

<b>Committee(s)</b>	<b>Dated:</b>
Finance Committee – For Information	22/01/2019
<b>Subject:</b> Chamberlain’s Department Risk Management – Quarterly Report	<b>Public</b>
<b>Report of:</b> Chamberlain	<b>For Information</b>
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## Summary

This report has been produced to provide Finance Committee with an update on the management of risks faced by the Chamberlain’s department.

Risk is reviewed regularly by the departmental Senior Leadership Team as part of the ongoing management of the operations of the Chamberlain’s department.

The Chamberlain’s department currently has two corporate risks and seven departmental risks on its risk register. The most significant risks are:

- **CR16 – Information Security** (Current Status: **RED**)
- **CR23 – Police Funding** (Current Status: **RED**)
- **CHB CP001 - Brexit risk to City Corporation procurement and supply chains** (Current Status: **RED**)

The Senior Leadership Team continues to monitor closely the progress being made to mitigate these risks. The Information Security risk is likely to remain at red status until January when key security projects will be completed.

## Recommendation(s)

Members are asked to note the report and the actions taken in the Chamberlain’s department to monitor and manage risks arising from our operations.

## Main Report

## Background

1. The Risk Management Framework of the City of London Corporation requires each Chief Officer to report regularly to Committee the key risks faced in their department. Finance Committee has determined that it will receive the Chamberlain’s risk register on a quarterly basis with update reports on RED rated risks at the intervening Committee meetings.
2. Chamberlain’s risk management is reviewed on a monthly basis at Departmental Senior Leadership Team (SLT) meeting. Consideration is also given as to whether there are any emerging risks for inclusion in the risk register within Divisional updates on key issues from each of the Directors, ensuring that adequate consideration is given to operational risk.

3. Risk and control owners are regularly consulted regarding the risks for which they are responsible, with updates captured accordingly. Significant changes to existing risks are escalated to SLT when identified.

### **Summary of Risks**

4. The Chamberlain's department currently has two corporate risks and seven departmental risks on its risk register, attached as Appendix 1 to this report, assessed as 3 RED risks, 6 AMBER, risks. These are:

#### **CR16 – Information Security (Current Risk: Red – no change)**

5. The IT team continue work on a number of key security projects, they remain on track for completion in January when the risk score will be reassessed, with an expectation that it will move to an amber rating.

#### **CHB IT 004 – Business Continuity/Disaster Recovery - planning and management (Current Risk: Amber – no change)**

6. This risk has been escalated to departmental level to ensure there is a focus to align IT and Business requirements. The disaster recovery response of the IT Division is unlikely to meet the needs of COL and COLP leading to significant business interruption and serious operational difficulties if no mitigating actions are carried out. The team are working on a number of actions, one of which is building an Applications Strategy which went to Strategic Resources Group and Summit Group in December for agreement.

#### **CHB IT 020 – Public Sector Network Compliance (Current Risk: Amber – no change)**

7. This risk has been escalated to departmental level while remediation actions are completed to ensure compliance. This work is to be completed by the end of January, when the risk level will be reviewed.

#### **CHB IT 025 Management of IT Managed Service Contracts (Current Risk: Amber – no change)**

8. Services are continuously monitored, and any issues remedied as per the standard Service Improvement Processes, which is reviewed on an ongoing basis. The team continues to review contracts to identify gaps or opportunities for improvements.

#### **CR23 – Police Funding (Current Risk: Red – no change)**

9. After use of the remaining police reserves, CoLP is forecasting a deficit of £5.4m in 2018/19. This has arisen from overspends on the pay bill, overtime and agency worker budgets. The overspend in payroll was masked until recently by a double count of income for the National and International Capital City grant.

10. The latest update to the Medium Term Financial Projections shows significant unmitigated annual deficits rising over the medium-term. Work is underway on mitigations to close the budget gap.
11. The Police Authority's response to the COLP financial position will be considered by the informal RASC meeting with Service Committee Chairmen in January.

**CHB FS005 – Brexit impact on City Corporation income streams (Current Risk: Amber– no change)**

12. An exercise is being carried out to identify the EU grant funding in the organisation, to assess where these are at risk of ceasing and the consequential impact on services. The impact on investment returns and retained business rates income, is closely monitored in light of market conditions, but has been assessed as relatively low in the short term.

**CHB CP001 – Brexit risk to City Corporation procurement and supply chains (Current Risk: Red – no change)**

13. City Procurement are liaising with key partners across the London Procurement Network and Home Office to create a consistent approach to assessing risk of key service categories, as well as key suppliers. A workshop was held in December with a consultancy organisation (Efficio Consulting), who are producing an EU Exit Risk assessment report on our key categories of spend. They aim to have a final draft of the report ready by the 21st December with a final published version in early January.
14. Thereafter we would propose to be in contact with our key suppliers requesting their mitigation plan for the risks identified in January.

**Other changes since last report to committee**

**CHB IT 022 Transformation Benefits Realisation (Current Risk: Amber – reducing)**

15. This risk has now been reduced to service level as the server and Infrastructure as a Service costs have decreased. The team will now monitor this risk at this level until the risk reaches green status which is expected to be the end of January 2019.

**Conclusion**

16. Members are asked to note the actions taken to manage these departmental and corporate risks in relation to the operations of the Chamberlain's Department.

**Appendices**

- Appendix 1 Chamberlain's Department Detailed Risk Register

**Background Papers**

Monthly Reports to Finance Committee: Finance Committee Risk

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