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| Committee: | Date: |
| Finance Committee | 21 February 2017 |
| Subject: Chamberlain's Department Risk Management – Monthly 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 most significant risks faced by the Chamberlain's department.

There are currently no RED risks on the departmental risk register and one RED risk on the Corporate Risk Register within the responsibility of Chamberlain's Department:

- **CR19 - IT Service Provision**

The Senior Leadership Team continues to monitor closely the progress being made to mitigate this risk. Additional funding has been approved to support and strengthen the IT service in the longer term, there is a clear programme of activity to deliver sustainable performance improvements by the end of 2017.

An emerging risk has been identified regarding a potential withdrawal of ESF grant funding up to a maximum of £300k. Discussions are taking place with GLA to reduce the impact of this risk.

Recommendation

Members are asked to note the report.

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.

Current Position

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

3. There is currently one RED risk on the Corporate Risk Register for which the Chamberlain's Department is responsible and no RED risks on the departmental Risk Register:

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 is in operation, reducing the likelihood of service interruption. IT Division has secured a £2.8m budget uplift for the remainder of 2016/17, £3.7m in subsequent years, to implement sustainable mitigations and long term service improvements. The risk is expected to reduce to Amber by December 2017 followed by steady progress to Green in the subsequent 12 months. The team are managing a number of operational risks which contribute towards managing this higher level strategic risk.

Other Material Changes since the Previous Review

4. **CR14 – Funding Reduction** (Current status : Closed)

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; the focus of this risk has moved more towards securing value for money and effective use of resources. Meanwhile the funding reduction risk to the City of London Police is increasing.

This risk has now been removed from the register and two new risks have been raised to reflect this. The first is a revised focus on value for money (CHB012) across all funds and a second risk has been raised for City of London Police funding (CHB013). While the risk to City of London Corporation is reducing, the risk in relation to City of London Police funding remains. The Senior Leadership Team are currently considering whether this Police funding risk should be added to the corporate risk register or remain a departmental risk.

5. **CHB014 – Loss of ESF Funding for Central London Forward CESI Programme** (Current Risk: Amber)

A new risk has been added to the departmental register whereby the City of London Corporation have not complied fully with ESF grant terms and conditions in relation to the procurement of the contractor for this program. City Procurement and the Comptroller and City Solicitor are in dialogue with the GLA to reduce the potential liability. The maximum liability is £300k which, if the GLA decision is upheld, will be the subject of a request for funding from the Finance Committee contingency fund.

Conclusion

6. Members are asked to note the actions taken to manage the IT provision risk in relation to the operations of the Chamberlain's Department and the emerging risk in relation to the potential loss of ESF Grant Funding.

Appendices

- None

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