

Committee	Date:
Finance Committee	2 May 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 two corporate risks and seven 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. Delivery of the refreshed IT Strategy over the next 12-18 months will 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 there are any emerging risks for

inclusion in the risk register within 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
 - periodic, 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 six risks on the departmental risk register, attached as Appendix 1 to this report, assessed as 1 RED risk and 8 AMBER risks. These are:

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

The focus of the team is on stabilisation. The team level approach to risk management is now aligned fully to the top level approach, with team level risks being monitored and actions put in place as appropriate. Remedial work is underway to improve the stability of service. The procurement process is now taking place to replace unsupportable networking hardware. Following procurement of new networking hardware work will move to full delivery of a new network for the City Corporation and City of London Police. 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 IT Sub Committee in January and the implementation of the recommendations has begun.

CH23 – Police Funding (Current Risk: Amber – no change)

Following a reduction in government funding and growing demands on Police services, unless further action is taken, the City of London Police will be unable to maintain a balanced budget or current service levels. The Police Medium Term Financial Plan, which went through the City's committee process in December,

set out a strategy for dealing with the deficit to the end of 2017/18 and this has been put in place. An external review of future demands on policing and value for money has been commissioned to identify options to address the projected deficits of £5.6m in 2018/19 and £3.8m on 2019/20.

CHB012 – Value for Money (Current Risk: Amber – no change)

A review has been completed and reported to Efficiency & Performance Sub Committee. The Implementation of Efficiency and Sustainability Plan was approved. Value for Money is to be embedded in the Business Planning process and annual self-assessments will be carried out by all service departments in 2017/18. This will promote continuous improvement across the Corporation.

CHB002 – Oracle ERP Business Benefits (Current Risk: Amber – reducing)

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 and is underway. Implementation is expected to be completed by the time that the Oracle Board meets in May, specifically consideration of future application strategy. At this time the risk is expected to be mitigated. Further progress is expected to be made with Management Information pilot following the appointment of Oracle Project Manager.

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 are carrying out an audit of the current infrastructure and making improvements to this to mitigate risk of service failure.

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 has been refreshed in alignment with the departmental business plan preparation. 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 have successfully filled five of the seven positions in the Corporate Contract Management Team. With recruitment of remaining two posts underway, moving closer to mitigating this risk. A contract management toolkit is nearing completion, to be deployed across the organisation. Corporate Supplier Scorecard is in final draft format awaiting approval. Following approval of the scorecard documentation will be tailored and finalised for release in May/June of this year.

CHB014 – Loss of ESF Funding for Central London Forward CESI Program (Current Risk: Amber – no change)

City of London Corporation have not complied with ESF grant terms and conditions in relation to the procurement of the contractor for this program. Meeting has been held between GLA and representatives from City Procurement and Comptrollers regarding the process that was followed in 2014, the justification for the measures taken and why the procurement does not fall foul of the ESF procurement requirements to the extent of a 100% loss of grant (£300k) in line with the corrections directive they will supply us.

In summary the GLA's position is that their initial decision is upheld with 100% of grant loss applicable. City Procurement and Comptrollers are working to minimise this loss to £75k. A further report is to be issued to the GLA by the end of April.

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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