Committee:	Date:
Audit and Risk Management Committee	17 September 2015
Subject: Corporate Risk Register Update	**Public**
Report of: Chamberlain	**For Decision**

Summary

This report presents the Audit and Risk Management Committee with the outcome of the corporate risk identification review and an update on "deep dive reviews" of corporate risks and provision of detailed risk information referred to the Chief Officer's Risk Management Group (CORMG) by the Committee on 2 June 2015.

Summit Group met on 13 July 2015 and confirmed the recommendations of CORMG in relation to the changes to the corporate risk register (now making a total of nine corporate risks) and also suggested that two new corporate risks be developed on Road Safety and Air Quality.

Recommendations

Members are asked to:

- Note the outcome of corporate risk identification review by the CORMG on 25 June 2015 and subsequent agreement of the Summit Group to the changes to the corporate risk register.

- Note that two new risks (Road Safety and Air Quality) are being prepared and if approved by the Summit Group in September 2015, will be included in the risk update report to the Committee in November 2015.

- Agree to reinstate "deep dive " corporate risk reviews as outlined in paragraph 3.4 below and to identify which corporate risk the Committee wishes to review in January 2016.

Main Report

1.0 Background

1.1 Summit Group, at their meeting on the 18 May 2015, received a report on the outcome of the review of the corporate risk register undertaken by the CORMG. The report recommended that three risks (see para 1.2 below) be removed from

the corporate risk register along with other changes, thereby reducing the number of risks on the corporate risk register from 10 to seven risks. Summit Group approved the recommendations and noted that CORMG would be undertaking an exercise to identify and assess any new risks that should be recommended to the Summit Group for inclusion on to the corporate risk register at their meeting on 25 June 2015. The results of this exercise are reported below (paras 2.5 and 2.6).

1.2   The Audit and Risk Management Committee on 2 June 2015 received the risk update report which included details of changes to the corporate risk register. The Committee recommended that CORMG "consider a number of issues raised on the following corporate risks – CR08 reputation, CR14 funding reduction and CR 18 workforce (staff shortage and capacity)". They also identified a number of other matters for CORMG to consider and these are responded to in para 3.0 below.

2.0   **Corporate risk register**
2.1   The Audit and Risk Management Committee requested CORMG to review their recommendation for de-escalating the following corporate risks: CR14 funding reduction and CR18 workforce (staff shortage and capacity) and the removal from the register of CR08 reputation risk.

2.2   CORMG reviewed these risks, at their meeting on 25 June 2015, and agreed that Summit Group be asked to <u>confirm</u>:

a) **CR08 reputation.** This risk should be **<u>removed</u>** from the corporate risk register as reputational damage is regarded as an impact of another event occurring rather than a risk in itself. In future the Director of Public Relations would arrange for a PR officer to be responsible for reviewing the corporate risks, ensuring that reputational impacts of a risk occurring were appropriately articulated in risk descriptions and scoring.

b) **CR 14 Funding Reduction**. This risk should be **<u>reinstated</u>** as a corporate risk at least until the outcome of the Budget and the Spending Review was known.

c) **CR 18 workforce (staff shortage and capacity).** This risk should be **<u>de-escalated</u>** to departmental level. Whist there were important areas within the Corporation that had difficulty in recruiting and retaining staff (such as IT), the primary focus should be on departmental mitigations. In future, however, this risk would be regarded as "top red risk" and reported to Summit Group and the Audit and Risk Management Committee in the Risk update reports. (See addendum to appendix 2)

2.3   Summit Group, at their meeting on 13 July 2015, confirmed the above recommendations. Table 1 below shows the corporate risks taking account of the removal of CR08 and CR18 and reinstating CR14, in <u>current score order</u>.

Risk no	Risk title	Risk rating	Risk score
CR11	Hampstead Heath Ponds	Red	16
CR 19	IT Service Provision - Police and Corporation IT Service	Red	16
CR09	Health and Safety Risk	Amber	12
CR01	Resilience Risk	Amber	8
CR02	Supporting the Business City	Amber	8
CR10	Adverse Political Developments	Amber	8
CR17	Safeguarding	Amber	8
CR14	Funding Reduction	Amber	6
CR16	Information Security	Amber	4

2.4 With the exception of CR19 none of the eight corporate risks in table 1 above have changed in risk score since the last report to the Audit and Risk Management Committee on 2 June 2015. Risk no CR10 has, however a revised risk description.

Proposed new corporate risks

2.5 CORMG, at their meeting on 25 June 2015, reviewed the 12 top red departmental risk register and considered that none of these warranted escalation to the corporate risk register. Since that review – the City Surveyor's red risk - Failure of the Property Management System (Manhattan) has been rescored to amber following progress in mitigating this risk. Recently one new red risk has been added to this risk register, now making a total of 12 top red departmental risks. These risks are shown in appendix 2. Both the top red departmental risks and corporate risks will be reviewed at the next meeting of CORMG which takes place on 30 September 2015.

2.6 CORMG considered the following risks for inclusion in the corporate risk register and made recommendations on each risk to the Summit Group on 13 July 2015:

a) **Road Safety**- given the recent tragic cycling accident at Bank Station and wider concerns about road safety in the City, CORMG recommended to the Summit Group, that road safety risk should be escalated to the corporate risk register. The Summit Group considered that a new road safety risk should be produced, by the Director of Built Environment, encompassing the reputational impacts on the City Corporation and re-present it at its meeting in September 2015. If approved by the Summit Group it will be reported to the Audit and Risk Management Committee in November 2015.

b) **MCP-EH 001 Air Quality.** There was little action that the City Corporation could take to mitigate the financial effects of this risk. The primary focus should therefore be on the health aspects - CORMG required further information on the mitigations and position of the GLA and other authorities. Pending this further information, Summit Group agreed that

this risk should not be escalated on to the corporate risk register It will be presented to Summit Group at its meeting in September 2015 and if approved reported to the Audit and Risk Management Committee in November 2015.

c) **CHB005 IT Service Provision - Police and Corporation IT Service.** The whole Police IT infrastructure and parts of the Corporation are in need of further investment as there is a risk of critical failure of Police IT systems and for the Corporation, poor performance of IT systems. Summit Group agreed that this risk should be escalated on to the corporate risk register.

2.7   Summit Group agreed, that with immediate effect, the IT Service provision risk should be added to the corporate risk register, making a total on 9 corporate risks (See appendix 1). Two new corporate risks are in preparation (Road Safety and Air Quality) and will be brought to the Summit Group in September 2015. If approved they will be reported to the Audit and Risk Management Committee in November 2015.

3.0   Update to the Audit and Risk Management Committee recommendations – 2 June 2015.

3.1   In addition to requesting a review of the three risks to be removed from the corporate risk register, the Committee requested further information on corporate and other risks and requested CORMG consider re-introducing "deep dive" reviews of individual risks at formal Committee meetings. An update is provided below on each of these points.

Detailed risk information

3.2   The Committee requested details of the risks considered but not recommended for inclusion on the revised corporate risk register to be submitted at their September 2015 meeting. CORMG considered in particular the existing top red departmental risks. Members also requested to receive mitigation information in regard to these and corporate risks. Appendix 1 and 2 contains corporate and top red department risk registers showing the mitigations for each risk.

"Deep Dive" Corporate risk reviews

3.3   The Committee asked CORMG to consider the possibility of re-introducing the "deep dive" reviews of corporate risks within the formal meetings. This would be in addition to the departmental informal risk challenges which take place prior to each Committee meeting. CORMG recognised the potential value of these reviews. It is suggested that one corporate risk reviewed at each meeting (except for the July meeting). The relevant risk owner would be requested to prepare a report on the risk, mitigations and progress on its overall management and present the report at the relevant Committee meeting. If the Committee agree then this new arrangement would take effect from January 2016 meeting.

4.0   Conclusion

4.1   The Corporate risk register continues to be actively reviewed and updated by risk owners in line with the requirements stipulated by the Risk Management Strategy. CORMG provides additional assurance to the Summit Group, COG and the Audit and Risk Management Committee that corporate risks are appropriate and being actively managed.

Appendices:
- **APPENDIX 1** Corporate Risk Register (Detailed report)
- **APPENDIX 2** Top Red departmental risk register (Detailed report)

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