

Subject: Risk Management

Report to: Audit Panel

Report of: Executive Director of Resources

Date: 22 October 2014

This report will be considered in public

1. Summary

- 1.1 The GLA's corporate risk register is presented to the Panel every six months. The current register is attached at **Appendix 1**.
- 1.2 Officers have undertaken a high-level assessment against the ALARM risk management model to confirm that the GLA's risk management arrangements are in line with best practice. The model is shown in summary at **Appendix 3** for information.

2 Recommendations

- 2.1 **That the Panel notes the corporate risk register.**

3 Background

- 3.1 The GLA's corporate risk register captures and describes the Authority's most significant risks – with the focus on cross-cutting risks and major programmes. It is reviewed and refreshed on a six-monthly cycle. The final stage of the process, once the risks have been reviewed by risk owners and directors, is for the Panel to consider and comment on the register.
- 3.2 A recommendation arising from the previous Internal Audit review of the GLA's risk management arrangements was that the Authority adopts a risk management maturity model. In response, officers reviewed the GLA's 'risk maturity' against the model's criteria.

4. Issues for consideration

Changes to the risks

- 4.1 The GLA's risk profile has remained fairly stable since the previous report to the Panel in March. However, two new risks have been added and some changes have been made to individual risks, including updates to control measures. The more substantive changes include:

- *London 2012 Legacy (P3)*
This risk has been reframed so that is focussed on the financial consequences for the GLA arising from additional cost pressures identified in the LLDC's ten-year plan and the proposal, and risks that the GLA is being asked to underwrite, for a cultural and higher education (Olympicopolis) quarter on the Park. The latter has developed significantly over the past few months and will need to be taken into account in the GLA's overall long-term funding plans.
- *Housing financial transaction (P7)*
This is a new risk flowing from two new initiatives: Housing Zones and the London Housing Bank.
- *Health & Safety – City Hall and Square (C1)*
The risk score – and therefore assessed severity – has increased. This reflects an increase in the national terrorism threat level.
- *Running the GLA elections (C7)*
Given the stage we have now reached in the four-year elections cycle, an elections risk has been added to the register.

4.2 The GLA's risk scoring matrix is shown at **Appendix 2**.

Risk maturity model update

- 4.3 Internal Audit has recommended that the GLA adopts a risk maturity model; for example, the ALARM model shown in summary at **Appendix 3**.
- 4.4 In response, Corporate Management Team (CMT) considered a high-level assessment of the GLA's position against that model's criteria. It concluded that the GLA's current arrangements are robust and meet the stated aim in the Authority's Risk Management Framework; namely to strike a balance in managing risk so that the approach is not overly bureaucratic and process driven but has sufficient rigour.
- 4.5 Flowing from the assessment, a small number of actions have been identified and will be taken forward over the next few months. These actions are focussed on ensuring risk management remains appropriately embedded and works.
- 4.6 CMT agreed also that the benefits of undertaking a regular and detailed assessment against a risk maturity mode would not be commensurate with the level of resource required to do so. Rather, resources would be better directed to actively and effectively managing risk and performance. However, Internal Audit will be invited to periodically review the GLA's risk management arrangements and CMT will of course consider any recommendations arising.

5. Legal Implications

- 5.1 There are no direct legal implications arising from this report. Risk C4 lists control measures in place to help the GLA meet its legal requirements, and other risks also refer to controls that will reduce the risk of legal challenge.

6. Financial Implications

6.1 There are no direct financial implications. However, many of the risks relate to financial issues.

List of appendices to this report:

Appendix 1 – The GLA’s corporate risk register
Appendix 2 – GLA risk scoring matrix
Appendix 3 – ALARM Risk Management Model

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| Local Government (Access to Information) Act 1985 |
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| List of Background Papers: |
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| GLA Risk Management Framework |
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