

<b>Committee(s)</b>	<b>Dated:</b>
Finance Committee – For Information	09/04/2019
<b>Subject:</b> Chamberlain’s Department Risk Management – Quarterly Report	<b>Public</b>
<b>Report of:</b> Chamberlain	<b>For Information</b>
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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.

The Chamberlain’s department currently has one corporate risk and eight departmental risks on its risk register. The most significant risks are:

- **CR23 – Police Funding** (Current Status: **RED**)
- **CHB IT 026 Failure to commence CoLP IT Modernisation** (Current Status: **RED**)
- **CHB IT 027 IP Telephony and Call recording – Cessation of dependency services** (Current Status: **RED**)
- **CHB IT 029 2020 – Contract Planning and Procurement** (Current Status: **RED**)

The Senior Leadership Team continues to monitor closely the progress being made to mitigate these risks.

## Recommendation(s)

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 reviewed on a monthly basis at Departmental Senior Leadership Team (SLT) meeting. 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. Risk and control owners are regularly consulted regarding the risks for which they are responsible, with updates captured accordingly. Significant changes to existing risks are escalated to SLT when identified.

### **Summary of Risks**

4. The Chamberlain's department currently has one corporate risk and eight departmental risks on its risk register, attached as Appendix 1 to this report, assessed as 4 RED risks, 4 AMBER, risks. These are:

#### **CR23 – Police Funding (Current Risk: Red – no change)**

5. Actions have been taken to address the forecast budget deficits in 2018/19 and 2019/20 but risks remain over the delivery of savings and service pressures. For medium-term finances beyond 2019/20, indicative Transform savings are currently insufficient to close the financial gaps. A strategic plan for balancing medium-term finances will be developed during 2019/20 covering efficiency, cost reduction, income generation and potentially growth bid measures, and taking account of the SR outcome expected late 2019.

#### **CHB FS005 – Brexit impact on City Corporation income streams (Current Risk: Amber– no change)**

6. Having reviewed the services in receipt of EU funding, the following areas affect us:
  - a. Agriculture: Funding is being guaranteed by the government or replacement funding planned; exposure is therefore limited to reductions over time.
  - b. Capital Projects have received one off grants in the past particularly at the markets, this would need to be covered until planned resourcing for asset replacement.
  - c. Only the Barbican looks to be affected by specific annual grants and at £70k this is small.
7. Our exposure to this aspect of the risk is therefore considered low.
8. The risk of a reduction to rental income from the property investment portfolio is low in the short term with tenants tied to rental values in long lease agreements.
9. Our non-property investments are mainly invested in pooled global securities and therefore very limited exposure to any potential deterioration or volatility in the FTSE index.

#### **CHB CP001 – Brexit risk to City Corporation procurement and supply chains (Current Risk: Amber – no change)**

10. City Procurement is receiving regular updates from the Cabinet Office and the London Procurement Network. Advice and actions are consistent with the team's approach to handling the supply chain risk at present.

**CR16 now CHB IT 030 – Information Security (Current Risk: Amber – reducing)**

11. Following approval from Summit Group this risk has now been reduced to an Amber rating. The risk has also been lowered to a Departmental Level Risk hence the change in risk number.

**CHB IT 004 – Business Continuity/Disaster Recovery - planning and management (Current Risk: Amber – no change)**

12. Work to assess and categorise IT applications and services is underway. Core finance applications, remote access and telephony services require testing following audit recommendations which will be carried out in due course. Disaster recovery testing is to be carried out 11<sup>th</sup> May.

**CHB IT 020 – Public Sector Network Compliance (Current Risk: Amber – no change)**

13. The Town Clerk has agreed and signed off the PSN submission and remediation actions. The PSN Compliance Application has been submitted to the Cabinet Office. The time frame for approval is not provided by the Cabinet Office so the team await response.

**CHB IT 026 Failure to commence CoLP IT Modernisation (Current Risk: Red – escalating)**

14. This risk has been escalated to departmental level as the decision on funding has been delayed and is now expected in April 2019. The force will be using Windows 7 devices after the date that Microsoft withdraw mainstream support. This will result in additional support cost of approximately £35k for 2019/20, £70k for 2020/21. The force is unable to progress with its Office 365 and IT modernisation programme until funding is agreed. The IT team await this decision in order to move forward.

**CHB IT 027 IP Telephony and Call recording – Cessation of dependency services (Current Risk: Red – escalating)**

15. The City of London Police has received cessation notices for key dependency services on which the Telephony and Call recording rely. Work has commenced on the migration project with a number of actions for the IT team to complete.

**CHB IT 029 2020 Contract Planning and Procurement – (Current Risk: Red – escalating)**

16. This risk has been escalated due to a lack of financial provision for the work required to plan and undertake the design, procurement and transition processes for migration from the Agilisys Managed Service Contract in August 2020. A decision on funding has been delayed and is due to be made in April the IT team await the outcome before moving forward.

### **Conclusion**

17. 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.

### **Appendices**

- Appendix 1 Chamberlain's Department Detailed Risk Register

### **Background Papers**

Monthly Reports to Finance Committee: Finance Committee Risk

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