

Committee(s):	Date(s):
Audit and Risk Management Committee	8 December 2014
Subject: Risk Management Update	Public
Report of: Chamberlain	For Information

Summary

This report presents an update on the Corporate Risk Register, progress on implementing the Risk Management Information System (Covalent) and engagement with Service Committees on the new Risk Management strategy.

All Corporate risks have been reviewed by Chief Officers in accordance with the established risk review procedure. There are no changes in the scoring of any of the corporate risks since the last report to this Committee in September 2014. A date to achieve target risk has been added for each Corporate Risk.

Work has started to configure the new Covalent Risk Management Information System. The first tranche of super user system training will take place on 25th and 27th November 2014. Subsequent super user system training sessions are being arranged and will be completed by January 2015. The new system is on target to go live by the end of this financial year.

The new Risk Management strategy is being presented to all committees to inform them of their role in overseeing the management of risk by Chief Officers and will be completed by February 2015.

Appendices 2 to 4 provide additional information requested by the Committee at their meeting on 9 September 2014 in relation to the CR16: Information Security and CR18: Workforce Planning.

Recommendations

Members are asked to:

Review the Corporate Risk Register (Para 4 and Appendix 1)

Note the progress of the risk management information system ; and

Note the progress in presenting the new Risk Management strategy to all committees and the arrangements for the informal Committee risk challenge sessions.

Main Report

Background

1. The Corporate Risk Register was last reviewed by the Summit Group on 23 October 2014 with further discussion in relation to the Air Quality Risk in November 2014.
2. In accordance with the established risk framework, each risk has been reviewed and updated by the responsible risk owner. The latest corporate risk register contains 10 corporate risks (Appendix 1). There have been no changes in the current score of any of the corporate risks and therefore no directional arrows, noting changes in risk scores on the Corporate Risk Profile (Page 15 of Appendix 1).

Corporate Risk Update

3. The 4x4 risk matrix format is now becoming firmly embedded in the work undertaken by the risk owners. At the request of the Audit and Risk Management Committee, the Date to Achieve Target Risk has now been added to the template. This will help promote greater quality and integrity of Target Risk scoring as, in order to arrive at such a date, the anticipated timing of the effects of mitigating controls will need to be thoroughly considered.
4. Key updates to the Corporate risk register are summarised below:
 - i. **CR2 (Supporting the Business City):** Additional issues and mitigating controls flagged regarding establishing a Capital Markets Union, telecoms/broadband infrastructure and implications of Scottish referendum. At any given time there are a number of issues that could undermine the City's position as a world leader in international financial and business services, and these are tackled with a supporting programme of work to minimise the overall current risk on an on-going basis. For this reason the target risk is not time-bound and is unlikely to be lower than the current risk of Amber. Specific issues will be refreshed at each review with appropriate mitigation actions.
 - ii. **CR11 (Pond Embankment Failures):** Current Risk remains at Red and there has been no update to the July position. However the risk owner advises that an update report will be provided to the December Audit and Risk Management Committee to reflect progress in the planning and judicial review process. In addition, a target date of 1st October 2016 has been provided for the achievement of the amber Target Risk position.
 - iii. **CR14 (Financial Viability Risk):** Current Risk remains at Red level. Based on the latest income projections, the 2017/18 forecast deficit is likely to be £11m (an update from the £8.9m reported in March), however the service based review savings are on track to be agreed by the 31 March 2015. This will result in the risk being re-rated from a Red to an Amber rating.
 - iv. There were no changes or significant updating events in respect of CR1, CR8, CR9, CR10, CR16, CR17 and CR18.

Further Risk Mitigation Information

5. At the September 2014 meeting, Members requested additional information concerning CR16 (Information Security), in particular updates on Data Protection Act breaches, and staff training.
6. There have been two reported Data Protection Act breaches since the last Committee report, neither of which was considered of a nature that it should be reported to the Information Commissioner.
7. In respect of Data Protection Act staff training, a risk-based approach has been taken with the high-risk departments being targeted first. This is reflected in the take-up of both the class-based presentations and e-learning. However, there is a need to increase the number of staff taking the e-learning course in both Data Protection and "Responsible for Information". The switch to a new on-line system in the New Year will provide an opportunity to become more pro-active in promoting these courses.
8. Further information is contained in Appendices 2 and 3 respectively.
9. Members also requested further information (a costs and benefit analysis) concerning CR18 (Workforce Planning) and this is contained in Appendix 4 (to follow). Further information on this risk is provided in Appendix 4 and the Chief Officer Flexible Retirement Business Case is provided as a 'Members only' report on this agenda, for information.

Departmental Risks

10. Departmental risk registers are sent to the Internal Audit section each quarter in order to identify significant risks requiring potential escalation to the corporate risk register. As part of the new risk framework it was agreed that not all significant risks require escalation to the Corporate Risk Register, however they can still be significant for the respective department. As a result a new top departmental risk register has been created to raise awareness of these risks. Five Departmental red risks were considered by the Summit Group on the 23 October 2014. One of these five risks (MCP6 – see below) was considered for escalation on to the Corporate Risk Register.

"MCP6 (Air Quality): This is an emerging issue as the EU Commission has started legal action for non-compliance in relation to Air Quality. The potential fine for the UK is £300m however it is still unclear when this will finish or, if found guilty, how central government will seek payment of the fine through local authorities. It is likely that GLA will be responsible for distributing the fine to the City Corporation; however it is unknown how this decision will be made."

11. The Summit Group requested greater clarity about the potential for any fine on HM Government being passed down to local authorities under the Localism Act. Having reviewed this in greater detail, Summit Group agreed that this risk should remain on the Markets and Consumer Protection Risk Register and not be escalated to the Corporate Risk Register at this time because it is currently being

well managed and as it presently stands does not fulfil the criteria for escalation within the Risk Management Strategy. This will be kept under review as the situation develops further.

Risk Management Information System

12. The new Covalent Risk Management Information System software has been successfully installed on the Corporation's network and access provided to the initial users. The first of three training sessions commenced on the 25 November 2014 and will be completed by January 2015.
13. Full roll out of the software, which will complete the move to the 4x4 scoring methodology, is still scheduled to complete over the remainder of the current financial year. This is led by the new Corporate Risk Advisor, Paul Dudley, who took up his post on 20 October 2014.

Risk Management Strategy

14. The Committee approved the Corporation's Risk Management strategy on 13 May 2014. The strategy is being submitted to all committees to inform them of their role in overseeing the management of risk by Chief Officers. So far the strategy has been presented to 12 committees with Open Spaces and City Gardens, Establishment Committee, City of London Freeman's School – Board of Governors and the City of London School for Girls – Board of Governors outstanding. This process will be completed by February 2015.
15. A series of communications raising awareness of the new Risk Management strategy and of the Covalent Risk Management Information System to staff is currently taking place. This includes an item on the intranet home page as well as an article in CoL- Staff News.

Cyclical Review of Corporate and Departmental Risks

16. The Committee undertook an informal risk challenge session with the Remembrancer's Department on the 4 November. The approach to the scheduling of the remainder of these sessions is being reviewed and the Town Clerk's Department and Markets and Consumer Protection Department will be rescheduled for review in the New Year.

Conclusion

17. The Corporate Risk Register continues to be actively reviewed and updated by risk owners in line with the requirements stipulated by the new Risk Management Strategy. Work is continuing to further enhance the effectiveness of managing and reporting risks throughout the organisation with the implementation of the Covalent software over the next 4 months being a major step forward.

Appendices:

- **APPENDIX 1** - Corporate Risk Register
- **APPENDIX 2** – Data Protection Act breaches
- **APPENDIX 3** – Information Security training update
- **APPENDIX 4** – Workforce Planning

Background Papers:

The City Corporation's Risk Management Strategy

Paul Dudley

Corporate Risk Advisor
Chamberlain's department

T: 020 7332 1297

E: paul.dudley@cityoflondon.gov.uk