Committee(s):	Date(s):
Audit and Risk Management Committee	24 February 2015
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 the arrangements for including Risk Management as a standing item of Grand Committee agendas. It also confirms that the Committee engagement on the roll out of the risk management strategy will be completed on 11 February 2015.

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 December 2014. Work to implement the new Covalent Risk Management Information System is in progress. All Covalent facilitated training has now taken place. The new system is on target to go live by the end of this financial year.

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 arrangements for adding Risk Management as a standing item on all Grand Committee agendas.

Main Report

Background

1. The Corporate Risk Register was last reviewed by the Summit Group on 21 January 2015. 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

2. Key updates to the Corporate risk register are summarised below:

2.1. CR2 (Supporting the Business City): The issues and mitigating controls are largely unchanged. They represent a number of issues that could undermine the City's position as a world leader in international financial and business services (such as Capital Markets Union, a European Banking Union, and implications for London from possible devolved powers and autonomy for English regions/cities etc.). 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 status of Amber.

2.2. CR11 (Pond Embankment Failures): Camden's Planning Committee approved the scheme on 15 January 2015, and the Corporation has now signed the S106 agreement. Planning permission is to be issued shortly. The Gateway 5 - Authority to Start Work report was agreed by Hampstead Heath, Highgate Wood & Queen's Park, Projects Sub, Resource Allocation and Policy & Resources Committees and the Court of Common Council in January. The programme is on track to undertake preparatory works in February and start on site in April 2015. The 18 month programme should conclude in October 2016.

2.3. CR14 (Financial Viability Risk): CR14 describes the impact of future funding reduction on the financial viability of the City Corporation, specifically, known reductions to funding in 2015/16 and anticipated further reductions. For example, we are forecasting that the Revenue Support Grant element of our funding will drop to zero by 2020. Following the service based review and inclusion of these savings in budget estimates, the City Fund (non-Police) remains in balance or close to breakeven across the period. For City Fund (Police), deficits are forecast across the period with draw down of reserves. The Commissioner is currently drawing up saving proposals that will be available before the summer recess, the strategy of draw down on reserves is as planned, however the extent of draw down is more than expected. City's Cash and Bridge House Estates are in a healthy financial position across the medium term. The risk is expected to reduce from RED to AMBER following approval of the 2015/16 budget and Medium Term Financial Strategy and, subsequently, as savings proposals are implemented, this risk will ultimately reduce further to GREEN.

2.4 There are risks around the implementation of the saving proposals and the achievement of savings will be monitored by the Efficiency and Performance Sub Committee on a regular basis.

2.5 CR16 (Information Security): The target risk remains at Green. This will be a challenging target as, even given the extensive nature of mitigating actions, the possibility of human error still remains. A target date of January 2016 has been added, although this will be reviewed regularly through the next year. Mitigating actions include: improving the take-up of e-learning courses on "Responsible for Information" (introduced in November 2014), and the Data Protection Act; continuing the programme of Data Protection spot checks introduced in 2014 and carried out by departmental representatives across the organisation; continuing the regular classroom training on the Data Protection Act; and increased publicity regarding all aspects of information security.

Further actions will be developed by the officer-led Information Management Steering Group.

2.6 At the Audit and Risk Management Committee meeting in December 2014, Members expressed concern at the low take up of the relevant training, and suggested officers give consideration to sanctions on those staff that had not completed the training and other possible measures to ensure compliance. Members also asked for three monthly updates on the training programme.

2.7 There were no changes or significant updating events in respect of CR1, CR8, CR9, CR10, CR17 and CR18.

Further Risk Mitigation Information

3. CR 18 (Workforce Planning). At the December 2014 Committee meeting, Members requested a short non-public report clarifying the cost of the Chief Officer flexible retirement business case. This report is attached in the non-public area of the agenda.

4. MCP 6 (Air Quality) **-** Summit Group was advised, at their December meeting, that the Audit & Risk Management Committee had considered this risk on 8th December and "were of the collective view that it should be added to the Corporate Risk Register." They asked that the matter be referred back to the Summit Group and suggested that it be considered at the Health & Wellbeing Board and the Director of Public Health be consulted. The Summit Group acknowledged this concern, noting that the Audit and Risk Management Committee's Terms of Reference made provision for oversight and monitoring of the Corporate Risk Register.

5. The Audit and Risk Management Committee also raised the possibility of a wider air quality risk being developed – one that encompassed the health impacts of poor air quality on people who live, work and transit the square mile. The Markets and Consumer Protection department is currently working to produce a risk which will be included in the next quarter's risk update report to the Summit Group. It will then be reported to the Committee at their meeting on 28 April 2015.

Departmental Risks

6. 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.

7. Nine risks were reported to Summit Group on 21 January 2015. Five of these risks relate to the Oracle project and reflect the imminence of the risk, with Go Live on track for late February. There is nevertheless strong governance in place and close engagement with departments and external partners to manage this key stage of the programme.

Risk Management Information System

8   The new Covalent risk management information system software has been successfully installed and work is in progress configuring the new risk system to align with the Risk Management strategy in consultation with Departments. All three Super-user training sessions have now taken place. Full roll out of the software, which will complete the move to the 4x4 scoring methodology, is scheduled to complete by the end of March 2015.

Risk Management Strategy

9   The Committee approved the Corporation's Risk Management strategy on 13 May 2014 and it has been submitted to all main Committees to inform them of their role in overseeing the management of risk by Chief Officers. This process will be completed by 11 February 2015.

Risk Management as a Standing item on Grand Committee Agenda

10 The Chairman of the Audit and Risk Management Committee, at the meeting on 8 December 2014, announced a proposal that Risk Management would be a standard item on all Grand Committee agendas. A pilot report is being provided to the Finance Committee on 17 February 2015. If successful the format, together with author guidance, will be recommended to all other Grand Committees.

Conclusion

11 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 will be a major step forward.

Appendices:

- **APPENDIX 1 -** Corporate Risk Register

Background Papers:

The City Corporation's Risk Management Strategy

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