

Management Board

Corporate Risk Management: July 2008

Paper by the Corporate Risk Management Facilitator

Purpose of this paper

This paper is the quarterly risk management update to the Management Board.

Decisions

2. The Board are asked to note and agree the following:
 - a) **Corporate Risk Review:** the management action required for the October Board (para 5);
 - b) **Departmental risks:** Two Facilities risks to be considered by the Board for inclusion into the corporate risk register (para 8-9).
 - c) **HRG risks:** The recruitment and retention risk to be incorporated into the corporate risk register, the remaining three HRG risks to be subsumed within the Department of Resources risk register (para 10).

Corporate Risks: Review Meetings

3. The results of the latest corporate risk reviews are attached at Appendix A and plotted on the risk heat map in the July Risk Monitoring and Performance Information report, in summary:
 - a) Four corporate risks (1, 2, 3 and 4) are in the red:
 - i. Risk 1 (Terrorist attack) – no change from the last review pending the results of the Business Continuity trial on 18 July, a further assessment of this risk will be made for the October Board meeting;
 - ii. Risk 2 (unplanned event) – a change from “likely with moderate impact” to “possible with major impact” as a result of the concerns by the Department of Facilities of the risk of major plant failure;
 - iii. Risk 3 (IT failure) – has increased from 3, 3 to 4, 4. Further details of the assessment of this risk are in the Head of PICT’s paper to the MB.
 - iv. Risk 4 (Organisational Change) – no change, but further assurance on the overall risk conditions has been requested by the risk owner (Director General of Resources) from the Change Coordinator.
4. The remaining four corporate risks remain amber although the Board should be aware that risk 5 (failing to comply with legal requirements etc) has increased in likelihood. This is as a result of an increased risk to reputation due to the impact of the current FOI publication requirements and the possible changes to Members’ allowances.
5. The management action therefore required for feedback to the Board in October 2008 is:

- a) further assurances on Risks 1 and 2 taking into account the results of the Business Continuity exercise on 18 July 2008;
 - b) for risk 3, consideration of the Board's risk appetite during the proposed implementation period (see Head of PICT paper);
 - c) for risk 4, an update on the risk status to see whether this risk remains high.
6. The Board should also note that a full corporate risk review is proposed for later in the year, linking in with the business planning timetable, to ensure the corporate risks remain in line with corporate strategy.

Escalation of Department Risks

7. The rationale behind providing the Board with data on the departmental risks is to make the Board aware of all key risks affecting the business of the House, to allow the Board to consider the significance of those key risks on corporate performance and, if necessary, incorporate them into the corporate risk register for management by the Board.
8. Departments have again supplied their top two risks for July (see the Risk Monitoring & Performance Information report). Most departments have stated that their risks have remained the same as last month's. However the Department of Facilities has submitted two new risks "major plant failure resulting in the disruption of business to the House" and "shortages of skilled staff" and has suggested that these two risks are significant enough to be considered by the Board for inclusion into the corporate risk register.
9. The Board are asked to consider this request bearing in mind that the risk of major plant failure can be linked into corporate risks 2 (unplanned event), 6 (major project failure) and 5 (legal, accounting requirements). The shortage of skilled staff risk is covered under the HRG risk "the House administration fails to recruit and retain staff with the necessary skills to sustain the quality of services and meet the changing demands of parliamentary work" (delegated to HRG in 2005/06 - see paragraph 10). The Board may wish to consider incorporating this HRG risk back into the corporate risk register as outlined in paragraph 10.

HRG RISK Register

10. In 2005/06, the two corporate HR risks "recruitment and retention of staff" and "diversity" were delegated to HRG to own and manage. These two risks formed the basis of the HRG risk register which, over time, expanded to include two further HR risks (appendix b).
11. As a result of the HR, Finance and Procurement re-modelling proposals and the demise of HRG, the Board are now asked to consider the appropriate ownership of these risks. The options are to:
- a) Include all HRG risks in the corporate risk register with the Director of Resources as risk owner;
 - b) Subsume them within the Department of Resources risk register owned by the Director General of Resources;
 - c) Incorporate the recruitment risk back into the corporate register and delegate the remaining three HR risks to the Department of Resources.

The recommended option is option c in light of the Department of Facilities' top departmental risk on shortages of staff.

OTHER RISK ISSUES

Risk Documentation

12. Two HoC risk management documents are now available on the Parliamentary intranet: the House Risk Management Strategy and the House Risk Management Principles and Concept. Where to access these documents was communicated to staff in issue 13 of "around the Commons". The next step is to complete the work on the "user friendly" risk management guide which is aimed at managers and staff who are responsible for managing risks on a day to day basis.

Risk Training

13. Discussions have been taking place with the Corporate Learning & Development team on promoting risk management around the House. The aim is to include risk management into:

- a) the House Induction course, and
- b) the existing business planning/financial training courses (including within Management of Excellence).

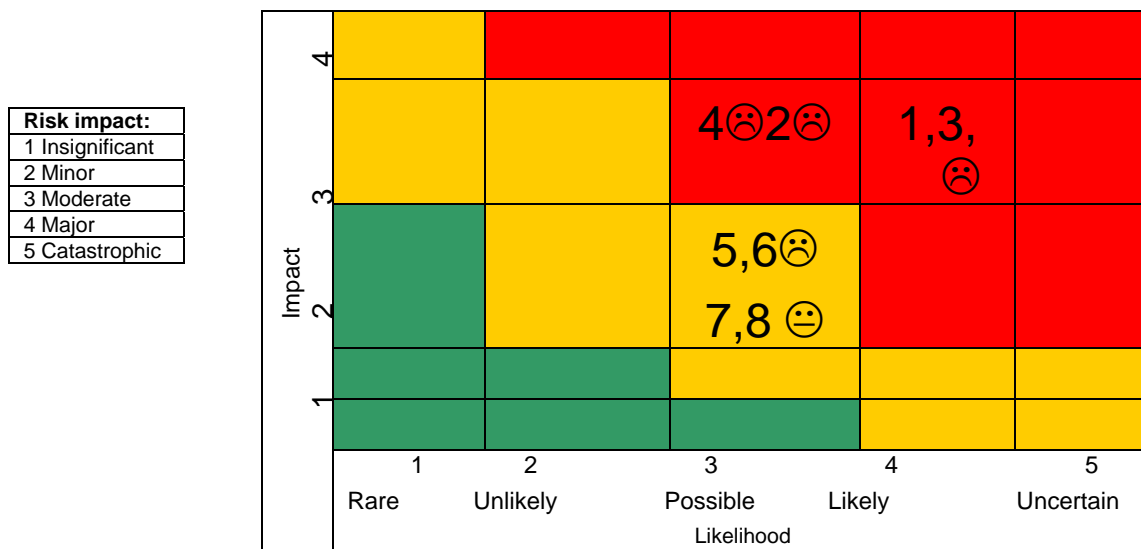
We are also looking into setting up a "pure" risk management course for risk owners and managers within departments. The timetable for delivery, particularly for a) and b), is October 2008.

Risk Visit

14. The Board are asked to take note that since the last board meeting, the risk management team visited the Royal Navy Command Headquarters in Portsmouth (arranged by the Director General of Facilities) to gain an insight into the Royal Navy risk management process. It was a very useful and productive day; we were given a presentation on how the Navy's risk management system works, what methods they use to capture risk management data and how they use this data to assist in the overall decision making process. We reciprocated the invitation on 1 July and five members of Royal Navy Command visited the House for an insight into the House's risk management process.

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June 2008





June 2008 Risks: Corporate Risk Residual Heat Map:



Owner	Risk Description	Change	COMMENTS
Douglas Millar	1. Disruption to the work of the House or other services as a result of terrorist attack	↔	Awaiting outcome of Business Continuity/Disaster Recovery Exercise on the 18 th July before assessment.
John Borley	2. Disruption to the work of the House or other services as a result of an unplanned event	↓	This risk has changed from being likely with moderate impact to possible with major impact.
Joan Miller/ John Pullinger	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.	↑	Risk has increased from 3, 3, to 4, 4. 3 departments have assessed this risk as being one of their top departmental risks. Mitigations are laid out in JM paper July 2008.
Andrew Walker	4. The rate and nature of organisational and cultural change leads to a deterioration in services.	↔	No change. Still concerns expressed by some Depts on the Tebbit changes and the lack of real benefits.
Andrew Walker	5. Failing to comply with legal requirements, audit and accounting requirements, and/or through demonstrably poor value for money in the delivery of its services.	↑	Risk has increased. There are reputation issues with Members arising from complex mixture of events, including FOI, changes to allowances, and service perception.
John Borley	6. 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
Andrew Walker	7. The House suffers loss or disruption to services through a failing in contract procurement or supplier management.	↔	No change. Aim for future review will be to focus on specific areas of contract vulnerability particularly within PICT.
Douglas Millar	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.	↔	No change. Aim to reduce the impact down to minor. Also need to consider the wording of the risk.

Appendix B

HRG RISK REGISTER: MAY 2008

Risk Description	DATE	Inherent		Residual		TOTAL/ Overall Condition	Change since last review	Residual risk satisfactory?	Risk Owner	Mgmt Actions To be taken
		Likelihood	Impact	Likelihood	Impact					
1. The House administration fails to recruit and retain staff with the necessary skills to sustain the quality of services and meet the changing demands of parliamentary work.	May 2008	2	3	2	3	6	↔		HI/HB	1. Action plan from HRG on workforce planning ongoing. 2. Restructuring of HRG ongoing. 3. Recruitment effectiveness stats ongoing 4. Need to identify problem pockets eg skilled areas 5. Proposed that new Recruitment Manager has regular meetings with Dept HR managers, ensuring recruitment is more joined up
2. The House administration fails to develop staff to ensure they have the necessary skills to sustain the quality of services and meet the changing demands of parliamentary work.	May 2008	3	3	3	3	9	↔		HI/HB	1. Review of corporate learning still outstanding. 2. Performance management review still ongoing – being carried out this year for implementation next year. 3. Reward strategy still to do. 4. Problem pockets to be focussed on i.e facilities where residual scoring is high
3. The House administration fails to achieve, and thereby benefit from, greater diversity in its workforce at all levels	May 2008	4	3	4	3	12	↔		BM/RW	Concern over who is managing risk since Tebbit change. Demise of HRG - change to advisory body may lead to difficulties in owning corporate risk. Important to be aware of Non- HR aspects of diversity. statistics for last year indicated increase in diversity is minimal. Project to widen Clerks fast stream recruitment to generic across House. Clerks scheme has been successful in gender diversity, but not so in ethnic diversity
4. Tebbit changes distracts from business as usual causing impact on service delivery.	Feb 2008	4	4	3	4	12	↔		AJW/HI	1. Delivery at local area with co-ordination at centre. Await outcome of MB meeting in February.