

Committee(s):	Date(s):
Audit and Risk Management Committee	5th March 2013
Subject: Risk management update	Public
Report of: Chamberlain	For Information

Summary

This report presents the Audit and Risk Management Committee with an update on the current strategic risk register and the proposal to strengthen the City's Risk management framework.

Since the last report SR10: Adverse Political Developments has increased its Likelihood score to 2 and decreased its Impact score to 4, although the overall net risk assessment remains the same at Amber. This is in recognition of the forthcoming City elections which may lead to further public debate around the City Corporation's representational activities.

Following Summit Group approval, the number of Strategic risks has increased to 14. A new Strategic risk has been added in relation to breaches under the Data Protection Act (SR16). Recent examples of monetary penalties have been applied following loss of data in a number of local authorities, a sector in which the Information Commissioner considers to be endemic in the failure to protect data.

In accordance with the rolling review of risk there are two strategic risks included within the agenda which are SR2: Supporting the Business City (Lead Officer: Director of Economic Development) and SR6: Projects risk (Lead Officer: Town Clerk)

An improvement plan has been developed to strengthen the City's risk management framework, over a two year period. This has been developed after wide engagement with key officers and has looked at existing approaches to managing risks, such as the governance framework for risks, the risk scoring methodology and risk reporting framework, amongst others. A small working group will be formed to take forward the actions listed within the improvement plan.

The original schedule of Strategic Risk reviews has been amended slightly to take in to account the timing of the Local authority settlement in December 2013, following the expected Comprehensive Spending Review announcement in October 2013. As a result the Committee reviews of SR3 (Financial Stability) and SR14 (Longer Term Financial Viability) has been moved to the February 2014 meeting with subsequent Strategic Risk reviews also moved further into the future.

Recommendations

Members are asked to note

- the changes to the strategic risks, including the addition of the new risk SR16 (Para 3 and Appendix 1);
- the actions listed within the risk management improvement plan (Appendix 2);
- the changes within the cyclical review of the strategic risks (Para 12).

Main Report

Background

1. The strategic risk register was last reviewed by the Audit and Risk Management Committee on 12th December 2012, by the Strategic Risk Management Group on 22nd January 2013 and by the Summit Group on 11th February 2013.
2. Each risk has been reviewed and updated by the responsible risk owner, in accordance with the established risk framework. The latest strategic risk register contains 14 Strategic risks and is appended to this report for review (Appendix 1).

Current Position

3. Key changes to the City's strategic risks, since last reported, are summarised below:
 - SR6 (Projects risk): Risk owner has changed to the Town Clerk to acknowledge the Town Clerk's responsibility for overseeing the processes, procedures and guidance relating to project management. The Chief Officer's for each project, however, are still responsible for ensuring risk management is carried out for individual projects. Reference to events has also been removed from the description as this risk only covers events associated with commissioning and delivery of large scale, high profile or prestigious projects. A separate report is on your agenda for consideration.

- SR10 (Adverse Political Developments): The forthcoming City elections may lead to further public debate around the City Corporation's representational activities. In reflection of this the likelihood score has been amended and increased from a score of 1 to 2. The impact score has also reduced from 5 to 4 as it was deemed the previous net risk score was overstated. In light of these changes the risk still remains at its Amber status.
 - SR16 (Data Protection Breach): Recent examples of monetary penalties have been applied following loss of data in a number of local authorities, a sector in which the Information Commissioner considers to be endemic in the failure to protect data. Fines for breaching the Act can be up to £500,000. Mitigating measures are currently in place to raise the profile of data protection across departments, including reminding officers of its importance and the consequences of breaching the Act. There is a need to emphasise the importance of Data Protection and improve awareness, compliance and cooperation amongst all staff across the organisation.
4. To illustrate the current risk profile, the strategic risks have been plotted on the City's risk matrix in accordance with the net scores of the impact and likelihood assessments (Appendix 1).
 5. The risk management framework continues to help in identifying strategic risks in accordance with the definition established in the Risk Management Handbook:

Strategic risks are those that are identified as having an impact on the achievement of the City Corporation's Strategic Aims or Key Policy Priorities.

One or more of the following four criteria must apply:

- The risk relates directly to one or more of the Strategic Aims or Key Policy Priorities.
- A departmental risk that has significant impact on multiple operations if realised.
- The risk has been identified as present for a number of departments.
- There are concerns over the adequacy of departmental arrangements for managing a specific risk.

Risk Management Improvement Plan

6. As a result of the appointment of the new Risk and Assurance Manager an opportunity arose to review the Corporation's risk management framework which was put in place about two years ago (2011). Whilst there is an increased awareness of risk and the importance of managing risk, there is still more work to do to get it fully and consistently embedded across all departments.
7. The initial review by our new Manager covered several areas, some of which are listed below:
 - Governance arrangements in managing risks;
 - Groups responsible for reviewing risks;
 - Current systems in place to develop risk reports;
 - Scoring methodology; and
 - Ease of using risk management for assurance purposes.
8. Following discussions with senior management and departmental risk champions a risk improvement plan has been developed with 6 long term objectives. This was considered by the Strategic Risk Management Group and Chief Officer Summit Group who have endorsed the further work. The overall aim of the improvement plan is to strengthen and raise awareness of risk management across all areas of the City Corporation. Some of the planned activities include:
 - Reviewing the Governance arrangements for managing risk, and the roles of the associated officer groups (e.g. SRMG, Summit Group);
 - Reviewing the scoring and grouping of risks to enable a more logical method of escalation of high risks and also to bridge the gap between departmental and strategic risks;
 - Improving the content of the risk register and introduce the management of opportunity risk within the risk framework; and
 - Raising the awareness of risk management across the organisation, through training and the use of the internal communications network.
9. Awareness of risk management has begun through the direct engagement of the internal communications network, and also through a dedicated slot within the City Corporation's eLeader magazine. It is anticipated that through these networks officers, at all levels previously not exposed to risk management, will better understand and see how their roles can help embed and assist in managing risks for the City.
10. With the agreement of the Deputy Town Clerk, a small group of officers will be established to review and further develop the improvement plan with specific dates for completion.

Cyclical Review of Strategic Risks

11. A structured approach to reviewing the City's strategic risks has been adopted in order to promote full coverage and review.
12. The original schedule of Strategic Risk reviews has been amended slightly following the December 2012 Audit and Risk Management Committee. Although it is expected that the next Comprehensive Spending Review announcement will be delivered in October 2013, the settlement for Local authorities is not expected until December 2013. As a result SR3 (Financial Stability) and SR14 (Longer Term Financial Viability) has been moved to the February 2014 meeting of the Audit and Risk Management Committee, subsequent Strategic Risk reviews have also moved further into the future.
13. This is the current schedule of review of risks by the Audit and Risk Management Committee.

Forthcoming reviews:		Date
SR4	Planning Policy	5 th February 2013
SR5	Flooding in the City	5 th February 2013
SR2	Supporting the Business City	5 th March 2013
SR6	Project Risk	5 th March 2013
SR1	Failure to Respond to a Terrorist Attack	25 th June 2013
SR9	Health and Safety Risk	25 th June 2013
SR11	Pond Embankment Failure	17 th September 2013
SR13	Public Order and Protest	17 th September 2013
SR8	Reputation Risk	15 th October 2013
SR10	Adverse Political Developments	15 th October 2013
SR3	Financial Stability	5 th February 2014
SR14	Longer term Financial Viability	5 th February 2014
SR4	Planning Policy	5 th March 2014
SR5	Flooding in the City	5 th March 2014
SR2	Supporting the Business City	17 th June 2014
SR6	Project Risk	17 th June 2014
Previous reviews:		Date
SR3	Financial Stability	12 th December 2012
SR11	Pond Embankment Failure	12 th December 2012
SR14	Longer term Financial Viability	12 th December 2012
SR8	Reputation Risk	20 th September 2012
SR9	Health and Safety Risk (second review)	20 th September 2012
SR10	Adverse Political Developments	20 th September 2012
SR1	Failure to Respond to a Terrorist Attack	14 th June 2012
SR2	Supporting the Business City	14 th June 2012
SR9	Health and Safety Risk	7 th March 2012

Conclusion

14. The risk register continues to be actively reviewed and updated by risk owners in line with the requirements stipulated by the Risk Management Handbook. Members are asked to note the latest strategic risk register appended to this report which includes changes to the risk score of SR10: Adverse political developments and the addition of the new strategic risk SR16 relating to breaches under the Data protection act.
15. Members are also asked to note the actions listed within the Risk management improvement plan and the change in the cyclical review of strategic risks.

Appendices

- Appendix 1 – Strategic Risk Register
- Appendix 2 – Risk Management Improvement Plan

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