Management Board

Corporate Risk Management: November 2007 Qtly Status Report

Corporate Risk Facilitator

Purpose

This paper sets out the November risk management quarterly update to the Board.

Summary

2. The Board is asked to take note of progress in the risk management review (Section A) and to consider the recommendations outlined in para 3. In summary:

   i Four corporate risks (4, 1,7 and 2) are now red though risk 7 has improved slightly moving downwards in impact since last reviewed.

   ii Risk 4 has increased significantly since last reviewed as a result of the change programme associated with Tebbit. Risk 2 has also increased, the board pair were concerned about vulnerabilities associated with the basement and power supply. Both risks will need to be monitored carefully by the Management Board to ensure that they do not compromise the delivery of its objectives.

   iii Four corporate risks to be reviewed for feedback to the Board in January 2008 – Risks 1,3, 5, and 8 under the rolling review process.

   iv Risk Resource: a Band B1 part-time appointment to start January 2008.

   v Departmental risk registers have been reviewed via the Business Planning Group, some good progress made.

Decisions

3. The Board are invited to consider the following recommendations as outlined in Section D Next Steps:

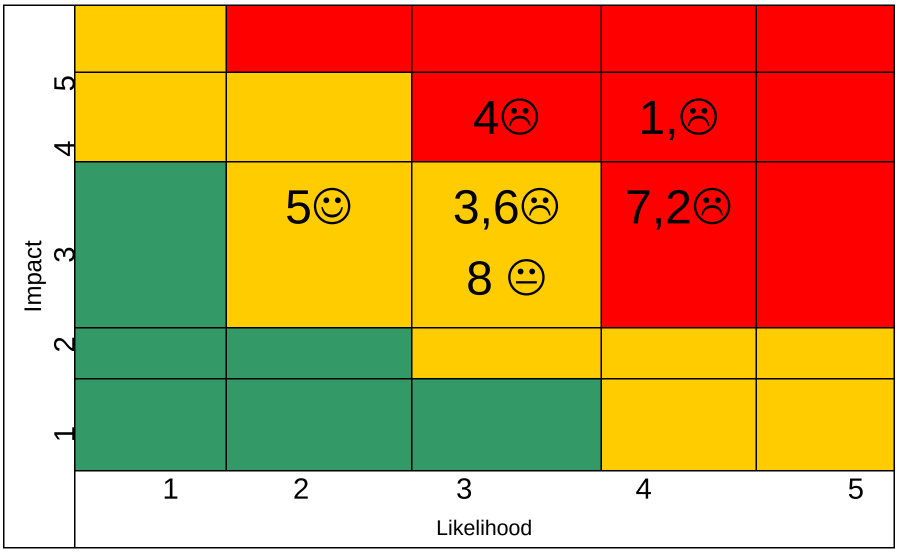
   i The Management Board to conduct a review of corporate risks in light of changes in corporate strategy by 1 April 2008 (para 9).

   ii The Management Board to revise ownership of current risks based on the proposed allocation in para 9.

   iii Departmental risk management registers to continue “as is” until March 2008: new risk register be compiled based upon functional departmental areas for 2008/09 by 1 April 2008, assimilating the second tier group risk registers (para 10 & 11) where appropriate.

A: Nov 2007 Corporate Risks: Residual Heat Map
Where our corporate risks lie

Risk impact:	Risk Likelihood:
1 Insignificant	1 Rare
2 Minor	2 Unlikely
3 Moderate	3 Possible
4 Major	4 Likely
5 Catastrophic	5 Almost certain



4. Current results show that two risks Risk 2 and Risk 4 have changed condition since the last reporting period. For Risk 2 the Board Pair were conscious of vulnerabilities in certain areas particularly within the Palace basement and with power supply to the House. For risk 4 concerns were raised by the Board Pair on the impact of the implementation of the Tebbit report; there was a need for meaningful engagement with staff to minimise uncertainty during the period of change.

RISKS REVIEWED

Risk	Owner	Description	Change	COMMENTS
2	PGP/HI	Disruption as a result of an unplanned event (e.g. fire, flood, public disorder, health epidemic, etc).	↑	Risk Increase: moved into the red 4, 3 (was 3, 3). Awaiting report from Business Continuity Steering Policy Group. Issues surrounding vulnerability of basement and power supply
4	LS/JP	The rate and nature of organisational and cultural change leads to a deterioration in services	↑	Risk Increase: moved into the red 3, 4 (was 3,3). Change associated with Tebbit will need to be monitored carefully.
6	JP/JM	A major project or change programme fails to deliver the expected benefits in line with the planned investment agreed in the business case.	⇔	No change in risk level. Work though to do on ensuring Board Pair/Management Board have significantly more management information regarding house wide projects; this is a need to establish top ten list of critical projects for Management Board review.
7	AJW/SH	The House suffers loss or disruption to services through a failing in contract procurement or supplier management.	↓	Risk Decrease: move to 4,3 from 4,4. Aim for future review will be to focus on specific areas of contract vulnerability particularly within PICT.

B: GENERAL ISSUES UPDATE

Resourcing of Risk

5. As a result, of the Board's agreement to additional internal resources to support the risk management process, a part-time Band B1 is starting at the beginning of January 2008, on an initial appointment of 12-18 months.

Departmental Risk Registers: Business Planning Group (BPG)

6. In 2006, the Board asked BPG to undertake a biannual review of risk management by departments; such a review was undertaken, by the Director of FMD and me, based on those departmental risk registers submitted prior to the summer recess.

7. The risk registers submitted showed that good progress continues to be made. Risk coverage was significantly improved and departments had generally been able to demonstrate that risks are now being proactively managed.

Emerging issues to take forward

- *Identifying risks:* ensuring risk definitions are kept specific and general statements avoided;
- *Risk ownership:* training to assist staff in what this actually means;
- *Departmental Cross-cutting Risks;* to review instances where there could be cross cutting issues (e.g. resilience of ICT systems without relying on PICT to identify as high risk areas of dependency in their register);
- *Prioritising risk*: Clear setting of risk tolerance levels and identification of action needed to reduce high scoring risks to a more acceptable level.
- *Recording management action taken*: that entries are completed and meaningful.

C: OTHER RISK ISSUES

8. The following actions have also taken place since July 2007:

- **PWC Consultancy work**: Further work was undertaken by PWC during the summer recess to advise on the way forward for the risk management process. They expressed concerns still with the 2nd Tier group risk registers and the cross-cutting departmental risks.
- **Audit Committee** An update was given to the Audit Committee on the risk management process within the House.
- **Corporate Risks: 5 Recruitment 6: Diversity – HRG** Two pairs of HRG members reviewed the two corporate risks (delegated to them by the Board) over the summer recess; one of the outcomes was the splitting of the recruitment and development risk into two. HRG also

held a risk workshop in October 2007 to agree and identify any further emerging risks in light of the changing strategic role of HRG. It was agreed, at the workshop, that HRG's risk register should include a fourth risk concerning the risk that the achievement of HR goals might be hampered by the implementation of the new House Service structure.

- **Parliamentary Website Project** A workshop was held in October 2007 to consider and review the website project risk register

D: NEXT STEPS

Corporate Annual Risk Review

9. As a result of the Tebbit report, it is recommended that the Board re-visit the current corporate risks to ensure they still remain relevant In light of the changes in corporate strategy and also have an opportunity to identify any new emerging risks. A decision will also need to be made on the allocation of risks to Board members, currently allocated on a pair basis. The Board are asked to consider whether they wish to continue to on this basis or would prefer an alternative option whereby ownership of each risk is allocated by functional area to one Director General for overall responsibility as follows:

CORPORATE RISKS

1	Disruption to the work of the House or other services as a result of terrorist attack	Douglas Miller Chamber and Committee Services
2	Disruption to the work of the House or other services as a result of an unplanned event (e.g. fire, flood, public disorder, health epidemic, etc).	Sue Harrison Facilities
3	Disruption to the work of the House or other services as a result of a major IT breakdown or the failure to develop an IT infrastructure that is robust.	John Pullinger Information Services
4	The rate and nature of organisational and cultural change leads to a deterioration in services.	Andrew Walker Resources
5	The House administration suffers loss of reputation and/or financial loss through failing to comply with legal requirements, audit and accounting requirements, and/or through demonstrably poor value for money in the delivery of its services.	Andrew Walker Resources
6	A major project or change programme fails to deliver the expected benefits in line with the planned investment agreed in the business case.	Sue Harrison Facilities
7	The House suffers loss or disruption to services through a failing in contract procurement or supplier management.	Andrew Walker Resources
8	The House administration is unable to carry forward a consistent strategy because of the conflicting demands of key stakeholders in the House and dependencies on the House of Lords.	Douglas Miller Chamber & Committee Services

New Organisational Structure: Risk Management Process

10. During this period of organisational change, the Board will need to ensure that the current risk management process continues “as is” for the short term. It is therefore, recommended that the current Departmental risk registers continue in their current format for the rest of this financial year; this includes the risk registers managed by the second tier groups. For information, although good progress has been made by some second tier groups (HRG and GIP), more work needs to be done by some of the other groups on completing their risk registers.

11. For the new financial year, risk registers will have to be revised to link in with the new departmental business plans for 2008/09. The aim here will be to produce risk registers based upon functional areas including cross-cutting risks. It may also be appropriate at this stage to incorporate risk registers from the second tier groups, although an assessment on this can be made nearer the time.

12. The overall aim, for risk management, is to ensure a consistent approach is embedded within business processes across the new organisation structure and ensure a process is in place to allow risks to be escalated up and down the organisation as necessary. It is an opportunity, for the Board to put in place a robust risk management framework which assists it in the achievement of its strategic, programme and operational objectives.

[s.40]
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