Committee:	Date:
Finance Committee	31 January 2017
Subject: Chamberlain's Department Risk Management – Quarterly Report	**Public**
Report of: Chamberlain	**For Information**
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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. 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 four 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)**

The Senior Leadership Team continues to monitor closely the progress being made to mitigate these IT related risks. Additional funding has been approved to support and strengthen the IT service.

Recommendation

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 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.

Identification of new/emerging risks

4. New and emerging risks are identified through a number of channels:
   ▪ 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

Summary of Key Risks

5. The Chamberlain's department currently has three corporate risks and four risks on the departmental risk register, attached as Appendix 1 to this report, assessed as 1 RED risk and 6 AMBER risks. These are:

CR19 – IT Service Provision (Current Risk: Red – no change**)**
The primary focus of the team is on stabilisation, a more robust approach to managing change has been adopted, reducing the risk of service interruption. Team level approach to risk management is now aligned fully to the top level approach. IT Division is assessing how additional funds approved by Committee should be distributed to undertake more risk mitigation activity. The risk is expected to reduce to Amber by December 2017 followed by steady progress to Green in the following months.

CR16 – Information Security (Current Risk: Amber – no change**)**
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 Director of Information Security 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.

A paper outlining a number of options for improving technical security was approved by Summit Group in December and will now be progressed through the relevant Committee processes and project governance.

Further updates on programme developments to address the most immediate risks, such as recruitment and technical security implementation will be provided in due course.

CR14 – Funding Reduction (Current Risk: Amber – under review)
Current modelling shows an improving budget position on City Fund due to business rates growth and increased rates retention from 2017/18 onwards. There is currently no perceived risk to the City of London Corporation over the short term from reduced government funding; it is anticipated that the focus of this risk will move more towards securing value for money and effective use of resources. Meanwhile the funding reduction risk to the City of London Police is increasing. Two new risks centred on value for money and the Police funding reduction risk are currently being drafted to reflect this change. It is anticipated that these are likely to be Corporate Risks however the scope of these have not yet been finalised. CR14 is expected to be removed from this register when these assessments are complete.

CHB002 – Oracle ERP Business Benefits (Current Risk: Amber – no change)
The upgrade to Oracle R12 and implementation of Oracle Property Manager secured organisational benefits through the consolidation of major systems; one billing system, one main property management system and the technology infrastructure to support this.

The Oracle Benefits Realisation project is complete; recommendations have been made to the project Steering Group (comprising senior stakeholders), and the implementation plan has been agreed. The capacity of the Oracle Support and Development teams is limited, which restricts the pace at which system developments and enhancements can be delivered, because of this, the risk remains AMBER, although this is expected to reduce over the next 3 months.

CHB006 – IT Service Outage (Current Risk: Amber – no change)
This risk relates to the disruption to service delivery as a result of major information systems outage (e.g. network/technology infrastructure failure). Changes have been made to the core transformation programmes to ensure that we deploy complete solutions, although this will mean that some ageing infrastructure is in place longer than we would wish. IT Division has been granted additional funding to help mitigate against the increased likelihood of failures. They are currently agreeing how these funds will be distributed to best serve this purpose.

CHB008 – Resourcing (Current Risk: Amber – no change)
While there are a small number of specialist posts to be recruited to, the position is currently stable. A more dynamic corporate process for agreeing Market Forces Supplements will, in future, reduce delays in recruiting to key posts where salary negotiations are critical.

The Workforce plan is to be refreshed in alignment with the departmental business plan preparation, which is now underway. Succession planning is in process of being developed identifying those posts where internal succession is desirable and viable, putting a strategy in place to achieve this.

CHB011 – Corporate Contract management (Current Risk: Amber – reducing)
City Procurement is now recruiting to the agreed Commercial Unit posts moving closer to mitigating this risk. A contract management toolkit is nearing completion, to be deployed across the organisation. There are two options that need to be trialled by budget holders and contract managers, feedback will then be given on preference prior to a decision being made.

Conclusion

6. 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

Background Papers

Monthly Reports to Finance Committee: Finance Committee Risk

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