Committee:	Date:
Finance Committee	19 January 2016
Subject: Chamberlain's Department Risk Management – Quarterly Report	**Public**
Report of: Chamberlain	**For Information**

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. In addition to the flexibility for emerging risks to be raised as they are identified, a process exists for in-depth periodic review of the risk register.

The Chamberlain's department currently has three corporate risks and six risks on the departmental risk register. The most significant risks are:

- **CR19 - IT Service Provision (**Current Status **RED)**
- **CR16 – Information Security (**Current Status: **AMBER)**
- **CHB006 – IT Service Outage (**Current Status: **AMBER)**

Recommendation

Members are asked to note the report and the actions taken in the Chamberlain's department to monitor and effectively 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 a standing agenda item at the monthly Departmental Senior Leadership Team (SLT) meeting, over and above the suggested quarterly review. SLT receives the risk register for review, together with a briefing note highlighting any changes since the previous review. Consideration is also given as to whether any emerging risks exist for inclusion in the risk register as part of Divisional updates on key issues from each of the Directors, ensuring that adequate consideration is given to operational risk.

3. Between each SLT meeting, risk and control owners are consulted regarding the risks for which they are responsible, with updates captured accordingly.

Current Position

4. This report provides an update on the current risks that exist in relation to the operations of the Chamberlain's department and, therefore, Finance Committee.

Identification of new /emerging risks

5. New and emerging risks are identified through a number of channels, the main being:

   - directly by the Senior Leadership Team as part of the monthly review process
   - following monthly review of progress against actions/milestones identified in the departmental Business Plan
   - annual, fundamental review of the risk register, undertaken by the extended Senior Leadership team

6. The new proposed corporate RED risk relating to the corporate approach to contract management is due to be resubmitted for consideration to Chief Officers Risk Management Group in January 2016.

Summary of Key Risks

7. The Chamberlain's department currently has three corporate risks and six risks on the departmental risk register, attached as Appendix 1 to this report, assessed as 1 RED risk, 7 AMBER risks and 1 GREEN risk. These are:

   - **CR19 - IT Service Provision (Current Risk: Red –** no change**)**

     The IT Sub (Finance) Committee recently approved three key IT projects – desktop renewal, the network refresh and communications/telephony to progress to the Projects Sub (Policy and Resources) Committee then on into implementation. These projects should play a key role in providing a modern, resilient and flexible IT system to support wider transformation across the City Corporation. Progress against the transition plan is measured regularly to ensure the risk continues to reduce towards the target status of Green by 31 December 2016.

   - **CR16 – Information Security (Current Risk: Amber –** increased risk score**)**

     Loss of personal or commercial information may result in major reputational damage to the City Corporation and possible sanction from the Information Commissioner. This risk includes the threat of a Cyber security attack, resulting in unauthorised access to City Corporation IT systems. While the Chief Information Officer is the risk owner, some mitigating controls are owned by Town Clerk's department. Chamberlain's department is responsible for managing the cyber security and technology aspects of this risk.

     This risk is mitigated through regular organisation wide communications and the provision of mandatory training to all staff including new starters. Data Protection

compliance checks are carried out locally by Access to Information (AIN) representatives on an annual basis. The IT and Cyber security policy is now published in draft and available to staff, subject to final sign off at IT Steering Group in January. In addition, a Cyber Security and Risk Management development workshop for Members is planned for February 2016. However, further work is required to strengthen data retention and ownership procedures in line with Data Protection requirements. The risk score is therefore increased to Amber pending completion of these mitigating actions.

- **CR14 – Funding Reduction (Current Risk: Amber –** no change**)**

The settlement for our non-Police services is better than expected under the Spending Review. The cash reduction in revenue support grant (RSG) appears to be 5%, the assumed reduction had been 11% based on the Treasury request to identify real terms savings of 25-40%. There is also a far less steep rate of reduction over the next four years to 2019/20: a 50% reduction from £12m in 2015/16 to £6m instead of the forecast 100% reduction.

For Police services, the cash reduction to core grant is £2.3m better than forecast for 2016/17. However, details of a number of ring-fenced grants are not expected until later this month.

The implications for the Medium Term Financial Forecast will be worked through and the forward outlook presented to senior Members and Resource Allocation Sub-Committee early in January 2016. Although the outcome is better than feared, the Service Based Review measures will need to be implemented as planned to ensure we are as efficient and effective as possible and are in a position to prioritise and maximise the benefits of future budget allocations.

As savings proposals are implemented, it is anticipated that this risk will reduce to Green.

- **CHB001 – Oracle ERP delivery (Current Risk: Amber –** no change**)**

The Oracle Steering Group agreed the closure of the Oracle ERP Programme on 30 September 2015. Whilst the majority of work-streams are now complete, some remaining pieces of work were handed over to the operational support functions at the end of September to be managed under business as usual activities, which is to be expected with this level of change. The number of defects/issues continues to reduce, with the Project Board closely monitoring progress towards reaching full functionality.

- **CHB002 – Oracle ERP Business Benefits (Current Risk: Amber –** no change**)**

This risk describes the failure to deliver required efficiencies and future revenue savings enabled through the Oracle ERP programme, consolidating other key systems and processes as appropriate. Business benefits realisation work is expected to commence in February 2016, following closure of remaining

programme defects, with a report produced by end of April 2016. The focus of this will be the extent to which the programme has delivered what it set out to.

- **CHB006 – IT Service Outage (Current Risk: Amber –** increased risk score**)**

This risk relates to the disruption to service delivery as a result of major information systems outage (e.g. network/technology infrastructure failure). The risk score has increased following the two recent outages, triggered by a power loss and an external fibre break. Further steps will now be taken in the short term to minimise the single points of failure and increase resilience of the IT system, ahead of the transformation programmes being completed. Work on the renewal of the network infrastructure and update of the telephony system is in progress with a target completion date of December 2016.

- **CHB008 – Resourcing (Current Risk: Amber –** no change**)**

Recruitment to key posts in IT Division is now complete and a resourcing plan for projects finalised with our Partner Agilisys. This means that use of agency and individual contractors will now be on an exceptional basis, thereby reducing costs. The Department's workforce plan for 2016/17 will also focus on improving succession planning and development of existing staff.

- **CHB009 – COL Payment Card procedures (Current Risk: Amber** – no change**)**

Officers holding City of London Corporation payment cards (credit cards) do not consistently provide adequate explanations to support expenditure. With increased transparency around public sector spending there is a concern that public scrutiny may be directed towards value for money principles and the appropriateness of transactions. This could result in reputational damage and adverse publicity for the City Corporation.

To mitigate this risk, a Training Plan is in place with work continuing with users of the system including City Police staff. An online course has been developed and is in final testing, once complete all Payment Card users will have to complete it as mandatory. The training programme is expected to be complete by 31 January 2016. The new Purchasing card policy will ensure that officers apply best practice principles across the City Corporation when using purchasing cards. There are monthly reports to Chief Officers on progress, a draft sample report is to be produced based on Chamberlain's Department spend and shared at the next Procurement Steering Group in January 2016 for consultation.

- **CHB010 - Procurement waivers (Current Risk: Green** – decreased risk score**)**

This risk relates to a lack of compliance with procurement regulations - City Procurement Code 2015. Officers may purchase works, goods and services below £50,000 (without going through a competitive exercise) by use of contract waivers. Excessive use can result in poor value for money, possible breach of UK Public Contract Regulations 2015, legal challenge and possible disciplinary action for staff that breach the code.

Data on waivers in October 2015 showed a sharp drop to 10 in total from 180 in October 2014, therefore the new Regulations have impacted the reliance on waivers as anticipated. The risk score has therefore decreased from Amber to Green. This position will continue to be monitored to ensure the trend continues towards the risk target date of 31 March 2016.

Conclusion

8. 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 and the overall reducing level of current risk.

Appendices
- Appendix 1 Chamberlain's Department detailed Risk Register
- Appendix 2 COL Risk Matrix – Committee version

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