	12				19 June 2020	2022
CR39	Recruitment and Retention	12				21 February 2023	2023
CR10	Adverse Political Developments	8				22 September 2014	Pre-Pentana (2014)

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

Red Departmental Risks

15. There are currently 21 departmental red risks. Since the last report to the Committee, two risks have been added to the register and one risk has been de-escalated. A summary of the top red departmental risks can be found at Appendix 2.

16. Changes to the register:

Risks added:

- i) *SUR SMT 016 Investment Property Group staffing and Capacity*: added at Red 16 (Impact 4 Major x Likelihood 4 Likely). This risk reflects the new skill sets and additional capacity required in this business unit. This is in response to changing corporate investment targets, organisational requirements and access to market. Plans are being submitted to relevant service committees to address this risk.
- ii) *BBC Buildings 010 BBC Conservatory Glazing*: added at Red 24 (Impact 8 Extreme x Likelihood 3 Possible) relates to the restoration and refurbishment of the Barbican Conservatory.

Risks de-escalated:

- iii) *CHB004 Casual Staff Pensions Entitlement/Enrolments* has been de-escalated from Red 16 (Impact 4 Major x Likelihood 4 Likely) to Green 4 (Impact 1 Minor x Likelihood 4 Likely) following confirmation that the Pensions Regulator is satisfied with the City Corporation's remediation approach.

Risks renamed:

- iv) *SUR MKT WM 001 MCP* has been renamed as *SUR SMT 017 MCP disruption necessitating the Markets remaining in existing buildings, requiring further investment in maintenance works*.
- v) *BBC H&S 005* has been retitled *Fire Regulation Compliance*.

17. During the July 2024 Audit and Risk Management Committee meeting, further information about *CJS 001 Inadequate finances or financial plans* was requested. This City of London Junior School risk was escalated from Amber 12 (Impact 4 Major x Likelihood 3 Possible) to Red 16 (Impact 4 Major x Likelihood 4 Likely) and relates to the shift to a new shared services model between the City of London School, the City of London School for Girls and the City of London Junior School. This change reflects the Junior School's transition from start-up to business-as-usual and the checks that took place to ensure its risks and mitigations were appropriately recorded (the Junior School had opened before the shared services model was fully operational). Over the summer, the Chair of Governors and the school's Head of Finance undertook a formal internal review of the business model and mitigation work is likely to reduce the risk in the near future.

Risk Appetite Review

18. Following the presentation of Zurich Resilience Solutions' report on risk management culture and appetite to the Committee on 8 July 2024, work to refresh the City Corporation's risk appetite levels has continued. A series of broad risk themes, which will sit above corporate-level risks at the

strategic/system level, is proposed. The risk themes will be endorsed by Members following officer recommendations and inform the approach to the handling of top-level (corporate) risks.

19. To inform this work, a risk appetite workshop was attended by CORMG and Heads of Profession on 7 August, during which overarching risk themes and next steps were confirmed. We are seeking additional views and best practice through other sessions, including informal discussion with External Members of the Audit and Risk Management Committee.
20. Over the coming months, a series of risk appetite statements for each proposed theme will be drafted against appetite levels. These will be considered by CORMG and the Executive Leadership Board (ELB) in the autumn and recommendations will be presented to Members in early 2025.
21. Risk appetite is intended to help us successfully manage our risks, consider opportunities, and achieve our strategic outcomes/priorities. It will apply across the City Corporation, including Institutions, and will be integrated into the emerging Risk Management Policy. Discussions on risk appetite form part of the ongoing engagement with City Corporation Institutions – particularly the City of London Police and City Bridge Foundation.

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

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