



## Audit and Risk Management Committee

**Date:** TUESDAY, 29 MAY 2018

**Time:** 2pm

**Venue:** COMMITTEE ROOMS, 2ND FLOOR, WEST WING, GUILDHALL

**Members:**

Randall Anderson	Deputy Jamie Ingham Clark (Ex-Officio Member)
Alderman Nick Anstee	Alderman Ian Luder
Alexander Barr	Kenneth Ludlam (External Member)
Chris Boden	Paul Martinelli
Hilary Daniels (External Member)	Caroline Mawhood (External Member)
Anne Fairweather	Jeremy Mayhew (Ex-Officio Member)
Marianne Fredericks	Andrien Meyers
Alderman John Garbutt	John Petrie

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**\*\*Lunch will be served in the Committee Room at 12.45\*\***  
**the Risk Challenge Session (for the City Surveyor) will start at 1pm**

**John Barradell**  
**Town Clerk and Chief Executive**

# **AGENDA**

## **Part 1 - Public Agenda**

1. **APOLOGIES**

2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**

3. **MINUTES OF THE PREVIOUS MEETING**

To agree the public minutes and non-public summary of the meeting held on 6 March 2018.

**For Decision**  
(Pages 1 - 8)

4. **ORDER OF THE COURT**

To receive the Order of the Court dated 19 April 2018 – TO FOLLOW

**For Information**

5. **ELECTION OF CHAIRMAN**

To Elect a Chairman in accordance with Standing Order 29.

**For Decision**

6. **TO ELECT TWO DEPUTY CHAIRMEN**

1. To Elect a Deputy Chairman in accordance with Standing Order 30.
2. To Elect a Deputy Chairman from the External Members in accordance with the Committee's Terms of Reference.

**For Decision**

7. **APPOINTMENTS TO SUB COMMITTEES**

Report of the Town Clerk.

**For Decision**  
(Pages 9 - 12)

8. **COMMITTEE WORK PROGRAMME**

Members are asked to note the Committee's Work Programme.

**For Information**  
(Pages 13 - 16)

9. **OUTSTANDING ACTIONS OF THE COMMITTEE**

Members are asked to note the Committee's Outstanding Actions List.

**For Information**  
(Pages 17 - 18)

10. **CROSSRAIL REINSTATEMENT PROJECTS: GATEWAY 6 - PROGRESS REPORT**  
Report of the Director of the Built Environment.

**For Information**  
(Pages 19 - 36)

**Financial Statements/External Audit**

11. **CITY FUND AND PENSION FUND FINANCIAL STATEMENTS UPDATE 2017/18**  
Report of the Chamberlain.

**For Information**  
(Pages 37 - 58)

**Internal Audit**

12. **HEAD OF INTERNAL AUDIT OPINION AND ANNUAL REPORT 2017/18**  
Report of the Head of Internal Audit and Risk Management.

**For Information**  
(Pages 59 - 64)

13. **INTERNAL AUDIT RECOMMENDATION FOLLOW UP**  
Report of the Head of Internal Audit and Risk Management – TO FOLLOW

14. **CITY OF LONDON POLICE PROGRAMME/PROJECT MANAGEMENT AUDIT**  
A presentation by the Commissioner, City of London Police.

**For Discussion**

**Governance**

15. **ANNUAL GOVERNANCE STATEMENT**  
Report of the Town Clerk.

**For Decision**  
(Pages 65 - 90)

**Risk Management**

16. **RISK UPDATE**  
Report of the Chamberlain.

**For Information**  
(Pages 91 - 130)

## **Anti-fraud and Corruption**

### **17. ANTI FRAUD AND INVESTIGATIONS ANNUAL REPORT**

Report of the Chamberlain.

**For Information**  
(Pages 131 - 144)

### **18. REPORT OF ACTION TAKEN**

Report of the Town Clerk.

**For Information**  
(Pages 145 - 146)

### **19. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

### **20. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

### **21. EXCLUSION OF THE PUBLIC**

**RESOLVED:** That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part I of the Schedule 12A of the Local Government Act.

Item

Paragraph

**For Decision**

## **Part 2 - Non-Public Agenda**

### **22. NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**

To agree the Non-Public minutes of the meeting held on 6 March 2018.

**For Decision**  
(Pages 147 - 150)

### **23. NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

### **24. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**



## AUDIT AND RISK MANAGEMENT COMMITTEE

Tuesday, 6 March 2018

Minutes of the meeting of the Audit and Risk Management Committee held at  
Guildhall, EC2 at 2pm

### Present

#### Members:

Alderman Ian Luder (Chairman)  
Alderman Nick Anstee (Deputy Chairman)  
Randall Anderson  
Henry Colthurst  
Hilary Daniels (External Member)  
Alderman Peter Estlin  
Deputy Jamie Ingham Clark (Ex-Officio Member)  
Kenneth Ludlam (External Member)  
Paul Martinelli  
Caroline Mawhood (External Member)  
Jeremy Mayhew (Ex-Officio Member)

#### Officers:

Peter Kane	-	Chamberlain
Paul Dudley	-	Chamberlain's
Philip Gregory	-	Chamberlain's
Sean Green	-	Chamberlain's
Gary Brailsford-Hart	-	Chamberlain's
Pat Stothard	-	Head of Internal Audit and Risk Management
Leigh Lloyd-Thomas	-	External Auditor, BDO
Nick Bennett	-	External Auditor, Moore Stephens
Kate Smith	-	Town Clerk's
Tom Conniffe	-	Town Clerk's
Julie Mayer	-	Town Clerk's

#### 1. APOLOGIES

Apologies were received from Alexander Barr, Chris Boden, Alderman Nick Anstee and Hugh Morris.

#### 2. MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA

The Chairman, Alderman Ian Luder, declared a general non-pecuniary interest in respect of the Fire Safety Report, at agenda item 7 (for information only) by virtue of being a long leaseholder on the Barbican estate.

#### 3. MINUTES OF THE PREVIOUS MEETING

RESOLVED, that – the minutes of the meeting held on 16<sup>th</sup> January 2018 be approved.

4. **OUTSTANDING ACTIONS OF THE COMMITTEE**

Members received the Committee's outstanding actions list and noted those items which would be discharged on today's agenda.

The Town Clerk advised that the recommendations in respect of the Committee's Terms of Reference would be presented to the Policy and Resources Committee for approval. Members noted that the Audit and Risk Management Committee did not need Policy and Resources' approval to elect an additional Deputy Chairman from its External Members.

5. **COMMITTEE WORK PROGRAMME**

Members received the Committee's Work Programme and noted the following additions:

- The Treasury Management Strategy would be presented to the Committee at the July meeting.
- The final Audit Opinion from BDO on the Pension Fund would be presented to the LGPS Board for information, at their first meeting after recess.

6. **DEEP DIVE RISK REVIEWS**

6.1 **CR10 Adverse Political Consequences**

Members received a report of the Remembrancer in respect of Corporate Risk 10: Adverse Political Developments. During the discussion the following points were noted:

- The possibility of considerable changes to the political composition of councils in London's forthcoming local elections.
- The current poor perception of the financial services sector and business generally.
- Whilst there were no current statements of an intention to move against the City of London Corporation, with the exception of the Green Party Manifesto, it was likely that it could become an issue if a Labour Government were elected.
- In concluding, Members noted that the above messages helped to inform the risk rating of '8 – Amber'.

RESOLVED, that – the report be noted.

## 6.2 CR16 Information Security

Members received a report of the Chamberlain in respect of Corporate Risk 16 (CR16) – Information Security. During the discussion the following points were noted:

- The City Corporation had been working in accordance with GCHQ procedures, which included ISO2701 compliance (as defined by the National Audit Office).
- The transformation agenda was increasing the take-up of mobile and home working. Following last week's adverse weather, the IT Sub Committee on 26 March would receive a report on The Personal Access Device Policy, which would include the take-up and success of home working. Furthermore, the IT Sub Committee were having their own operational 'Deep Dive' in respect of information security at their next meeting on 26 March.
- The officers' People Security Board were delivering on policy management and training. The IT Director advised that staff road shows were planned, along with a 'Master Class'.
- Information security generally would be covered in a forthcoming Members Survey, which would also include GDPR and data protection.
- Members asked for another Deep Dive review into IT Security, in about 6 months' time, once the current improvements had embedded further.

RESOLVED, that – the report be noted.

## 7. FIRE SAFETY UPDATE

Members received a report of the Director of Community and Children's Services in respect of fire safety matters, since the last update to Members in October 2017. Whilst this report concentrated on the Barbican Estate, the Assistant Director advised that the report was representative of measures in place across the City's social housing estates. Members noted that a 'waking watch' was in place at Great Arthur House.

Members noted that one of the issues in the aftermath of the Grenfell had been the local authority's lack of knowledge about some of its residents. The Assistant Director advised that the City Corporation had embarked on a 6-month project to visit all the City's social housing estates; to undertake fire risk assessments and gather intelligence on any potential safeguarding and housing tenancy fraud/subletting issues. Members noted that local authorities had been tasked with gathering information on private residential blocks, above a certain height, and landowners were obliged to work with the Fire Brigade and the local authority. The Comptroller and City Solicitor confirmed this and advised Members that the Secretary of State had implemented a risk

assessment scheme and, if a rating was above a certain level, remedial powers could be imposed on a local authority.

Members noted that, due to a national backlog of fire door testing, the City Corporation's doors were being tested by contractors. The Assistant Director accepted there had been some initial confusion as to the Fire Brigade's 'stay put' advice, as this might not be applicable to all blocks, and the fire risk assessments were clarifying this. Members noted that the fire risk assessments were due back at the end of this month and their findings would be communicated widely.

In response to a question about sprinklers, the Assistant Director advised that they could be retro fitted but this would be very expensive and have HRA implications. Members noted that, following Counsel's opinion, improvements would not be chargeable to leaseholders, and this was likely to include sprinklers.

In concluding, the Chairman and Members thanked the Assistant Director for a clear and helpful report and asked for an update to the Autumn meeting of the Committee. The Chairman asked for the next update to provide Members with assurance on the recommendations and action plans arising from the risk assessments, on an estate by estate basis, with the focus on amber and red risks.

RESOLVED, that – the report be noted.

#### 8. **INTERNAL AUDIT UPDATE**

Members received a report of the Head of Internal Audit and Risk Management which provided an update on internal audit activity since the last report to the Committee in November 2017.

The Head of Internal Audit advised that he was confident of clearing the backlog. Members noted that audit managers and Mazars had been assisting, with draft reports expected by mid-April. With regard to the audit of business travel, there had been some issues, but internal controls had improved, and Town Clerks had provided a positive response to address the recommendations. The audit focussed on compliance issues rather than VFM, but some consideration was given to this in sample testing.

Members were concerned about retrospective waivers and challenged whether the £50,000 threshold was too high. The Chairman of Finance endorsed this view and the number of retrospective waivers had dropped in response to the Finance Committee's zero tolerance. Members commended the work of the Procurement Team in working with officers to reduce the number of waivers. The Chamberlain confirmed that the terminology would be changed from procurement 'waiver' to 'breach', with disciplinary sanctions. The Chamberlain thanked the Chairman and Members for their strong support in this matter.

RESOLVED, that – the report be noted.

9. **2018/19 TO 2020/21 - DRAFT INTERNAL AUDIT PLAN**

Members considered a report of the Head of Internal Audit and Risk Management which provided an initial draft of the 2018-19 internal audit work plan and the strategic audit plan for 2018-19 to 2020-21.

RESOLVED, that – the report be noted.

10. **INTERNAL AUDIT CHARTER - UPDATE 2018**

Members considered a report of the Head of Internal Audit and Risk Management in respect of the Internal Audit Charter Update for 2018. Members noted that the Charter had been subject to review following the External Quality Assessment undertaken by Mazars and subsequent ongoing review by the Head of Internal Audit and Risk Management.

RESOLVED, that – the update City of London Corporation Internal Audit Charter for 2018 be approved.

11. **ANNUAL GOVERNANCE STATEMENT - METHODOLOGY**

Members considered a report of the Town Clerk in respect of methodology for the 2017/18 Annual Governance Statement. Members were reminded of their request to include an annual report on the work of the Committee, in addition to the Annual Governance Statement and Head of Internal Audit's Annual Opinion Report. Members suggested that an annual report on the work of the committee would complement the existing reports.

The Town Clerk suggested that this report could showcase the risk challenge sessions; deep dive risk reviews, the valued work of our external members and the focus on key areas of risk assessment; i.e. cyber security, adverse political developments, safeguarding and anti-terrorism. The report could also identify whether any significant issues; i.e. the Billingsgate cash fraud a few years ago, were one-offs or an indication of systemic weaknesses. Members agreed that it was important for the Court to recognise this work.

RESOLVED, that:

1. The methodology as set out in the report, for the production and presentation of the Annual Governance Statement for 2017/18, be approved.
2. The Audit and Risk Management Committee submit an annual report to the Court of Common Council, in accordance with the suggestions set out above.

**12. BRIDGE HOUSE ESTATES, CITY'S CASH, CITY'S CASH TRUSTS, THE CORPORATIONS SUNDRY TRUSTS & OTHER ACCOUNTS EXTERNAL AUDIT STRATEGY & PLANNING REPORT ON THE 2017-18 FINANCIAL STATEMENTS**

Members received the External Auditor's planning report in respect of Bridge House Estates, City's Cash, City's Cash Trusts, the Corporation's Sundry Trusts & Other Accounts. Members noted the same significant risks as set out in previous reports; particularly in respect of investments, but income flow in the short term was reasonably well protected.

RESOLVED, that – the report be noted.

**13. CITY FUND AND PENSION FUND ACCOUNTS EXTERNAL AUDIT STRATEGY & PLANNING REPORT ON THE 2017-18 FINANCIAL STATEMENTS AND GRANTS CERTIFICATION**

Members received the External Auditor's planning report in respect of the City Fund and Pension Fund and the Grant Claims and Returns Certification. The External Auditor confirmed that the significant risks were the same as those highlighted by Moore Stephens in the previous report. Members noted that there would always be an element of risk with land and buildings and management overrides.

In response to a question about the Pension Fund, the Chamberlain confirmed that all City Corporation data had been tested and the Pensions Board had written to all overseas pensioners.

In respect of Grants Claims Certification, the External Auditor was pleased to report only minor errors and no qualified housing benefit opinion. Members were pleased to note that such a high level of accuracy was very uncommon.

RESOLVED, that – the report be noted

**14 QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

There were no questions.

**15 ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

The Chairman agreed to the submission of the following item of urgent business:

**DATA PROTECTION POLICY**

Members considered a report of the Comptroller and City Solicitor which sought approval to a revised Data Protection Policy for the Corporation (excluding the Police), in place of the current policy, and in preparation

for the implementation of the General Data Protection Regulations (GDPR) on 25th May this year.

RESOLVED, that - the revised Data Protection Policy set out in Appendix 1 to the report be adopted, with effect from 7 days after its approval by the City of London Corporation's Policy and Resources Committee.

**16. EXCLUSION OF THE PUBLIC**

**RESOLVED:** That Under Section 100 (A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information, as defined in Part 1 of Schedule 12 (a) of the Local Government Act.

<b>Item Nos</b>	<b>Para Nos</b>
17- 18	3
20	3, 5

**17. NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**

RESOLVED, That - the non-public minutes of the meeting held on 16<sup>th</sup> January 2018 be approved.

**Matters arising**

Members noted that the London Borough of Islington had approved the COLPAI Planning Application, which would go to the City Corporation's Planning Committee later this month.

**18. CITY OF LONDON POLICE PROGRAMME MANAGEMENT AUDIT**

Members received a report of the City of London Police

**19. NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

There were no questions.

**20. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

The Chairman agreed to admit an item of urgent business:

Members considered and approved a report of the Comptroller and City Solicitor.

**The meeting ended at 4pm**

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Chairman

**Contact Officer: Julie Mayer**  
**tel. no.: 020 7332 1410**  
**julie.mayer@cityoflondon.gov.uk**

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<b>Committee:</b>	<b>Date:</b>
Audit and Risk Management Committee	29 May 2018
<b>Subject:</b> Appointment of the Nominations Sub Committee and appointments to the Police Performance and Resource Management Sub (of the Police Committee)	<b>Public</b>
<b>Report of:</b> Town Clerk	<b>For Decision</b>
<b>Report author:</b> Julie Mayer	

## Summary

The purpose of this report is to ask the Audit and Risk Management Committee to Appoint a Nominations Sub Committee and to appoint 2 members to serve on the Police Performance and Resource Management Sub (of the Police Committee).

At your Committee on 16 January 2018 (**Appendix A**), Members agreed to establish a Nominations Sub Committee, its composition and Terms of Reference. (**Appendix B**).

Nominations Sub Committees generally meet 2 or 3 times a year but can also be arranged as and when required. At the initial meeting of the Sub Committee, Members would be asked to recommend the timing and frequency of meetings to the Grand Committee. Once the Sub Committee has been appointed, the Town Clerk will canvass Members to arrange a convenient date for the first meeting in June/July 2018.

## Recommendations

- i. The Committee is asked to appoint up to 6 Members to the Nominations Sub Committee, including the Chairman and Deputy Chairman of the Grand Committee and one External Member, to give an independent perspective.
- ii. Members are asked to appoint 2 Members to the Police Performance and Resource Management Sub Committee

## Appendices

- A. Report to the Audit and Risk Management Committee – 16 January 2018.
- B. Terms and Reference and Composition of the Audit and Risk Management Committee.

Committee: Audit and Risk Management	<b>APPENDIX A</b> Date: 16 January 2018
Subject: Succession Planning for External Members: to appoint a Nominations Sub Committee of the Audit and Risk Management Committee	Public
Report of: Town Clerk	For Decision
Report Author: Julie Mayer	

### **Summary**

At its meeting on 16 January 2014, the Court of Common Council agreed to vary the procedure for the appointment of External Members to the Audit and Risk Management Committee, in order to allow them to be appointed for a further term, with a maximum of two terms being served as the norm. Since then, the Court has agreed to renew the terms of two External Members for a third term, expiring in 2020 and 2021 respectively. The Committee's other External Member is currently serving a second term which will expire in 2019.

Members are reminded that the UK Corporate Governance Code (Guidance on Audit Committees) states that appointments can be extended, by no more than two additional three-year periods, so long as Members continue to be independent. It is not unusual practice, in other local authorities, for External Members of both Audit and Standards Committees to serve three terms.

However, to keep a fresh perspective and to prepare for future appointments, Members are asked to consider the good practice of other City of London Corporation Boards and Committees, which appoint External Members, by establishing a Nominations Sub Committee and maintaining a portfolio of potential future External Members.

#### **RECOMMENDATION – That:**

1. A Nominations Sub Committee, of the Audit and Risk Management Committee, be established and the number and composition of its membership be agreed.
2. The Draft Terms of Reference at Appendix 1 be considered and approved.
3. Members of the Sub Committee be appointed at the first meeting of the Audit and Risk Management Committee, following the Annual Court of Common Council in April 2018.

- 
4. The first meeting of the Sub Committee be convened for June 2018 at which Members will be asked to recommend, to the Grand Committee, the frequency of future meetings.

## **Background**

Members of Sub Committees are generally appointed by Grand Committees at their first meeting following the Annual Court; i.e. 29<sup>th</sup> May 2018 for the Audit and Risk Management Committee. As the terms of our External Members expire in 2019, for a Member serving a second term, and 2020 and 2021 respectively, for two Members serving their third terms, it is timely for Members of the Audit and Risk Management Committee to consider appointing a Nominations Sub Committee.

The Barbican Centre Board has run a successful Nominations Sub Committee some years and Members are asked to consider the draft Terms of Reference (at Appendix 1 to this report) based on this model.

Membership of the Sub Committee could comprise of 5 or 6 Members, including the Chairman and Deputy Chairman of the Grand Committee and one External Member, to give an independent perspective.

Nominations Sub Committees generally meet 2 or 3 times a year but could be arranged as and when required. At the initial meeting of the Sub Committee, Members would be asked to recommend the timing and frequency of meetings to the Grand Committee.

The Barbican Centre Board's Nominations Sub Committee also undertakes regular skills audits. Members of the Audit and Risk Management Nominations Sub Committee might like to consider either adopting this practice or analysing feedback from the Committee Effectiveness Survey.

## **Implications**

There are likely to be costs incurred in advertising, depending on which options Members favour.

## **Conclusion**

In order to keep a fresh perspective and to prepare for future appointments, Members are asked to consider the good practice of other City of London Corporation Boards and Committees, which appoint External Members, by introducing a Nominations Sub Committee and maintaining a portfolio of potential future External Members.

### **Contact:**

Julie Mayer, Committee and Member Services  
Telephone: 020 7332 1410  
Email: [julie.mayer@cityoflondon.gov.uk](mailto:julie.mayer@cityoflondon.gov.uk)

**Terms of Reference and composition of the Nominations Sub Committee**

**Membership:** 5 or 6 Members, including the Chairman and Deputy Chairman of the Grand Committee and one External Member, to give an independent perspective.

1. To make recommendations to the Audit and Risk Management Committee on the appointment of all External Members to the Committee.
2. To undertake Skills Audits of the Committee periodically (or analyse information from the Committee Effectiveness Survey) to inform the appointment of External Members to the Committee.
3. To consider the most appropriate way to recruit External Members to the Committee, including the placing of advertisements or the use of personal contacts.
4. The Sub Committee will have advisory powers only and make recommendations to the Board.

**Audit & Risk Management Committee - Work Programme 2018/19**

<b>Meeting dates:</b>	<b>25/9/18</b>	<b>6/11/18</b>	<b>15/1/19</b>	<b>29/5/18</b> <b>Meeting with Head of Internal Audit in closed session</b>	<b>17/7/18</b>
<b>Financial Statements/External Audit</b>					
	External Auditors Final opinion on the financial statements	Bridge House Estates Financial Statements  City's Cash Financial Statements		City Fund and Pension Fund Financial Statements – Accounting Policy	City Fund and Pension Fund Financial Statements  Treasury Management Strategy
<b>Internal Audit</b>					
				Head of Internal Audit Annual Opinion (Internal Audit Update)	Internal Audit Update
				Internal Audit Recommendation Follow-up	Internal Audit Recommendation Follow-up
				City of London Police Programme Management Audit	

<b>Meeting dates:</b>	<b>25/9/18</b>	<b>6/11/18</b>	<b>15/1/19</b>	<b>29/5/18</b> <b>Meeting with Head of Internal Audit in closed session</b>	<b>17/7/18</b>
<b>Governance</b>					
	Draft Annual report on the Work of the Committee – for submission to the Court of Common Council			Annual Governance Statement 2017/18	
				Election of Chairman Deputy Chairmen  Appointments : <ul style="list-style-type: none"> <li>• Police Performance and Resource Management Sub</li> <li>• Nominations Sub</li> </ul>	

<b>Meeting dates:</b>	<b>25/9/18</b>	<b>6/11/18</b>	<b>15/1/19</b>	<b>29/5/18</b> <b>Meeting with Head of Internal Audit in closed session</b>	<b>17/7/18</b>
<b>Risk Management</b>					
	Deep Dive: IT Security			Risk Update	Risk Update
	Fire Safety update: recommendations and action plans arising from the risk assessments, on an estate by estate basis, with the focus on amber and red risks.			Deep Dive TBC	Deep Dive TBC – Police Funding – Medium Term Financial Strategy
<b>Anti-fraud and Corruption</b>					
				Anti-Fraud Investigations Update	
<b>External Inspections</b>					
					HIMIC Inspection report – tbc
<b>Risk Challenge Sessions</b>					
				City Surveyor (Operational Property)	TBC





## AUDIT AND RISK MANAGEMENT COMMITTEE - Outstanding Actions- February/March 2018 update

Date Added	ITEM	Action	Officer and target date
23.5.2017	<b>INTERNAL AUDIT (GENERAL)</b>	<ol style="list-style-type: none"> <li>1. Action plan to distinguish <u>low, medium and high</u> priority risks and be more outward focussed.</li> <li>2. Chief Officers be invited to attend the Audit and Risk Management Committee where they had not provided an adequate explanation of delayed implementation.</li> <li>3. Audit report recommendations be linked to Chief Officers' objectives at their annual appraisals.</li> </ol>	<p><i>Head of Internal Audit and Risk Management</i></p> <p>1,2 &amp; 3 - On-going</p>
23.5.2017	<b>INTERNAL AUDIT CHARTER</b>	Cyber awareness to be more visible in all Internal Audit Reviews and suggested that this be more explicit in the Charter.	<p><i>Head of Internal Audit and Risk Management</i></p> <p>This will be actioned for all audits going forward. A section will be added to the Charter for the next review by the ARMC.</p>
23.5.2017	<b>HEAD OF INTERNAL AUDIT OPINION AND ANNUAL REPORT 2016/17</b>	<ol style="list-style-type: none"> <li>1. The numbers of greens, ambers and reds would give greater assurance than just stating the number of reds.</li> <li>2. Future opinion reports should include the quality of internal audit and coverage.</li> </ol>	<p><i>Head of Internal Audit and Risk Management</i></p> <p>To be included in the next HoIA Opinion in May 2018.</p>
23.5.2017	<b>INTERNAL AUDIT PLAN 2017/18</b>	<ol style="list-style-type: none"> <li>1. A review of significant areas every 3 years and an indication of the type of work which would be covered over the course of the year.</li> <li>2. Future reviews to include an analysis of efficiency and include resources and training.</li> </ol>	<p><i>Head of Internal Audit and Risk Management</i></p> <p>1. This will be actioned for the next Audit Plan. 2. This will be considered as part of the forthcoming planning process.</p>

## AUDIT AND RISK MANAGEMENT COMMITTEE - Outstanding Actions- February/March 2018 update

10.10.2017	<b>FIRE SAFETY</b>	The relevant Service Committees are due to receive a full update on this matter at their February Meetings.	Update to the Autumn meeting of the Committee to provide Members with assurance on the recommendations and action plans arising from the risk assessments, on an estate by estate basis, with the focus on amber and red risks.
10.10.2017	<b>ROAD SAFETY (CROSSRAIL)</b>	Members asked for an update before it opens	<i>Director of the Built Environment</i>  At item 10 on the Agenda for 29 May – Crossrail Reinstatement Projects.
29.11.17	<b>STATUTORY OBLIGATIONS IN RESPECT OF SEIZED GOODS</b>	An External Member offered to raise this at the Police Performance and Resource Management Sub Committee on 1 February 2018.	There are some 17 recommendations related to seized goods and most of them are listed as being completed by 31 March 2018. Further progress can be followed up at the next meeting of the Sub Committee on 26 April 2018.
16.1.18	<b>RISK MANAGEMENT UPDATES</b>	For future reports, a new appendix be included identifying new risks, risks where target dates had been missed (or worsened) or been removed from the corporate risk register.	<i>Corporate Risk Advisor</i>  Next Risk Update report due at May meeting.
6.3.18	<b>GENERAL DATA PROTECTION REGULATIONS – ADMINISTRATIVE PRACTICALITIES</b>	The Information Technology Sub Committee on 26 March 2018 to receive a joint report of the Comptroller and exploring further options	<i>City Solicitor and the Chamberlain (IT Director)</i> Update on the new arrangements - May 2018

Committees:	Dates:	Item no.
Audit and Risk Committee	29 May 2018	
<b>Subject:</b> Crossrail Reinstatement Projects: <ul style="list-style-type: none"> <li>- Farringdon East</li> <li>- Liverpool Street</li> <li>- Moorgate</li> </ul>	<b>Gateway 6 Progress Report</b>	<b>Public</b>
<b>Report of:</b> Director of the Built Environment		<b>For Information</b>
<p style="text-align: center;"><b><u>Summary</u></b></p> <p><b><u>Dashboard</u></b></p> <ul style="list-style-type: none"> <li>- Project status: Amber.</li> <li>- Timeline: Detailed Design / Construction</li> <li>- Projected Construction Costs: combined value circa £7.6M</li> <li>- Spend to Date (reinstatement projects only): £131K</li> <li>- Overall Project Risk: Amber.</li> </ul> <p>Elizabeth Line services will commence operation in the City in December 2018. Initially only services from Paddington to Abbey Wood will operate; May 2019 will see the addition of services running from Paddington to Shenfield via Liverpool Street. In December the full route will be operational, with routes running direct to Heathrow Airport.</p> <p>City of London officers have been working closely with Crossrail Ltd (CRL) to ensure that the highways immediately surrounding the new Crossrail ticket halls in the City will be fit for purpose in time for Crossrail's official opening. This report:</p> <ul style="list-style-type: none"> <li>• sets out the work that has been undertaken to date;</li> <li>• explains the processes that are currently underway to ensure that the highway reinstatement takes place in a timely fashion, and to a level of quality that is appropriate for the City and which will meet the need to address the safety of those leaving the new station exits;</li> <li>• sets out the challenges created by the abundance of developer-related activity in the vicinity of the new ticket halls; and</li> <li>• sets out the City's aspirations for further environmental / safety improvements in the wider areas surrounding the three ticket halls.</li> </ul> <p><b><i>It is recommended that:</i></b></p> <ul style="list-style-type: none"> <li>• <b><i>Members note the contents of this report</i></b></li> </ul>		

## Main Report

<b>1. Reporting period</b>	1.1 Autumn 2014 to Spring 2018 inclusive.
<b>2. Progress to date</b>	<p><b>Background</b></p> <p>Under the terms of the Crossrail Act (2008), Crossrail Ltd (CRL) is obliged to reinstate those highways which have been damaged as a direct result of their works. As such, in Autumn 2014 CRL opened a dialogue with City officers, to ensure that any reinstatement designs developed by CRL were consistent with standard City approaches and finishes. Whilst CRL were responsible for the design and construction of the reinstatement schemes, they were keen to obtain City input as ultimately the City would be responsible for the on-going maintenance of these streets.</p> <p>City Officers worked closely with CRL to ensure that the proposed designs were appropriate for the City. In each case, the designs that were developed considered pedestrian safety and significantly improved the pedestrian environment by reallocating volumes of carriageway space to footway and, where possible, improving pedestrian crossing facilities.</p> <p>In April 2016, CRL staged successful public consultation exercises on each of the three schemes. All three schemes have received Gateway 4 approval from the Streets and Walkways Sub-Committee, and from the Projects Sub-Committee. The three reinstatement schemes are shown on Figures 1 to 3.</p> <p>In parallel with our work advising CRL, City officers also commissioned separate streams of work looking at:</p> <ul style="list-style-type: none"> <li>- The levels of pedestrian movement likely to be generated at each new ticket hall; and</li> <li>- The wider areas surrounding each of the ticket halls, both in terms of their design and their ability to accommodate the levels of pedestrian movement likely to be generated by the Elizabeth Line.</li> </ul> <p>Based upon these additional workstreams, the City has developed outline proposals for the wider areas outside of the areas of Crossrail reinstatement.</p> <p><b>Current Position</b></p> <p><i><b>i) Third Party Development Implications</b></i></p> <p>As the designs at each location progressed, it became clear in each case that it would not be possible to fully reinstate the highways surrounding the new ticket halls in time for the commencement of Elizabeth Line services in December 2018. Each ticket hall has some form of development taking place either directly above the ticket hall, or immediately adjacent to the building.</p> <p>The implications of the above were that:</p>

	<p>i) As CRL ceases to exist as an entity when the Elizabeth Line opens, this means that CRL would not be in a position to undertake much of the reinstatement. Thus, it was decided that it would be preferable for the City to undertake the entire reinstatement on CRL's behalf, using our highway term contractor (JB Riney). This decision was approved by Members of the Policy and Resources Committee, the Streets and Walkways Sub-Committee and the Projects Sub-Committee in summer 2017.</p> <p>ii) It is critical that some form of interim scheme is designed and built at each location which does not compromise the entire reinstatement scheme, but still allows for safe pedestrian access to each of the ticket halls.</p> <p>The following actions are being taken in response to these factors:</p> <p>i) The City and CRL are working closely together on the detailed design at each site to ensure that an acceptable level of reinstatement is undertaken by December 2018 to allow passengers to safely access the ticket halls;</p> <p>ii) Where a building redevelopment project is already underway (such as the over-site development at Farringdon East, or 100 Liverpool Street (Broadgate), officers are in regular communication with the respective developer to ensure that their construction activities are planned and phased in such a way as to avoid obstructing safe access to the ticket hall; and</p> <p>iii) Where a building development project is still in planning, officers are regularly monitoring the progress of the respective planning applications and have undertaken preliminary discussions with the respective developers to brief them on the potential implications when they wish to commence construction.</p> <p>It is worth noting that the redevelopment of the 100 Liverpool Street is particularly disruptive, as it will require a one-year closure of the bus station at Liverpool Street. This has wide implications, as it will require bus services to re-route via Moorgate (thus preventing any works from taking place on Moorgate). It will also require some bus stand facilities to be provided in Finsbury Circus, thus preventing works from taking place there.</p> <p><b>ii) Legal Position</b></p> <p>CRL is legally bound to ensure that the public can safely access the new ticket halls – it is unable to open any station until it can be safely accessed.</p> <p>The City, in conjunction with CRL, is ensuring that this legal obligation is met. In recognition of the constraints placed by the third-party developments at each site, the City is agreeing a “Minimum Urban Realm Scheme” at each site, this scheme being the minimum amount of urban realm reinstatement which is required for each ticket hall to open.</p>
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	<p>The City will be entering into legal agreements with CRL which will commit us to delivering these minimum works by December 2018 (subject to Crossrail removing their hoarding from these sections of highway in a timely fashion).</p> <p><b>iii) Reinstatement Schemes vs Wider Area Schemes</b></p> <p>Whilst CRL has legal obligations in the areas close to the ticket hall entrances (the Reinstatement Schemes), it has no legal obligations relating to the wider highway network in the City. Instead, the legal responsibilities for these highways rest with the City of London as part of our statutory duties as Highway Authority (although in some instances, such as Bishopsgate, that responsibility is shared with Transport for London).</p> <p>Officers have undertaken some investigation/design of these wider areas. The furthest advanced (in design terms) is Moorfields north, for which a concept design has been developed.</p> <p>Studies of pedestrian movements generated by each ticket hall have also been undertaken, and potential footway capacity problems have been identified at the following locations:</p> <ul style="list-style-type: none"> <li>- Moorgate at its junction with London Wall;</li> <li>- Moorgate at its junction with Ropemaker Street;</li> <li>- Bishopsgate at its junction with Liverpool Street; and</li> <li>- Bishopsgate at its junction with Wormwood Street.</li> </ul> <p>Some work has been undertaken on these wider area schemes – however, further funding will be needed to investigate these junctions further.</p>
<p><b>3. Next steps</b></p>	<p>A series of workstreams are required in order to deliver the reinstatement projects, with the following actions required for each scheme in order for the City to commence works:</p> <ul style="list-style-type: none"> <li>- Production of detailed design;</li> <li>- Re-estimation of costs;</li> <li>- Completion of Urban Realm Agreement;</li> <li>- Schedule 7 approval (i.e. formal agreement of what condition the highway should be left in when CRL formally hand it back to the City for us to commence the reinstatement works); and</li> <li>- Delegated Authority to commence works.</li> </ul> <p>Many of these actions sit with CRL; thus, our ability to deliver the reinstatement schemes on-time will partly depend upon the performance of CRL and its contractors. Officers will ensure that this uncertainty is reflected in the Urban Realm Agreement, such that the City is suitably protected in the event that the reinstatement schemes are unduly delayed through factors attributed to CRL. Current progress on each of the workstreams above is shown in Appendix 1.</p> <p>Members should note that having reviewed current progress as set out in Appendix 1, and taking into account the impacts of third party</p>

	<p>development proposals, it is considered that it will only be possible to deliver the 'Minimum Urban Realm Scheme' at each site in time for the Crossrail stations opening in December 2018. Figures 4 to 6 illustrate the areas that we would expect to have reinstated by December 2018.</p> <p>The work currently underway will ensure that Crossrail can open on time, and that pedestrians will be able to access Elizabeth line services safely. However, it is recognised that as more Elizabeth line services run, and as the Elizabeth line reaches capacity, the additional passengers will place increasing strain upon City streets both in the vicinity of the station accesses, and in the wider area. Studies undertaken to date suggest that the impact of this increase in passengers will make City streets more uncomfortable, but not necessarily unsafe overall. However, these studies also point to the potential for footway crowding issues around pedestrian crossings, or where significant street furniture is present. When combined with the impact of addition movements generated by new building developments, there is a danger that some streets could become less safe for pedestrians.</p> <p>In recognition of this, officers are proposing to:</p> <ul style="list-style-type: none"> <li>• review the findings of past and present studies, projects, strategies and models in the vicinity of the stations to identify our best understanding of present and proposed pedestrian infrastructure in the wider areas surrounding the stations. This review will particularly focus upon areas where pedestrian safety may be compromised by significant increases in pedestrian movement;</li> <li>• assess new development proposals in these areas to understand how they may contribute towards increased pedestrian movement; and</li> <li>• based upon the above, set out a programme of activity which will identify potential future safety issues in the area, and allow us to set out a series of studies/projects to address these potential issues.</li> </ul>
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## **Appendices**

<b>Appendix 1</b>	Progress Update

## **Contact**

<b>Report Author</b>	Jon Wallace
<b>Email Address</b>	<a href="mailto:Jon.wallace@cityoflondon.gov.uk">Jon.wallace@cityoflondon.gov.uk</a>
<b>Telephone Number</b>	020 7314 1589

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## Crossrail-Related Urban Realm Schemes

### Summary of Schemes and Status

Crossrail Reinstatement Projects	Estimated Cost	Approved Funding	Funding Source	Status
Farringdon East	£2.5M	£2.7M	Crossrail	All funds and approvals in place. Initial construction phase June-November 2018. Remaining construction late 2019.
Liverpool Street	£2.4M	£2.4M	Crossrail	Detailed design and legal agreements nearing completion. Projected Initial construction phase Autumn 2018 -Winter 2019. Remaining construction late 2019-mid 2020
Moorgate/Moorfields	£2.3M	£2.3M	Crossrail	Completion of detailed design and legal agreements on hold pending resolution of shallow utilities issue on Moorgate. Projected dates for construction of Moorfields South and Central plus Moor Place construction Winter 2018 - Winter 2019. Moorgate Central, mid-2019.
Wider Area Schemes	Estimated Cost	Approved Funding	Funding Source	Status
Moorfields North	£1.4M	£218K	S106, 72 Fore St	Preferred design identified by officers. G3 report required.
Moorgate North and South	£1.9M			Preliminary analysis undertaken
Finsbury West	£0.4M	None	N/A	Preliminary analysis undertaken
Liverpool Street East	Too early to say	£213K	S106, 150 Broadgate	Preliminary analysis undertaken

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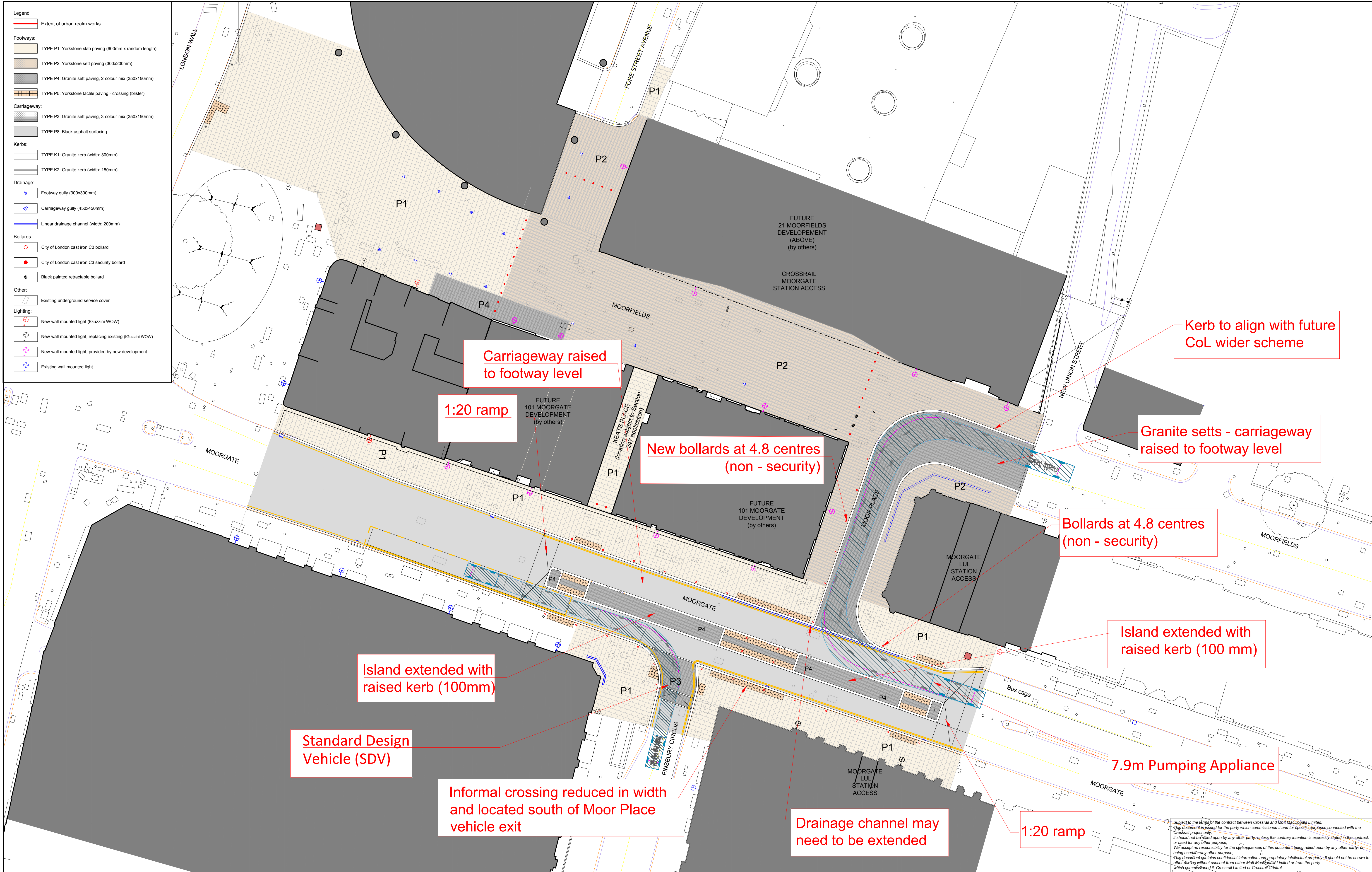
# PROPOSED DESIGN

- 01. Fire gate to be removed and replaced with CCTV-based system. Details to be provided by LBI.
- 02. York stone footway (300 x 200 x 75mm).
- 03. Footway level parking bays, laid in granite setts - 300 x 200 x 150mm.
- 04. Raised table with buff coloured aggregate.
- 05. 9no. cycle stands.
- 06. York stone flag (600 x random length x 75mm) footway.
- 07. Improved pedestrian crossing.
- 08. Resurfaced asphalt carriageway.
- 09. Charterhouse Square historic gates, relocated (by others).
- 10. Raised table informal crossing.
- 11. 2 colour grey mix granite setts (300 x 200 x 150mm) carriageway, flush with footway level.
- 12. Service access for OSD & ticket hall loading bay.
- 13. Existing loading bay for Smithfield Market.
- 14. Footway level loading bay for Smithfield Market.
- 15. Carriageway level taxi-rank.
- 16. City of London bollards.
- 17. 'Legible London' wayfinding sign.



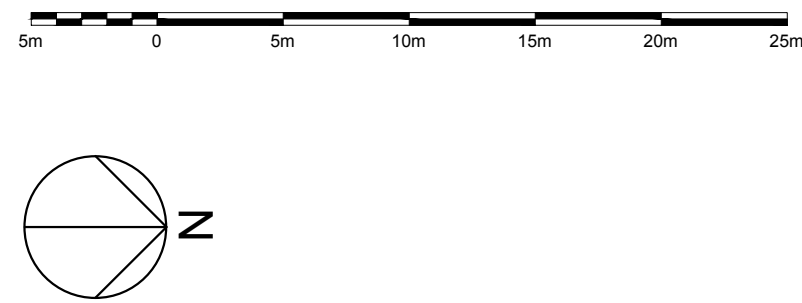
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Rev.	Date	Description	By	Chkd	App	Auth
01	22/09/2016	Amendment following CoL / CRL meeting 21/09/2016	SP	SN		

Notes



Crossrail Limited  
25 Canada Square  
Canary Wharf  
London  
E14 5LQ

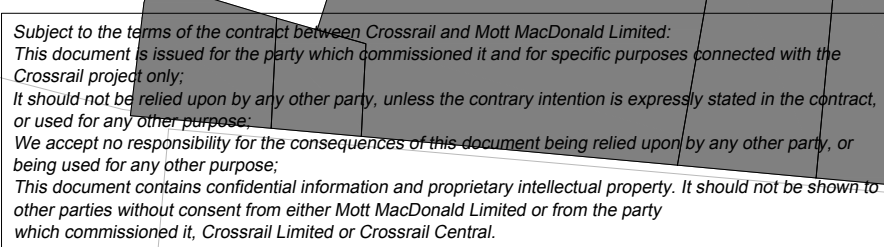
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Contract : LIVERPOOL STREET STATION DESIGN			
Originator : Mott MacDonald Limited			
Location : Liverpool Street Station			
Title : Moorgate Urban Realm			
By : S.PALMIERI		Rev : 01	
Chk : S.NICE		Suitability : --	
App :			
Auth :			
Scale : 1:250 @ A1		Drawing and CAD file No : 10348.MG.SK.20	



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**Crossrail Limited**  
25 Canada Square  
Canary Wharf  
London  
E14 5LQ

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www.crossrail.co.uk

Contract :	LIVERPOOL STREET STATION DESIGN
Originator :	Mott MacDonald Limited
Location :	Liverpool Street Station

Title :  
Broadgate  
Urban Realm

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Scale :  
1:250 @

By: S.PALMIERI

Chk : S.NICE

App :

Auth :	
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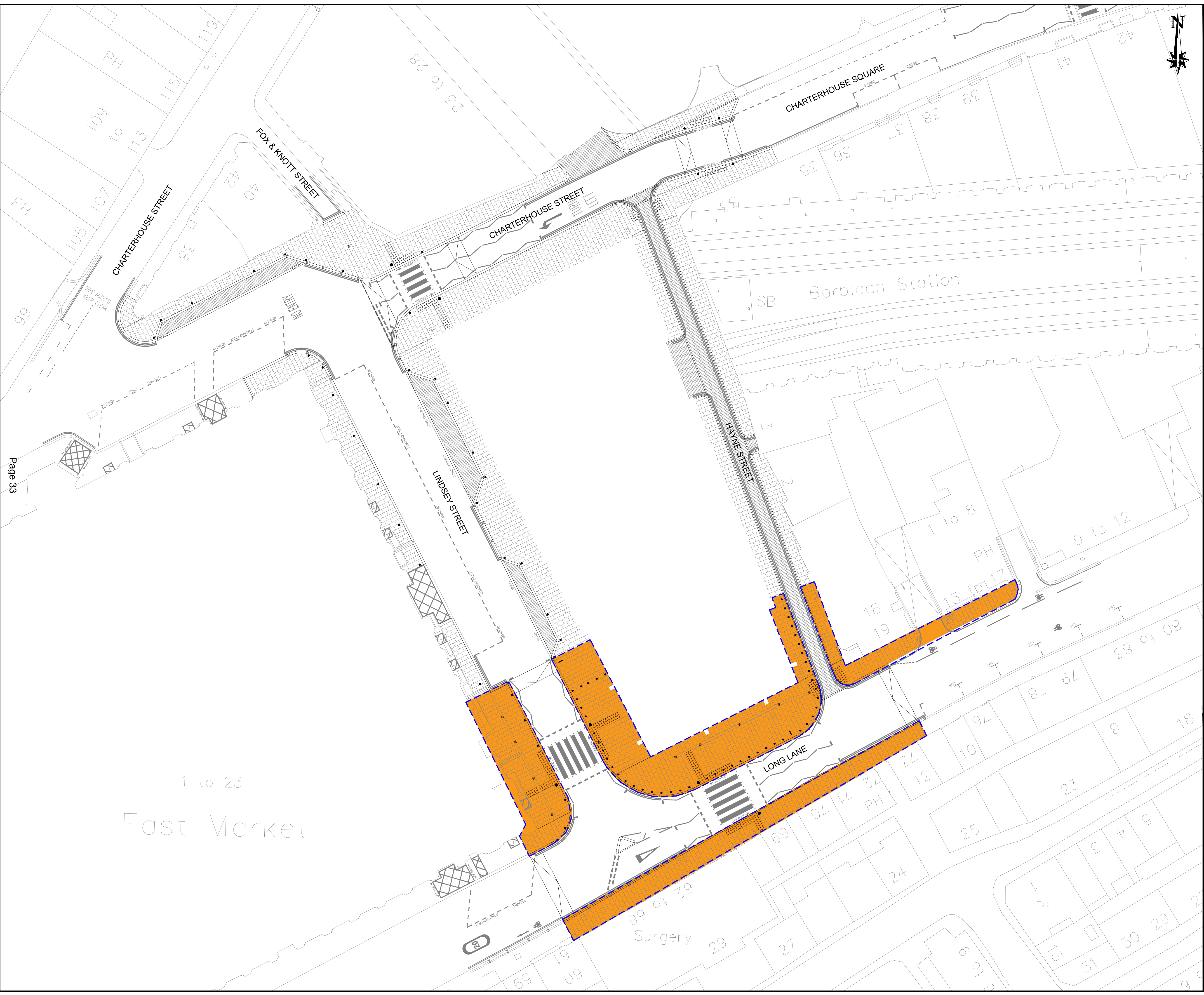
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Works that should be complete by station opening (9th December 2018)

**Key**

- Boundary of area constructed
- Area constructed with permanent surfacing materials

Rev No.	Date	Description	By
Revision			

PROJECT:

**CROSSRAIL  
FARRINGTON EAST**

TITLE:

**MINIMUM WORKS AREA**

CLIENT:

**HIGHWAY DESIGN  
AND CONSTRUCTION**

DEPARTMENT OF THE CITY OF LONDON  
270 GUILDHALL  
LONDON EC2P 2EJ  
TEL: 020 7606 3030

**DRAFT**

**CITY OF LONDON**

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Date:	May 18				
Designed by:	BB				
Checked by:					
Scale & Drawing Size:	1:250@A1	Revision:	--	Drawing No:	100/CFE/MW



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Works that could be completed by station opening (9th December 2018) based on CoL being able to place orders on the 1st of July 2018

Key

- Boundary of area constructed
- Area constructed with temporary surfacing materials
- Area constructed with permanent surfacing materials

Rev No.	Date	Description	By
Revision			

PROJECT:  
**CROSSRAIL MOORGATE**

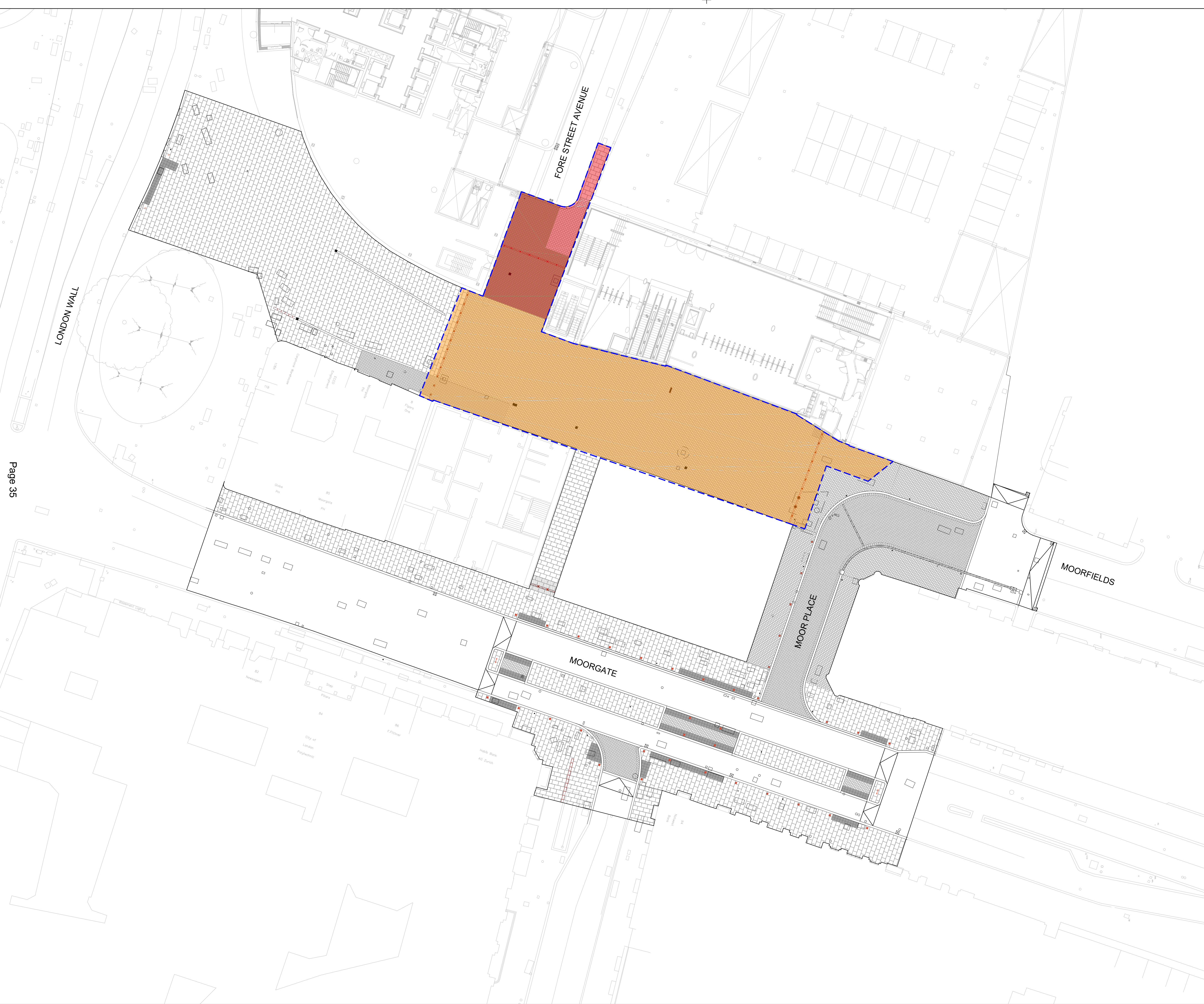
TITLE:  
**MINIMUM WORKS**

CLIENT:  
**HIGHWAY DESIGN AND CONSTRUCTION**  
DEPARTMENT OF THE ENVIRONMENT  
PO BOX 270  
CITY OF LONDON  
EC2P 2EJ  
TEL: 020 7606 3030



**CITY OF LONDON**

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Date: <b>09/03/18</b>	Designed by: <b>BB</b>	Checked by:	Scale & Drawing Size: <b>NTS</b>
Revision: <b>--</b>	Drawing No: <b>100/CMR/MW</b>		





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<b>Committee(s)</b>	<b>Dated:</b>
Audit and Risk Management Committee	<b>29 May 2018</b>
<b>Subject:</b> City Fund and Pension Fund Financial Statements update 2017/18	<b>Public</b>
<b>Report of:</b> The Chamberlain	<b>For Information</b>
<b>Report author:</b> Philip Gregory, Chamberlain's Department	

## Summary

The City Fund and Pension Fund financial statements are currently being produced for the 2017/18 financial year. The Accounts and Audit Regulations 2015 set out the requirements for the approval and publication of the City Fund and Pension Fund Financial Statements. From the 2017/18 financial year, the timetable for the preparation and approval of accounts has been brought forward to a draft accounts deadline of 31 May and an audit deadline of 31 July 2018. Approval of each year's financial statements has been delegated by the Court of Common Council to the Finance Committee.

## Recommendation(s)

Members are asked to:

- Note the report.

## Main Report

### Background

1. The Accounts and Audit Regulations 2015 set out the requirements for the approval and publication of the City Fund and Pension Funds Financial Statements. From the 2017/18 financial year, the timetable for the preparation and approval of accounts has been brought forward to a draft accounts deadline of 31 May and an audit deadline of 31 July 2018.
2. The 2009 Account and Audit Regulations removed the requirement to present the draft accounts for approval by Members.
3. Approval of each year's financial statements has been delegated by the Court of Common Council to the Finance Committee.

### Current Position

4. The City Fund and Pension Fund draft financial statements are currently being produced for the 2017/18 financial year in order to meet the accelerated deadline of 31 May 2018.

5. The Financial Services Division will hand the draft financial statements to the external auditor, BDO, following signature by the Chamberlain. The external auditors will then undertake their work to provide Members with an audit opinion no later than 31 July 2018.
6. The draft financial statements will be circulated to Members of the Committee at the same time as they are handed over to the external auditor for Members to scrutinise.
7. The accounting policies adopted by the Corporation for the City Fund and Pension Fund Accounts are included at Appendix 1.
8. As soon as reasonably possible after the conclusion of the audit, and in any event by 31 July 2018, the City is required to publish the 2017/18 City Fund and Pension Fund Financial Statements including the Audit Opinion on its website. Copies of the published statements will also be placed in the Members' Reading Room. The final management letters from BDO on its audit will be presented to the Court of Common Council for information.

## **Conclusion**

9. The City Fund and Pension Fund financial statements are currently being produced for the 2017/18 financial year. The Accounts and Audit Regulations 2015 set out the requirements for the approval and publication of the City Fund and Pension Fund Financial Statements.
10. From the 2017/18 financial year, the timetable for the preparation and approval of accounts has been brought forward to a draft accounts deadline of 31 May and an audit deadline of 31 July 2018.

## **Appendices**

- Appendix 1 – City Fund and Pension Fund Accounting Policies

## **Philip Gregory**

Deputy Director, Financial Services

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E: [philip.gregory@cityoflondon.gov.uk](mailto:philip.gregory@cityoflondon.gov.uk)

## **City Fund Accounting Policies**

1. The accounting policies set out the specific principles, bases, conventions, rules and practices applied in preparing and presenting the financial statements.

### **1.1. General Principles**

The Statement of Accounts summarises the City Fund transactions for the 2017/18 financial year and its position at the year end of 31 March 2018. The City Corporation is required to prepare the City Fund annual Statement of Accounts in accordance with proper accounting practices by the Accounts and Audit Regulations 2015. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

### **1.2. Accruals of Expenditure and Income**

The accounts of the City Fund are maintained on an accruals basis. Consequently, activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the significant risks and rewards of ownership are transferred to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the City Fund
- Revenue from the provision of services is recognised when the percentage of completion of the transaction can be measured reliably and it is probable that economic benefits or service potential associated with the transaction will flow to the City Fund
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in

the Balance Sheet. Where it is subsequently identified that debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected

### **1.3. Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours less cheques and BACS payments issued but not presented. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

### **1.4. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors**

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the City Fund's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period and are disclosed in the notes.

### **1.5. Charges to Revenue for Non-current Assets**

Services are debited with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible assets attributable to the service.

The City Fund is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, if it had a borrowing requirement it would be required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount, the Minimum Revenue Provision (MRP), calculated on a prudent basis



determined in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation would then be replaced by the MRP by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves.

## **1.6. Employee Benefits**

### ***(a) Short-term employee benefits***

Short-term benefits are those due to be settled within 12 months of the year end. They include such benefits as salaries, wages, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service.

The cost of leave earned but not taken by employees at the end of the period is recognised within the Surplus or Deficit on the Provision of Services to the extent that employees are permitted to carry forward leave into the following period. However, statutory regulations require this cost to be reversed out of the accounts and this is achieved by crediting the revenue account for 'adjustments between accounting basis and funding basis under regulations' within the Movement in Reserves and debiting the 'statutory adjustments account' on the balance sheet.

### ***(b) Termination benefits***

Termination benefits are amounts payable as a result of a decision to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service in the Comprehensive Income and Expenditure Statement at the earlier of when the authority can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructuring. Where termination benefits involve the enhancement of pensions, statutory provisions require the City Fund Balance to be charged with the amount payable by the employer to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

### ***(c) Retirement benefit costs***

#### ***(i) Pension Costs – City of London Staff***

With the exception of serving police officers and teachers, City of London staff are eligible to contribute to the City of London Pension Fund, which is a funded defined benefits scheme. The estimated net deficit on the Fund is the responsibility of the City of London Corporation as a whole, as one employer, rather than the specific responsibility of any of its three funds (City Fund, City's

Cash and Bridge House Estates). The Corporation and its three funds have a policy in place to share the net defined benefit cost of the pension fund across the three funds. As such the City Fund recognises the net defined benefit cost along with a share of scheme assets and scheme liabilities. The total net defined benefit cost is apportioned across the Corporation's three funds based on the proportion of pensionable payroll of each fund.

- The liabilities attributable to the City Fund are included on the balance sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions including mortality rates, employee turnover rates and projections of earning for current employees
- Liabilities are discounted to their value at current prices
- The assets attributable to the City Fund are included in the balance sheet at their fair value using estimated bid values where necessary

The change in the net pensions liability is analysed into the following components:

- Service cost comprising:
  - current service cost, the increase in liabilities as a result of years of service earned this year, allocated in the comprehensive income and expenditure statement to the services for which the employees worked
  - past service cost, the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the surplus or deficit on the provision of services in the comprehensive income and expenditure statement as part of non-distributed costs
  - net interest on the net defined benefit liability is charged to the financing and investment income and expenditure line of the comprehensive income and expenditure statement. The interest is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period considering any changes in the net defined benefit liability during the period as a result of contribution and benefit payments
- Remeasurements comprising:
  - the return on plan assets, excluding amounts included in the net interest on the net defined benefit liability, charged to the pensions reserve as other comprehensive income and expenditure
  - actuarial gains and losses, changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions, charged to the pensions reserve as other comprehensive income and expenditure

- Contributions paid to the Pension Fund, cash paid as employer's contributions to the pension fund in settlement of liabilities, not accounted for as an expense

In relation to retirement benefits, statutory provisions require the City Fund unallocated reserve to be charged with the amount payable to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the movement in reserves statement, this means that there are transfers to and from the pension reserve to remove the notional debits and credits for retirement benefits and replace them with debits for cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the pension reserve thereby measures the beneficial impact to the City Fund unallocated reserve of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

(ii) Pension Costs – Police Officers and Judges

The Police Pension Scheme is unfunded. Prior to 1 April 2006 each police authority was responsible for paying the pensions of its own former employees on a “pay as you go” basis. Under the current arrangements the City Fund no longer meets pension costs directly; instead it contributes a percentage of police pay into the Police Pension Fund. At the year end the Police Pension Fund is balanced to zero by either receiving a contribution from the City Fund equal to the amount by which the amounts payable from the Pension Fund for the year exceed the amounts receivable or, by paying to the City Fund the amount by which sums receivable by the Pension Fund for the year exceed the amounts payable. Where the City Fund makes a transfer to the Pension Fund, the Home Office will pay an equivalent top-up grant to the City Fund. Where a transfer is made out of the Pension Fund, the City Fund must pay the amount to the Home Office.

The payment of pensions to former judges is the responsibility of the Treasury with the City of London reimbursing the Treasury for the City Fund's share of the liability. The City Fund's estimated liability has been determined by independent actuaries in accordance with IAS19.

The accounting treatment for the estimated liabilities on the Police and Judges schemes are similar to that outlined above for the City of London Pension Scheme.

(iii) Pension Costs - Teachers

The payment of pensions to former teachers under the Teachers' Pension Scheme is administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE). The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Authority. However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Authority. The scheme is therefore accounted for as if it was a defined contribution scheme and no liability for future payments of benefits is recognised

in the Balance Sheet. The Community and Children's Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year.

### **1.7. Events After the Reporting Period**

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

#### **(a) Adjusting Events**

Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.

#### **(b) Non-adjusting Events**

Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but, where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

### **1.8. Financial Instruments**

#### **(a) Financial Assets**

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- available for sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments

#### Loans and Receivables

Loans and receivables are recognised when the City Fund becomes party to a financial instrument contract (any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another) or, in the case of trade receivables, when the goods or services have been delivered. They are initially recognised at fair value, defined as the amount for which an asset could be exchanged or a liability settled, assuming the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price. After initial recognition they are measured at amortised cost using the effective interest method, less any impairment.

### Available for Sale

Available for sale assets are recognised when the City Fund becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. The City Fund has investments in money market funds and another small unquoted equity investment. Although they meet the definition of available for sale assets they are not adjusted for any movement in fair value as they are held at cost.

### Impairment

At the end of the reporting period, the City Corporation assesses whether any of the City Fund financial assets are impaired. They are impaired and impairment losses recognised if there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset. The impairment of receivables is based on the age and type of each debt with the percentages applied reflecting an assessment of the recoverability. The loss is recognised in expenditure and the carrying amount of the asset is reduced through a provision for impairment of receivables. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through expenditure to the extent that the carrying amount of the receivable at the date of the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Where investments are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments), the asset is written down and a charge made to the Financing and Investment Income and Expenditure.

### ***(b) Financial Liabilities***

Financial liabilities are recognised when the City Fund becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged, that is, the liability has been paid or has expired.

### **1.9. Interest Income**

Interest is credited to the City Fund and Housing Revenue Account based upon average balances held by the Chamberlain and invested by him in the London Money Markets.

### **1.10. Government Grants and Other Contributions**

Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations are recognised as income at the date that

the authority satisfies the conditions of entitlement to the grant/contribution, there is reasonable assurance that the monies will be received.

Where a grant or contribution has been received but the conditions of entitlement have not been satisfied, the grant or contribution is treated as a receipt in advance.

**(a) Revenue**

Specific, ring-fenced, revenue grants are credited to the appropriate service revenue accounts. Non-ring-fenced grants to finance the general activities of a local authority (e.g. Revenue Support Grant) are disclosed in the Comprehensive Income and Expenditure Account within taxation and non-specific grant income.

**(b) Capital**

Where a capital grant or contribution has been recognised as income in the Comprehensive Income and Expenditure Statement, and the expenditure to be financed from the grant or contribution has been incurred at the Balance Sheet date, the grant or contribution is transferred from revenue to the Capital Adjustment Account, reflecting the application of capital resources to finance expenditure. This transfer is reported in the Movement in Reserves Statement.

Where a capital grant or contribution has been recognised as income in the Comprehensive Income and Expenditure Statement, but the expenditure to be financed from that grant or contribution has not been incurred at the Balance Sheet date, the grant or contribution is transferred to the Capital Grants Unapplied Account within the usable reserves section of the balance sheet reflecting its status as a capital resource available to finance expenditure. This transfer is reported in the Movement in Reserves Statement.

When, at a future date, the expenditure to be financed from the grant or contribution is incurred, the grant or contribution is transferred from the Capital Grants Unapplied Account to the Capital Adjustment Account, reflecting the application of capital resources to finance expenditure. This transfer is reported in the Movement in Reserves Statement.

**1.11. Business Improvement Districts**

A Business Improvement District (BID) scheme applies across an area of the City (Cheapside). The scheme is funded by a BID levy paid by non-domestic ratepayers. The Authority acts as principal under the scheme, and accounts for income received and expenditure incurred (including contributions to the BID project) within the relevant services within the Comprehensive Income and Expenditure Statement.

**1.12. Community Infrastructure Levy**

The City Corporation has elected to charge a Community Infrastructure Levy (CIL). The levy is charged on new builds (chargeable developments for the Authority) with appropriate planning consent. The City Corporation charges for and collects the levy, which is a planning charge. The income from the levy will

be used to fund a number of infrastructure projects to support the development of the area. CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a small proportion of the charges may be used to fund revenue expenditure.

### **1.13. Heritage Assets**

Heritage assets are those assets intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. Where the cost or value of heritage assets cannot be obtained at a cost which is commensurate with the benefits to the users of the financial statements, such assets will not be recognised in the Balance Sheet. The City Corporation does not consider the expense of obtaining information on cost or values to be justified and therefore recognises on the City Fund balance sheet only those heritage assets for which information on costs is readily available. The City Corporation considers that heritage assets will have indeterminate lives and high residual values; hence the City Corporation does not consider it appropriate to charge the City Fund depreciation for these assets (see note 16 for details of these assets).

### **1.14. Investment Property**

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the Unallocated Reserve. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the Unallocated Reserve. The gains and losses are therefore reversed out of the Unallocated Reserve in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

### **1.15. Contingent Assets**

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the City Fund. Contingent

assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the debtor (or cash where consideration has been received) and the related revenue are recognised in the financial statements of the period in which the change in circumstances occurs. Where an inflow of economic benefits or service potential is probable (rather than virtually certain) and can be reliably measured, contingent assets are disclosed as notes to the accounts.

### **1.16. Contingent Liabilities**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the City Fund. Contingent liabilities are assessed continually to determine whether an outflow of resources embodying economic benefits or service potential has become probable. If it becomes probable that an outflow of future economic benefits or service potential will be required for an item previously dealt with as a note to the accounts, a provision is recognised in the financial statements for the period in which the change in probability occurs (except in circumstances where no reliable estimate can be made). Where a contingent liability exists, but a reliable estimate cannot be made, a note is disclosed in the accounts unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

### **1.17. Provisions**

Provisions are made where an event has taken place that gives the City Fund a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the City Fund may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation from the City Fund. Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the City Fund becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service. Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the City Fund settles the obligation.



## 1.18. Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Freehold land has an indefinite life and the land within the lease is recorded as an operating lease unless it is an immaterial part of the lease.

### **(a) Finance Leases**

#### **(i) City Fund as Lessee**

The City of London recognises property, plant and equipment held under finance leases as assets at the commencement of the lease at amounts equal to its fair value and, where material, liabilities at the lower of the present value of the minimum lease payments or the fair value of the property. The asset recognised is matched by a liability for the obligation to pay the lessor. Minimum lease payments are apportioned between a finance charge (interest) and a reduction of the outstanding liability. The finance charge element is allocated to revenue and is calculated so as to produce a constant periodic rate of interest on the remaining balance of the liability. Where liabilities are immaterial, a liability is not recognised and the full rental is charged to revenue over the term of the lease.

#### **(ii) City Fund as Lessor**

Amounts due from lessees under finance leases are recorded in the Balance Sheet as a debtor at the amount of the net investment in the lease. The lease payments receivable are apportioned between repayment of the debtor and finance income. The finance income is credited to revenue and calculated so as to give a constant periodic rate of return from the net investment. The asset is written out of the balance sheet as a disposal. A gain, representing the net investment in the lease is credited to income and the difference shown as a gain or loss on disposal. Where the lessee acquires the asset through payment of a premium at the commencement of the lease, this is included as a capital receipt and there is no remaining finance lease asset.

### **(b) Operating Leases**

#### **(iii) City Fund as Lessee**

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

#### **(iv) City Fund as Lessor**

Assets subject to operating leases are included in the Balance Sheet according to the nature of the assets. Rental income from operating leases is credited to the Comprehensive Income and Expenditure Statement. Credits are made on a

straight-line basis over the period of the lease, even if the payments are not received on this basis (e.g. there is a premium paid at the commencement of the lease).

### **1.19. Overheads**

The costs of support service overheads are generally apportioned between all services on the basis of employee time spent or other resources consumed on behalf of user services. Similarly, with the exception of vacant properties, the costs of support service buildings (including capital charges) are apportioned on the basis of the office area utilised by each service.

### **1.20. Property, Plant and Equipment**

Property, plant and equipment comprises the following classes of tangible long-term assets; council dwellings, other land and buildings, leasehold improvements, vehicles plant and equipment, infrastructure assets, community assets, assets under construction and surplus assets.

#### ***(a) Recognition***

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised provided that the expenditure is material (generally in excess of £50,000) and the asset yields benefits to the City Fund, and the services it provides, for a period of more than one year. This excludes expenditure on routine repairs and maintenance of property, plant and equipment which is charged directly within service costs.

#### ***(b) Valuation***

Property, plant and equipment are measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset so that it is capable of operating in the manner intended. Assets are then carried in the Balance Sheet using the following measurement bases:

- Properties regarded as operational - current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV), or where this cannot be assessed because there is no market for the subject asset, the depreciated replacement cost, based on modern equivalent assets, as an estimate of current value.
- Council dwellings – current value, determined using the basis of existing use value for social housing
- Non-operational assets under construction – historic cost
- Infrastructure, community and heritage assets - historic cost, net of depreciation, where appropriate
- Vehicles, plant and equipment - cost, net of depreciation, as a proxy for current value.

- Surplus assets – fair value, estimating highest and best use

All properties included on the balance sheet at current or fair value are revalued at least once within a five-year period as part of a rolling programme with subsequent additions being included in the accounts at their cost of acquisition until the asset is next revalued. Revaluations are carried out sufficiently regularly to ensure that their carrying value is not materially different from their value at the year end.

**(c) Revaluations**

An increase arising on revaluation is taken to the revaluation reserve unless the increase is reversing a previous impairment loss charged to Surplus or Deficit on the Provision of Services on the same asset or reversing a previous revaluation decrease charged to Surplus or Deficit on the Provision of Services on the same asset, in which case it is credited to expenditure to the extent of the loss or decrease previously charged there.

Where the carrying amount of an item of property, plant and equipment is decreased as a result of a revaluation, i.e. a significant decline in an asset's carrying amount during the period that is not specific to the asset (as opposed to impairment – see below), the decrease is recognised in the Revaluation Reserve to the extent that there is a balance on the reserve for the asset and, thereafter, against the Surplus or Deficit on the Provision of Services.

Legislation prescribes that revaluation gains or losses charged to Surplus or Deficit on the Provision of Services are not proper charges to the City Fund. Such amounts are transferred to the Capital Adjustment Account and reported in the Movement in Reserves Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal inception following implementation from the 2007 Statement of Recommended Practice. Gains arising before that date have been consolidated in the Capital Adjustment Account.

**(d) Impairments**

An impairment loss arises if the carrying amount of an asset exceeds its recoverable amount. This could be caused by such factors as a significant decline in an asset's value during the period (i.e. more than expected as a result of the passage of time, normal use or general revaluation), evidence of obsolescence or physical damage of an asset, a commitment by the authority to undertake a significant reorganisation, or a significant adverse change in the statutory or other regulatory environment in which the authority operates.

An annual assessment takes place as to whether there is any indication that an asset may be impaired. An impairment loss is recognised in the Revaluation Reserve to the extent that there is a balance on that reserve relating to the specific asset and thereafter to the Surplus or Deficit on the Provision of Services.

The reversal of an impairment loss previously recognised in Surplus or Deficit on the Provision of Services will not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Any excess above this carrying amount is treated as a revaluation gain and charged to the Revaluation Reserve.

Legislation prescribes that impairment losses and reversal of impairment losses charged to Surplus or Deficit on the Provision of Services are not proper charges to the City Fund. Such amounts are transferred to the Capital Adjustment Account and reported in the Movement of Reserves Statement.

**(e) *De-recognition***

The carrying amount of an item of property, plant and equipment is derecognised:

- on disposal, or
- when no future economic benefits or service potential are expected from its use or disposal

The gain or loss arising from de-recognition of an asset is the difference between the net disposal proceeds, if any, and the carrying amount of the asset. The gain or loss arising from de-recognition of an asset is included in Surplus or Deficit on the Provision of Services under other operating expenditure.

Legislation prescribes that the gain or loss is not a proper charge to the City Fund or Housing Revenue Account. As a result, the City Fund or Housing Revenue Account is debited (in the case of a gain) or credited (in the case of a loss) with an amount equal to the gain or loss on disposal with the consequent entry being:

- an increase in the Capital Receipts Reserve of an amount equal to the disposal proceeds
- a charge to the Capital Adjustment Account of an amount equal to the carrying amount of the asset

If the asset derecognised was carried at a re-valued amount, an additional entry is required; the balance on the Revaluation Reserve is written off to the Capital Adjustment Account and reported in the Movement in Reserves Statement.

The Capital Receipts Reserve can only be used for new capital investment or set aside to reduce any underlying need to borrow (the capital financing requirement). A proportion of receipts relating to Housing Revenue Account disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government.

**(f) Depreciation**

Depreciation is provided for on all property, plant and equipment with a finite useful life, other than freehold land. The depreciation charge is calculated by allocating the Balance Sheet value of the asset, less its residual value, to the periods expected to benefit from its use; generally, the straight-line method has been adopted.

The costs of services include charges for depreciation for all property, plant and equipment used in the delivery of services based on the value of assets at the start of the year. Where the effects of major additions or disposals occurring during the year are material, these are also reflected in capital charges to service revenue accounts. Freehold land, certain community assets and assets under construction are not directly used in the delivery of services and therefore do not attract a charge for capital.

**(g) Components**

Assets other than Housing Revenue Account (HRA) Dwellings

Large assets, for example a building, are reviewed to ascertain whether differences in the useful lives of components would have a material impact on the level of depreciation and/or carrying value of the overall assets. These reviews are undertaken:

- when an asset is acquired
- when an asset is enhanced
- when an asset is revalued

Where there is a material impact on depreciation and/or the carrying value, the components are treated as separate assets and depreciated over their own useful economic lives.

HRA Dwellings

The components of HRA dwellings are reviewed at the same stages as indicated above. However, upon review, all the main components in HRA dwellings (e.g. roofs, windows, central heating, lifts and electrics) are treated as separate assets and depreciated over their own useful economic lives. This facilitates the use of the Major Repairs Reserve which is classified by Government as 'capital' funding.

**1.21. Fair value measurement**

The authority measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a. in the principal market for the asset or liability; or
- b. in the absence of a principal market, in the most advantageous market for the asset or liability.

The authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability

**1.22. Reserves**

Specific amounts have been set aside as reserves for future policy purposes or to cover contingencies. Details of the City Fund's earmarked reserves are set out in 10. Certain reserves are required by the Code to manage the accounting process for long-term assets and retirement benefits and do not represent usable resources. Details of these unusable reserves are set out in note 28.

**1.23. Revenue expenditure funded from capital under statute**

Legislation allows some expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance

Sheet as a long-term asset. The purpose of this is to enable it to be funded from capital resources rather than be charged to revenue and impact on that year's council tax. These items are generally grants and expenditure on property not owned by the authority and amounts directed under statute.

Such expenditure is charged to Surplus or Deficit on the Provision of Services in accordance with the general provisions of the Code. Any statutory provision that allows capital resources to meet the expenditure is accounted for by debiting the Capital Adjustment Account and crediting the City Fund unallocated reserve and inclusion as a reconciling item in the Movement in Reserves Statement.

#### **1.24. Value Added Tax**

Income and expenditure excludes any amounts related to VAT as all VAT collected is payable to HM Revenue & Customs and all VAT paid is recoverable from it.

#### **1.25. Schools**

The Code of Practice on Local Authority Accounting in the United Kingdom confirms that the balance of control for local authority-maintained schools (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the local authority financial statements. Therefore, schools' transactions, cash flows and balances are recognised in each of the financial statements of the authority as if they were the transactions, cash flows and balances of the authority.

#### **1.26. Accounting for Council Tax and National Non-Domestic Rates**

The council tax and National Non-Domestic Rates (NNDR) income included in the Comprehensive Income and Expenditure Statement is the City Fund's share of accrued income for the year. However, regulations determine the amount of council tax and NNDR that must be included in the City Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the City Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the City Fund's share of the end of year balances in respect of council tax and NNDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

**Pension Fund Accounting Policies**

- 1.1. The pension fund statements have been prepared in accordance with the following Regulations: the LGPS Regulations 2013 (as amended), the LGPS (Transactional Provisions, Savings and Amendments) Regulations 2014 (as amended), the LGPS (Management and Investment of Funds) Regulations 2016; and with the guidelines set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 having regard to the Statement of Recommended Practice, Financial Reports of Pension Schemes (2015).
- 1.2. The pension fund accounts are accounted for on an accruals basis for income and expenditure, with the exception of transfer values in and out, which are accounted for on a cash basis.
- 1.3. The fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end.
- 1.4. Financial assets are included in the net assets statement on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of the asset are recognised in the fund account.
- 1.5. The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS13 (see Note 13). For the purposes of disclosing levels of fair value hierarchy, the fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).
- 1.6. Acquisition costs are included in the purchase costs of investments.
- 1.7. Assets and liabilities in overseas currencies are translated into sterling at the exchange rates ruling at the balance sheet date. Transactions during the year are translated at rates applying at the transaction dates. Surpluses and deficits arising on conversion are dealt with as part of the change in market values of the investments.
- 1.8. The cost of administration is charged directly to the fund.
- 1.9. Income due from equities is accounted for on the date stocks are quoted ex-dividend.
- 1.10. Income from overseas investments is recorded net of any withholding tax where this cannot be recovered.
- 1.11. Income from bonds and index-linked securities, cash and short-term deposits is accounted for on an accruals basis.
- 1.12. Income from other investments is accounted for on an accruals basis.



- 1.13. The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profit and losses realised on sales of investments and unrealised changes in market value.
- 1.14. Normal contributions, both from members and employers, are accounted for in the payroll month to which they relate at rates as specified in the rates and adjustments certificate. Additional contributions from employers are accounted for in accordance with the agreement under which they are paid, or in the absence of such agreement, when received.
- 1.15. Under the rules of the Scheme, members may receive a lump sum retirement grant in addition to their annual pension. Lump sum retirement grants are accounted for from the date of retirement. Where a member can choose to take a greater retirement grant in return for a reduced pension these lump sums are accounted for on an accruals basis from the date the option is exercised.
- 1.16. Transfer values represent the amounts received and paid during the year for members who have either joined or left the fund during the financial year and are calculated in accordance with the Local Government Pension Scheme Regulations 2013. Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.
- 1.17. Administration and investment management expenses are accounted for on an accruals basis. Expenses are recognised net of any recoverable VAT.

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<b>Committee(s)</b>	<b>Dated:</b>
Audit and Risk Management Committee	29 May 2018
<b>Subject:</b> Head of Internal Audit Opinion and Annual Report 2017/18	<b>Public</b>
<b>Report of:</b> Head of Audit & Risk Management	<b>For Information</b>
<b>Report author:</b> Pat Stothard – Head of Audit & Risk Management	

## Summary

The Public Sector Internal Audit Standards require the Head of Internal Audit and Risk Management to provide the Audit and Risk Management Committee with an annual internal audit opinion. The opinion is used to help inform the City of London Corporation's Annual Governance Statement.

The following opinion is provided for the 12 months ended 31 March 2018:

*"I am satisfied that sufficient quantity and coverage of internal audit work has been undertaken to allow me to draw a reasonable conclusion as to the adequacy and effectiveness of the City's risk management, control and governance processes.*

*In my opinion, **the City has adequate and effective systems of internal control in place to manage the achievement of its objectives.** In giving this opinion, it should be noted that assurance can never be absolute and, therefore, only reasonable assurance can be provided that there are no major weaknesses in these processes.*

*Notwithstanding the overall opinion, internal audit's work identified a number of opportunities for improving controls and procedures which are documented in each individual audit report."*

Four areas reviewed are highlighted in the internal audit opinion, which resulted in 'red' (limited) assurance opinions. These relate to internal audit reviews undertaken of: Members and Officers Declarations of Interests; Open Spaces Repairs and Maintenance; Barbican Centre Retail and Bars and Guildhall School of Music and Drama Catering. All reports and recommendations have been accepted by management and implementation of the recommendations will be verified by Internal Audit follow up.

## Recommendation

Members are asked to:

- Note the Head of Internal Audit Opinion for 2017/18.

## **Main Report**

### **Background**

1. The Head of Internal Audit and Risk Management is satisfied that sufficient quantity and scope of internal audit work has been undertaken to be able to draw a reasonable conclusion as to the adequacy and effectiveness of the City's risk management, control and governance processes. In reaching this conclusion the Head of Internal Audit and Risk Management has taken into account:
  - a. The audit work completed by the internal audit function throughout the entire year;
  - b. Key issues arising from this work; and,
  - c. Management responses to internal audit work
2. This report is supported, at **Appendix 1**, by a summary of all audit work finalised during the year. This work has been reported to the Audit and Risk Management Committee throughout the year.

### **Current Position**

### **Basis of Annual Opinion**

3. The following form the basis of the Annual Opinion:
  - Assessment of the quantity and coverage of risk based internal audit work against the 2017/18 internal audit plan to allow a reasonable conclusion as to the adequacy and effectiveness of the City's risk management, control and governance processes;
  - Review of the reports from the reviews undertaken during the year by internal audit and assessment of the assurances given;
  - Consideration of any significant recommendations not accepted by management and the consequent risks, of which there were none;
  - Assessment of the status of recommendations identified as not implemented, as part of internal audit follow-up reviews and subsequent progress tracking;
  - Consideration of the effects of any significant changes in the City's objectives or systems;
  - Review and consideration of matters arising from reports to the Audit and Risk Management Committee;
  - Consideration as to whether there were any limitations which may have been placed on the scope of internal audit.

## Annual Opinion

4. Sufficient quantity and coverage of internal audit work has been undertaken to allow a reasonable conclusion to be drawn as to the adequacy and effectiveness of risk management, control and governance processes. It should be noted that the opinion is based only on reports which have been finalised. A number of reports have yet to be finalised from the 2017/18 audit plan; these will feed into the opinion for 2018/19.
5. The City has adequate and effective systems of internal control in place to manage the achievement of its objectives. In giving this opinion, it should be noted that assurance can never be absolute and, therefore, only reasonable assurance can be provided that there are no major weaknesses in these processes or that no fraud exists within the systems and processes subject to audit review.
6. Notwithstanding the overall opinion, internal audit's work identified a number of opportunities for improving controls and procedures which management has accepted and are documented in each individual audit report. Four "Red Assurance" reviews have been produced which have been accepted by management who have advised that control improvements are being implemented. It should be noted that the four reviews have given rise to only five "Red" priority recommendations, which is not a cause for concern.

## Direction of Travel

7. Set out below is a comparison of the percentage of internal audit reports receiving Red, Amber and Green Opinions over the last three financial years. Members will note that the percentage of red and green assurance reports in 2017-18 has decreased from the previous two years and the percentage of amber assurance reports has increased.

Financial Year	% of Green Assurance Reports	% of Amber Assurance Reports	% of Red Assurance Reports
2015-16	31	62	7
2016-17	40	50	10
2017-18	13	74	3

## Conformance with the Public Sector Internal Audit Standards

8. The outcome of the External Quality Assessment undertaken by Mazars, finalised in 2017-18, confirmed that the internal audit function at the Corporation **Generally Conforms** to the Public Sector Internal Audit Standards. External assessments are required to be undertaken every five years.

## **Review of Performance**

9. The Internal Audit team aim to maintain a high level of quality in the delivery of their work. Key outcomes were:
  - a. The internal audit function achieved delivery of 95% of the plan by 31st March 2018.
  - b. Performance levels of implementing recommendations have largely been maintained;
  - c. The target of members of the team holding a relevant qualification continues to be met.

## **Conclusion**

10. Internal Audit work continues to identify improvement areas for management; albeit, the overall opinion provided on the City's internal control environment is that it remains adequate and effective. There is a high level of acceptance of recommendations.

## **Appendices**

- Appendix 1 – Overview of finalised internal audit reviews in relation to the 2017-18 audit plan.

**Pat Stothard**  
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Audits finalised in 2017/18

Responsible Department	Title of Review	Status	Assurance Opinion	High Agreed	Med Agreed	Low Agreed
Corporate	Use of Waivers	FINAL	AMBER	0	7	0
Corporate	Evaluation of Sub 100K Tenders	FINAL	AMBER	0	4	2
Corporate	Review of Business Travel	FINAL	AMBER	0	8	0
Corporate	GDPR – Gap Analysis	FINAL	N/a	N/a	N/a	N/a
Town Clerk	Guildhall Club Accounts	FINAL	GREEN	0	0	0
Town Clerk	Social Investment Fund	FINAL	GREEN	0	0	0
Town Clerk	Members and Officers Declarations of Interest	FINAL	RED	1	7	2
Chamberlain	Medium Term Financial Planning	FINAL	GREEN	0	1	1
Chamberlain	Council Tax and NNDR	FINAL	AMBER	0	2	2
City of London School	Financial Management	FINAL	AMBER	0	5	2
City of London Freeman's School	Health and Safety	FINAL	AMBER	0	2	1
City of London Freeman's School	Income Generation	FINAL	AMBER	0	2	2
Community & Children's Services	Welfare Reform	FINAL	AMBER	0	4	1
Community & Children's Services	Housing Rents	FINAL	AMBER	0	5	6
Community & Children's Services	Barbican Estate Rents	FINAL	AMBER	0	2	4
Community & Children's Services	Academies	FINAL	AMBER	0	2	2
Markets & Consumer Protection	Seized Goods	FINAL	AMBER	0	6	2
Police	Budget Monitoring	FINAL	AMBER	0	4	2
Police	Governance	FINAL	AMBER	0	2	3
Police	Project Management	FINAL	AMBER	2	8	0
Open Spaces	Repairs & Maintenance	FINAL	RED	1	1	0
Open Spaces	Tower Bridge and Monument Major Incident Plan	FINAL	AMBER	0	1	2
Open Spaces	Cemetery and Crematorium	FINAL	GREEN	0	0	5

Responsible Department	Title of Review	Status	Assurance Opinion	High Agreed	Med Agreed	Low Agreed
Barbican Centre	Cash Handling	FINAL	AMBER	0	4	1
Barbican Centre	Visitor Experience	FINAL	AMBER	0	5	5
Barbican Centre	Retail and Bars	FINAL	RED	1	9	1
Guildhall School	Sundial Court Project Governance	FINAL	AMBER	0	3	0
Guildhall School	Succession Planning, Talent Management & Staff Development	FINAL	AMBER	0	2	4
Guildhall School	Satellite Sites	FINAL	AMBER	0	4	0
Guildhall School	Catering (including Student Bar)	FINAL	RED	2	3	1
City Surveyor's	Guildhall Complex Performance	FINAL	AMBER	0	2	0
				Red	Amber	Green
	Total where assurance provided	TOTAL	31	3.3%	73.3%	13.3%



<b>Committee</b>	<b>Dated:</b>
Audit and Risk Management Committee	29 May 2018
<b>Subject:</b> Annual Governance Statement 2017/18	<b>Public</b>
<b>Report of:</b> The Town Clerk and the Chamberlain	<b>For Decision</b>
<b>Report author:</b> Tom Conniffe, Corporate Performance Manager	

## Summary

This report presents the annual summary and update of the City Corporation's governance and internal control framework in the format agreed by this Committee in March 2018. Appendix 1 sets out the City Corporation's Annual Governance Statement (AGS) as required by the Accounts and Audit (England) Regulations 2015. Appendix 2 contains a schedule of assurances in support of the statement.

The AGS is prepared in accordance with proper practice guidance – “*Delivering Good Governance in Local Government*” – issued jointly by the Society of Local Authority Chief Executives and Senior Managers and the Chartered Institute of Public Finance and Accountancy

## Recommendation(s)

Members are asked to:

- approve the AGS set out in Appendix 1 for signing by the Chairman of the Policy and Resources Committee and the Town Clerk and Chief Executive;
- note that the AGS will be published alongside the 2017/18 City Fund and Pension Funds Statement of Accounts;
- note the future work programme in paragraph 80 of the AGS to improve the governance framework; and
- delegate authority to the Town Clerk and Chief Executive, in consultation with the Chairman and Deputy Chairman of this Committee, to amend the AGS for any significant events or developments relating to the governance arrangements that occur prior to the date on which the Statement of Accounts is signed by the Chamberlain.

## **Main Report**

### **Background**

1. This report presents the annual update of the City Corporation's governance and internal control framework. The Accounts and Audit (England) Regulations 2015, which apply to the City of London's City Fund activities, require an audited body to conduct a review, each financial year, of the effectiveness of its system of internal control and publish an Annual Governance Statement (AGS) each year, alongside the authority's Statement of Accounts. The AGS is set out in Appendix 1 with all additions, deletions and other changes since last year shown as tracked changes
2. The Chartered Institute of Public Finance and Accountancy (CIPFA), in association with the Society of Local Authority Chief Executives and Senior Managers (SOLACE), publishes a *Delivering Good Governance in Local Government: Framework* and an accompanying guidance note, which represents the proper practice guidance in relation to internal control.
3. In 2010, CIPFA issued its *Statement on the Role of the Chief Financial Officer in Local Government*. The governance requirements in this document are that the Chief Financial Officer should be professionally qualified, report directly to the Chief Executive and be a member of the leadership team, with a status at least equivalent to other members. The Statement requires that, if different arrangements are adopted, the reasons should be explained in the organisation's AGS, together with how these deliver the same impact. The role of the Chamberlain conforms to the requirements of the Statement on the Role of the Chief Financial Officer.

### **Approval**

4. The AGS must be signed by the most senior officer (Chief Executive or equivalent) and the most senior member (Leader or equivalent). Following a resolution of this Committee in March 2012, the Policy and Resources Committee approved a report on the process for producing the AGS, and approved the practice whereby the AGS is approved by this Committee and signed by the Chairman of the Policy and Resources Committee.
5. There is a requirement that any significant events or developments relating to the governance arrangements that occur between the Balance Sheet date (31 March 2018) and the date on which the Statement of Accounts is signed by the Chamberlain are reported within the AGS. Delegated authority is, therefore, sought for the Town Clerk, in consultation with the Chairman and Deputy Chairman of this Committee, to amend the AGS if necessary.

### **Ownership**

6. As a corporate document, the AGS should be owned by all senior officers and members of the authority. The draft AGS was considered and approved at Summit Group on 30 April.

7. The signatories need to ensure that the AGS accurately reflects the governance framework for which they are responsible. To achieve this, reliance may be placed on many sources of assurance, such as:
- Chief Officers and Senior Managers;
  - the Chief Financial Officer responsible for the accounting control systems and records and the preparation of the statement of accounts;
  - the Monitoring Officer in meeting his/her statutory responsibilities;
  - members (e.g. through audit or scrutiny committees);
  - the Head of Internal Audit;
  - performance and risk management; and
  - external audit and other review agencies.
8. The Audit and Risk Management Committee has a key role within the 'review of effectiveness' of the City's governance framework, including the system of internal control. One of its prime responsibilities is to review the work of the internal auditors, consider the risk management framework, and consider comments made by the external auditors and other review agencies and inspectorates

### **External Audit**

9. The AGS is required to be published with an authority's Statement of Accounts, but is not part of the accounts. This is an important distinction, as the statement is not then covered directly by the Chief Financial Officer's certification. The external auditors review whether the AGS reflects compliance with "*Delivering Good Governance in Local Government*" and report if the AGS does not comply with proper practices or if it is misleading or inconsistent with other information the auditor is aware of from the audit of the Statement of Accounts.

### **Appendices**

- Appendix 1 – Draft Annual Governance Statement 2017/18 with all changes tracked
- Appendix 2 – Schedule of reporting to Members

### **Background Papers**

- Report to Audit and Risk Management Committee, 6 March 2018: *Annual Governance Statement - Methodology*
- CIPFA/SOLACE publications:
  - Delivering good governance in Local Government: Framework (2016)
  - Delivering good governance in Local Government:– Guidance Note for English Authorities (2016)

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**ANNUAL GOVERNANCE STATEMENT ~~2016~~2017/18****Scope of Responsibility**

1. The City of London Corporation is a diverse organisation with three main aims: to support and promote the City as the world leader in international finance and business services; to provide modern, efficient and high quality local services, including policing, within the Square Mile for workers, residents and visitors; and to provide valued services, such as education, employment, culture and leisure to London and the nation. Its unique franchise arrangements support the achievement of these aims.
2. Although this statement has been prepared to reflect the City of London Corporation in its capacity as a local authority and a police authority, the governance arrangements are applied equally to its other funds – City's Cash and Bridge House Estates.
3. The City of London Corporation ("the City Corporation") is responsible for ensuring that its business is conducted in accordance with the law and proper standards; that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively; and that arrangements are made to secure continuous improvement in the way its functions are operated.
4. In discharging this overall responsibility, the City Corporation is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
5. The City Corporation has approved and adopted a code of corporate governance which is consistent with the principles of the CIPFA/SOLACE <sup>1</sup>Framework *Delivering Good Governance in Local Government*. A copy of the code is on the City Corporation's website at [www.cityoflondon.gov.uk](http://www.cityoflondon.gov.uk). This statement explains how the City Corporation has complied with the code and also meets the requirements of regulation 6(1) of the Accounts and Audit (England) Regulations 2015, which requires all relevant bodies to prepare an annual governance statement.

**The Purpose of the Governance Framework**

6. The governance framework comprises the systems and processes by which the City Corporation is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the City to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
7. The system of internal control is a significant part of that framework and is designed to manage all risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable rather than absolute assurance of effectiveness. The City Corporation's system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of ~~the City's~~ policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them economically, efficiently, and effectively ~~and economically~~.
8. The governance framework has been in place at the City Corporation for the year ended 31 March 201~~8~~7 and up to the date of approval of the statement of accounts.

**Key Elements of the Governance Framework**Code of Corporate Governance

<sup>1</sup> CIPFA is the Chartered Institute of Public Finance and Accountancy  
SOLACE is the Society of Local Authority Chief Executives

9. The principles of good governance are embedded within a comprehensive published Code of Corporate Governance. This code covers both the local authority and police authority roles, and links together a framework of policies and procedures, including:
  - Standing Orders, which govern the conduct of the City Corporation's affairs, particularly the operation of Committees and the relationship between Members and officers;
  - Financial Regulations, which lay down rules that aim to ensure the proper management and safeguarding of the City Corporation's financial and other resources;
  - Terms of reference for each Committee;
  - A Scheme of Delegations, which defines the responsibility for decision-making and the exercise of authority;
  - A Members' Code of Conduct, which defines standards of personal behaviour;
  - A Standards Committee whose role is to promote high standards of member behaviour and to deal with complaints made against Members, and register of interests, gifts and hospitality;
  - A Code of Conduct for employees;
  - The Corporate Plan 2015-19;
  - A corporate complaints procedure, operated through the Town Clerk's Department, with a separate procedure in the Department of Community and Children's Services, to comply with the relevant regulations, and a separate complaints process in respect of complaints about the City of London Police;
  - A corporate Project Toolkit and other detailed guidance for officers, including procedures and manuals for business-business-critical systems;
  - An anti-fraud and corruption strategy, including: anti-bribery arrangements; a social housing tenancy fraud, anti-fraud and prosecution policy; and a whistleblowing policy;
  - A Risk Management Strategy;
  - Job and person specifications for senior elected Members and the Court of Aldermen; and
  - A protocol for Member/officer relations.
10. The City Corporation's main ~~decision~~-~~decision~~-making body is the Court of Common Council, which brings together all of ~~the City's~~ elected members. Members sit on a variety of committees which manage the organisation's different functions, and report to the Court of Common Council on progress and issues as appropriate. The Town Clerk and Chief Executive is the City Corporation's statutory head of paid service, and chairs the Chief Officers' Group, and the Summit Group, which is the primary officer decision-making body. In 2015/16 a new officer governance framework was introduced, ~~now~~ comprising four Chief Officer Strategic Steering Groups, reporting to the Summit Group, although, following the substantive development of the new Corporate Plan 2018-23, three of these groups have ceased to meet. The Comptroller and City Solicitor discharges the role of monitoring officer under the Local Government and Housing Act 1989.
11. The Court of Common Council is defined as the police authority for the City of London Police area in accordance with the provisions of the City of London Police Act 1839 and the Police Act 1996.
12. The role of the police authority is to ensure that the City of London Police runs an effective and efficient service by holding the Commissioner to account; to ensure value for money in the way the police is run; and set policing priorities taking into account the views of the community. These, and other key duties, are specifically delegated to the Police Committee. The Police Committee has the following Sub Committees and Boards to provide enhanced oversight in specific areas of police work:

- The Professional Standards and Integrity Sub Committee has responsibility for providing detailed oversight over professional standards and integrity within the Force, and examines the casework of every single complaint recorded by the Force;
  - The Performance and Resource Management Sub Committee monitors performance against the Policing Plan and oversees management of risk, human and financial resources; ~~and~~
  - The Economic Crime Board considers matters relating to the Force's national responsibilities for economic crime and fraud investigation; ~~and~~
  - The Police Pensions Board assists the City of London Police in securing compliance with pension scheme regulations and other legislation relating to the governance and administration of the scheme.
13. Under the Localism Act 2011, the City Corporation is under a duty to promote and maintain high standards of conduct by Members and co-opted Members. In particular, the Court of Common Council must adopt and publicise a code dealing with the conduct that is expected of Members when they are acting in that capacity, and have in place a mechanism for the making and investigation of complaints. The Court approved ~~the current~~ revised Code of Conduct in ~~October 2014~~ March 2018, following a review ~~by the Standards Working Party~~ by the Standards Committee.
14. The City Corporation has appropriate arrangements in place under which written allegations of a breach of the Member Code of Conduct can be investigated and decisions on those allegations taken. ~~The Standards Committee has approved a~~ Complaints Procedure is in place and following a review a revised model will come into force in the 2018/19 municipal year. A Dispensations Sub Committee exists for the purposes of considering requests from Members for a dispensation to speak or vote on certain matters (where they have a disclosable pecuniary interest and are otherwise prevented from participation) being considered at Committee meetings. Elected and co-opted Members are invited to review and update their Member Declarations on an annual basis (although there is no statutory requirement to do so).
15. Under ~~Section~~ Section 28 of the Localism Act, the City Corporation is required to appoint at least one Independent Person to support the ~~new~~ standards arrangements. ~~In June 2012, the Court of Common Council gave support to~~ has made three appointments to the position of Independent Person, ~~and also agreed a revised constitution and terms of reference for the Standards Committee, to be adopted under section 28 of the Act.~~
16. The Localism Act also requires the City Corporation to prepare and publish a Pay Policy Statement each year, setting out its approach to pay for the most senior and junior members of staff. The Pay Policy Statement for ~~2016~~ 2017/17-18 was agreed by the Court of Common Council in March ~~2016~~ 2017 and published on the City Corporation's website.
17. To assist in meeting the City Corporation's obligations under the Bribery Act 2010, officers with decision-making powers in relation to higher risk activities are required to make an annual declaration to confirm that they have met the requirements relating to potential conflicts of interest, as set out in the Employee Code of Conduct, and to confirm that they have not engaged in any conduct which might give rise to an offence under the Act.
18. As a result of the Protection of Freedoms Act 2011-12, revisions were agreed to the City Corporation's policy and procedures in respect of the Regulation of Investigatory Powers Act 2000 (RIPA), which regulates surveillance carried out by public authorities in the conduct of their business. A report ~~is was~~ made six monthly in September 2017 to the Policy and Resources Committee on the City Corporation's use of RIPA powers. In September 2015, the Office of the Surveillance Commissioners conducted an inspection of the City Corporation's arrangements. The inspector concluded that the City Corporation is keen to set and maintain standards and has a sound RIPA structure, with good policies and procedures.

#### Standards Committee

19. The Standards Committee oversees the conduct of Members in all areas of the City of London Corporation's activities be it local authority, police authority or non-local authority functions. Its main responsibility is to promote and maintain high standards of conduct by elected Members and Members co-opted on to City of London Committees.

20. Its functions include:

- monitoring and regularly reviewing the operation of the Code of Conduct for Members and related procedures;
- considering any alleged breaches of the Code;
- monitoring Members' declarations to ensure compliance with both the statutory and local registration requirements;
- regularly reviewing the complaints procedure and dispensations arrangements; and
- submitting an annual report to the Court of Common Council.

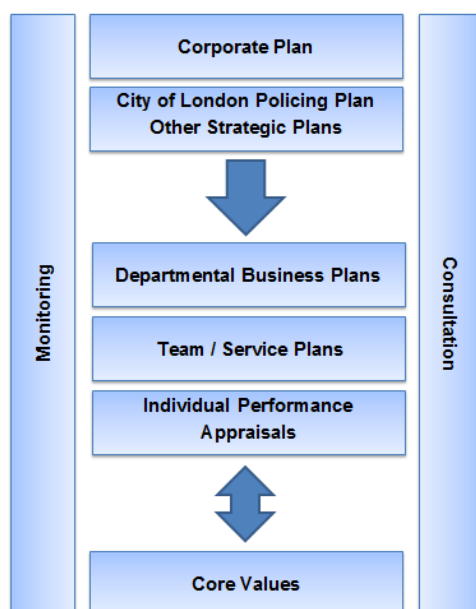
21. During 2016/17, the Standards Committee commissioned an independent, broadly-based review of the arrangements in place for addressing matters connected with the conduct of Members (including co-opted Members) under the Localism Act 2011, with particular focus on the Complaints Procedure (relating to alleged breaches of the Members' Code of Conduct). A Member Working Party ~~has been~~ formed to review the resulting report and how the recommendations in the report might be progressed and implemented. The Working Party's recommendations were considered and adopted by the Court of Common Council, with changes due to be implemented during the 2018/19 municipal year. The Committee undertakes an annual review of the Protocol on Member/Officer Relations. In October 2016, the Committee undertook its annual review of the Protocol on Member/Officer Relations, and approved changes including the inclusion of specific reference to equality, diversity and inclusion, and appending the Protocol to both the Employee Code of Conduct and the guidance to Members on the Members' Code of Conduct. No Five allegations of breaches of the Members' Code of Conduct were made to the Committee during ~~2016~~2017/18.

~~21-22.~~ Following the March 2017 Ward elections, 26 new Members were elected to the Court of Common Council. A comprehensive package of learning and development was offered to all new and returning Members and included briefing sessions on corporate planning, the Member Code of Conduct and the Member/Officer Protocol, as well as other aspects of the governance framework i.e. how decisions are taken, Standing Orders and financial regulations.

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Business Strategy and Planning Process





22-23. The City Corporation has a clear hierarchy of plans, setting out its ambitions and priorities:

- The Corporate Plan, 2015-19, shows how the City Corporation will fulfil its role as a provider of services both inside and outside of the City boundaries. The ~~current~~ Corporate Plan ~~(2015-19)~~ includes a statement of the City's Vision, Strategic Aims, Key Policy Priorities, Core Values and Behaviours. It will however have since been replaced by a new Corporate Plan covering the period 2018-23, to be which was approved by Court of Common Council on 8<sup>th</sup> March 2018 and introduced from 1<sup>st</sup> April 2018.
- The City of London Policing Plan details the policing priorities and shows how these will be delivered over the coming year. It also contains all the measures and targets against which the Police Committee hold the City of London Police to account.
- Other corporate plans and strategies are mentioned elsewhere in this document.

23-24. Plans and strategies are informed by a range of consultation arrangements, such as City-wide residents' meetings, representative user groups and surveys of stakeholders. The City Corporation has a unique franchise, giving businesses (our key constituency) a direct say in the running of the City, and a range of engagement activities, including through the Lord Mayor, Chairman of Policy and Resources Committee and the Economic Development Office. An annual consultation meeting is held for business rates and council tax payers.

24-25. The Health and Social Care Act 2012 transferred responsibility for health improvement of local populations to local authorities in England, with effect from 1<sup>st</sup> April 2013. The new duties included the establishment of a Health and Wellbeing Board, which provides collective leadership to improve health and wellbeing for the local area.

#### Information Management Strategy

25-26. The Information Management Strategy (approved October 2009) sets out the headline approach to information management in the City Corporation. It summarises the current position, gives a vision of where we want to be and proposes a set of actions to start us on the path to that vision. The Strategy defines our approach to the other key elements for

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information management, in particular data security and data sharing. The Information Management Strategy is being updated and refreshed with a new Information Management Strategy to be published in July 2018 alongside recommendations for a new Information Management Operating Model.

27. Overall responsibility for Information Management Governance is vested in the Information Technology (IT) Sub Committee. The Information Management Governance Steering Group reports to the Strategic Resources Group and the IT Steering Group, both chaired by the Chamberlain. Both groups report to the Summit Group and the IT Sub Committee. The Comptroller and City Solicitor is now the Senior Information Risk Owner (SIRO) and work continues to identify Information Asset Owners (IAO) within departments and build an information asset register.

26-28. The Corporation has undertaken a thorough review and update of its policies and procedures in preparation for the coming into force of the General Data Protection Regulation (GDPR) on 25<sup>th</sup> May 2018, together with a programme of training for officers and members.

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#### Financial Management Arrangements

27-29. The Chamberlain of London is the officer with statutory responsibility for the proper administration of the City's financial affairs. In 2010 CIPFA issued a "*Statement on the Role of the Chief Financial Officer in Local Government*"<sup>2</sup> which ~~codifies~~ defines the key responsibilities of this role and sets out how the requirements of legislation and professional standards should be met. The City's financial management arrangements conform to the governance requirements of the Statement. The Chamberlain also fulfils the role of Treasurer of the Police Authority.

28-30. The system of internal control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, a system of delegation and accountability, and independent scrutiny. In particular the system includes:

- a rolling ~~in-in~~ depth survey of the City Corporation's forecast position over a ~~five-five~~-year period;
- comprehensive budget setting processes;
- monthly, quarterly and annual financial reports ~~which-that~~ indicate performance against budgets and forecasts;
- access by all departmental and central finance staff to systems providing a suite of enquiries and reports to facilitate effective financial management on an ongoing basis;
- ongoing contact and communication between central finance officers and departmental finance officers;
- clearly defined capital expenditure guidelines;
- formal project management disciplines;
- the provision of high quality advice across the organisation;
- an internal audit service combining in-house staff with external knowledge and expertise;
- insuring against specific risks;
- scrutiny by Members, OFSTED, CQC, HMIC, other inspectorates, External Audit and other stakeholders<sup>2</sup>; and
- requests for Members and Chief Officers to disclose related party transactions including instances where their close family have completed transactions with the City ~~of London~~ Corporation.

<sup>2</sup> Updated in 2016

- ~~29-31.~~ The City Corporation has a long-standing and in-built culture of maximising returns from its resources and seeking value for money. It assesses the scope for improvements in efficiency /value for money at a corporate and service level by a variety of means, including improvement priorities set by the Policy and Resources Committee through the annual resource allocation process, and internal examination and review by the Efficiency and Performance Sub Committee.
- ~~30-32.~~ The Efficiency and Performance Sub Committee also has responsibility for monitoring and oversight of the delivery of the service based review savings and increased income, and the cross-cutting efficiency reviews, and continues to challenge the achievement of value for money, helping to embed further a value for money culture within the City Corporation's business and planning processes.
- ~~33.~~ Following approval by the Court of Common Council in October 2016, an Efficiency and Sustainability Plan for the City Corporation was submitted to and accepted by the Department for Communities and Local Government (now the Ministry for Housing, Communities and Local Government). This provided a degree of certainty over central government funding for the period from 2016/17 to 2019/20. It also establishes a framework for continuous efficiency improvement beyond 2017/18 when the current service based review programme will be substantially complete, including a 2% per annum budget reduction target that will deliver sufficient efficiencies across the City Corporation's funds from 2018/19 to sustain these budgets over the medium term and allow for planned investment in services through the Priorities Investment Pot. ~~In addition, further corporate efficiency and effectiveness reviews are planned for when the current cross-cutting programmes are completed.~~
- ~~34.~~ In anticipation of the completion of the service based review programme, a new methodology for identifying cross-cutting efficiencies was piloted in 2017. The pilot for the Chief Officer Peer Review was completed in July 2017 and the methodology was refined for the wider roll out made up of 3 additional groups. Sessions began in October 2017 and the final meetings were completed in March 2018. The focus of these sessions was to discuss how each Chief Officer can make their departments more innovative, collaborative and agile whilst delivering the required 2% per annual budget reductions. These sessions aimed to help Chief Officers develop their business plans to make efficiency savings or generate income to help meet the annual 2% continuous improvement requirements of the Efficiency and Sustainability Plan and achieve better alignment of activities to the outcomes in the Corporate Plan.
- ~~31-35.~~ As part of the Chief Officer Peer Review, Chief Officers have been presenting their outputs of their Peer Reviews, in the form of -plans, to address the 2% budget reductions to Summit Group and then, if recommended by Summit Group, to -Efficiency and Performance Sub-Committee. The outcomesA summary of the Chief Officer Peer Review outputs will be reported to Efficiency and Performance Sub-Committee in quarter 1 of the 2018/19 financial year.
- ~~36.~~ For non-Police services, the local government settlement in autumn ~~2016-2017~~ was challenging but fell within the prudent assumptions included with the City's financial forecast. Agreed actions from a service based review will deliver efficiencies, savings and opportunities for additional income totalling some £11m a year by 2018/19. Subject to there being no significant adverse changes in financial planning assumptions across the period, forecasts indicate a surplus across the period to ~~2020~~2021/24-22, although from 2019/20, the inclusion of funding for the Museum of London and Combined Courts relocation projects will move the fund into a deficit position. However,
- ~~37.~~ ~~the~~The economic outlook and public finances remain uncertain following ~~'Brexit'~~the EU Referendum and the national election and there is no guarantee that government funding will be not be revised further downwards in later years. The Ministry of Housing, Communities and Local Government is currently consulting on a Fair Funding Review that will recalculate the baseline grant for City Fund from 2020/21. This may also coincide with a move to greater business rates retention nationally, currently under consideration by the Government. The position is being monitored on an ongoing basis.

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~~32-38.~~ The City Corporation is participating in a pilot scheme for business rate devolution during 2018/19 with all 32 London Boroughs and the Greater London Authority, involving the establishment of a business rates pool. The proposal was approved in December 2017. The scheme has a financially neutral starting point but enables any year-on-year growth in rates revenue to be retained within London. Some of this will be used to establish a strategic investment fund and the rest will be shared among participating authorities.

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~~33-39.~~ The City of London Police manages its budget on a ring-fenced basis. The Court of Common Council agreed to increase the Business Rates Premium from April 2016 with the additional income, estimated at £1.6m a year, being allocated to the Police to cover emerging cost pressures relating to security. Nevertheless, the underlying financial position remains challenging with deficits forecast across the period and reserves exhausted during ~~2017/2018/1819. This is despite implementing a challenging savings plan and previous budget reductions.~~

~~34-40.~~ The Force has a forecast deficit in subsequent years arising from increasing demand and the changing nature of policing. The Force is in the process of implementing recommendations following the Deloitte Demand and VfM review which was commissioned by the Commissioner and Chamberlain during 2017/18 to address the underlying budget deficit. Additional support is being provided by the City Corporation for capital investment priorities over the period between 2017/18 and 2022/23 totalling £17.5m plus some further IT and pension costs. ~~has a robust financial strategy in place to balance the budget over the period to 2018/19, which includes provision for a minimum general reserve balance for unforeseen or exceptional operational requirements.~~ The Force and the City Corporation are also investigating areas for greater collaboration, including the development of a Joint Contact and Control Room as part of the Secure City programme.

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~~35-41.~~ The Police Performance and Resource Management Sub Committee's responsibilities include overseeing the Force's resource management in order to maximise the economic, efficient and effective use of resources to deliver its strategic priorities; monitoring government and other external agencies' policies and actions relating to police performance; overseeing the Force's risk management arrangements; and ensuring that the Force delivers value for money. The Sub Committee also receives regular updates on the work of internal audit in relation to the Force.

~~36-42.~~ The Policy and Resources Committee determines the level of the City Corporation's own resources to be made available to finance capital projects on the basis of a recommendation from the Resource Allocation Sub Committee. Ordinarily, such projects are financed from capital rather than revenue resources, and major projects from provisions set aside in financial forecasts.

~~37-43.~~ The City Corporation has a number of procedures in place to ensure that its policies and the principles that underpin them are implemented economically, efficiently and effectively. This framework includes:

- Financial Strategy ~~-~~ This provides a common base for guiding the City Corporation's approach to managing financial resources and includes the pursuit of budget policies that seek to achieve a sustainable level of revenue spending and create headroom for capital investment and policy initiatives;
- Budget policy ~~-~~ The key policy is to balance current expenditure and current income over the medium term. Both blanket pressure and targeted reviews are applied to encourage Chief Officers to continuously seek improved efficiency;
- Annual resource allocation process ~~-~~ This is the framework within which the City Corporation makes judgements on adjustments to resource levels and ensures that these are properly implemented;
- Corporate Property Asset Management Strategy ~~-~~ This aims to ensure that the City Corporation's operational assets are managed effectively, efficiently and sustainably, in support of the organisation's strategic priorities and business needs;

- Capital project evaluation, management and monitoring – The City Corporation has a comprehensive system of controls covering the entire life cycle of capital and major revenue projects; and
- Treasury Management and Investment Strategies – Setting out the arrangements for the management of the City Corporation's investments, cash flows, banking and money market transactions; the effective control of risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

~~38-44.~~ Consideration is given to efficiency during the development and approval stages of all major projects, with expected efficiency gains quantified within reports to Members.

~~39-45.~~ The performance of the City Corporation's financial and property investments ~~are~~ is monitored and benchmarked regularly, both in-house and independently, through experts in the field.

~~40-46.~~ The City Corporation's project management and procurement arrangements provide a consistent approach to project management and co-ordination of the portfolio of projects across the organisation. The Projects Sub Committee meets monthly to ensure that projects align with corporate objectives and strategy, and provide value for money.

#### Risk Management

~~44-47.~~ In May 2014, the Audit and Risk Management Committee approved a new Risk Management Strategy which set out a new policy statement and a revised framework, which aligns with the key principles of ISO 31000: Risk Management Principles and Guidelines, and BS 31100: Risk Management Code of Practice, and defines clearly the roles and responsibilities of officers, senior management and Members. The Strategy emphasises risk management as a key element within the City's systems of corporate governance and establishes a clear system for the evaluation of risk and escalation of emerging issues to the appropriate scrutiny level. The Strategy assists in ensuring that risk management continues to be integrated by Chief Officers within their business and service planning and aligned to departmental objectives.

~~42-48.~~ The Risk Management Group, consisting of senior managers representing all departments, including the City of London Police, meets twice annually. The group is a considerable driver in promoting the application of consistent, systematic risk management practices across the organisation. Strategic decisions on risk management are made by the Summit Group on a quarterly basis. Oversight of corporate risk is provided by the Chief Officers' Group and the Audit and Risk Management Committee. These arrangements have been strengthened with the establishment of a Chief Officer Risk Management Group. This meets quarterly to review, in depth, the corporate risk register and report their findings to the Summit Group when they consider the quarterly risk update report. In addition to receiving quarterly risk update reports, the Audit and Risk Management Committee has adopted a cycle of regular departmental risk challenge sessions, with Chief Officers and their respective Committee Chairmen, which take place prior to their meetings. The Committee has also introduced the regular reporting of top departmental risks to every Service Committee.

~~43-49.~~ The corporate risk register contains ~~eleven-thirteen~~ risks, including two new risks which have been added during the last year.

~~50.~~ During 2016/17 an external review was undertaken of the City's risk management arrangements. ~~The report's key finding was that systems and processes that support the risk management framework had significantly improved over the last two years and six areas that should be considered for improvement were suggested. An improvement plan is now being developed and is currently being implemented.~~

- a. Risk management training was delivered, during the second half of 2017, to the City Corporation's top 120 managers. In addition, there were several departmentally focussed risk management training sessions for other managers and staff. The regular monthly manager and staff business risk management training sessions have been run as part of the corporate training programme.

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b. Using the services of an external risk consultancy practice, the City Corporation has developed an understanding of its organisational risk appetite. Work is now in hand to assess its most significant risks against the appetite levels.

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c. To improve the sharing of risk information and encourage co-operation between the various risk disciplines within the City Corporation (Resilience, H&S, IT, City Procurement, Internal Audit, Anti-Fraud, Corporate Performance), a new Risk Specialism group now meets on a quarterly basis.

d. Further, the corporate risk register will be reviewed following the adoption of the new Corporate Plan 2018-23.

~~44. [suggest adding something on the refresh of the corporate risk register in light of / to align with the new Corporate Plan.]~~

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~~45. The external risk management review also provided evidence to support a risk maturity assessment of the City as a strong "working" (level 3 out of 5) based upon the National Performance Model for Risk Management in the Public Services (used by CIPFA/Alarm for benchmarking purposes).~~

#### Health & Safety and Wellbeing

~~46-51.~~ The Health & Safety at Work etc. Act 1974 ~~(the Act)~~ requires the City as an employer to ensure that it implements systems for the protection of its staff and ~~visitors~~ others affected by its activities. The City's City Corporation health and safety management system is aligned to HSG65, the Health and Safety Executive's guidance document on the essential philosophy of good health and safety. The City's City Corporation systems will remain aligned with this guidance, to ensure that safety becomes part of normal business by applying a practical, sensible and ~~common~~ common-sense approach.

~~47-52.~~ Corporate Risk 09 concerns the City's Health and Safety Management System and its application. Effective health and safety management enables innovation, growth and enhances productivity, as well as helping the City Corporation to achieve its strategic objectives.

~~48-53.~~ Driving is the one of the most hazardous work activities, contributing to far more accidental deaths and serious injuries than all other work-related tasks. The City ~~has~~ Corporation introduced a *Corporate Transport Policy* along with associated procedures and guidance to manage occupational road risk. Embedding of the policy continues, with a focus during 2017 on assuring compliance across the organisation.

~~49-54.~~ There is an established annual inspection and audit programme for property and people health and safety - for example audit, inspections and compliance checks have focused on water hygiene (legionella), fire safety, asbestos management, workplace transport and lone working/preventing violence. These are currently considered to be the City's City Corporation's areas of higher risk profile.

~~50. Like many large organisations the City may become aware of credible risk information through external contact, such as liaison with clients and service users. At present the majority of this type of risk information resides at the departmental level. The Personal Safety Visiting Tool (PSVT) is a new initiative being rolled out in 2017 by Corporate Health and Safety (People). It aims to provide departments' access to a corporate register of issues they and other visiting officers have encountered at various residential properties. The PSVT should enable all necessary departments to appropriately share their data, creating a seamless source of information to aid in the safety of all staff, recognising the interconnectedness of risk.~~

~~55.~~ The Covalent Pentana Risk Management Information System is used to manage significant health and safety risks. Covalent Pentana enables departments to highlight their safety risks as a 'Top X' risk, emphasising any activities with considerable implications that are unmitigated, or where there is a lack of clarity. Significant fire safety support has been provided to several departments, including the Barbican Centre, Department for Community and Children's Services and Mansion House/Central Criminal Court.

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51-56. The CityWell wellbeing strategy is a strong employee brand and has helped embed the wellbeing programme at the City Corporation. The CityWell programme has been re-focused on mental health as the top priority with mandatory training for managers supported by a wider health promotion and wellness programme.

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52-57. The City Corporation has established key performance indicators for health and safety including accident/incident reporting and investigation. The health and safety professionals have supported departments with their more challenging and/or significant health and safety investigations. This has helped to ensure that lessons are learned and are fed back into the development of the health and safety management system.

#### Business Continuity

53-58. The Civil Contingencies Act 2004 requires the City Corporation, as a Category 1 responder, to maintain plans to ensure that it can continue to exercise its functions in the event of an emergency. The City Corporation is required to train its staff responsible for business continuity, to exercise and test its plans, and to review these plans on a regular basis. Business Continuity Leads retraining is planned for roll-out in 2018/19.

54-59. The City Corporation has an overarching Business Continuity Strategy and Framework and each department has their own business continuity arrangements. Both corporate and departmental arrangements are regularly reviewed to ensure they align with the relevant risk registers and business objectives. Officers from the different departments share best practice and validate their arrangements through the Emergency Planning and Business Continuity Steering Group, which sits on a quarterly basis. New arrangements that seek to increase the resilience of the City Corporation's technology infrastructure have been introduced and technical tests are being carried out to ensure their robustness. These arrangements seek to replace ensure that the Guildhall can no longer be as a potential single point of failure for the City Corporation's IT provision. The move to a more resilient backbone should enhance the continuity of service for remote workers, and at other sites, even if the Guildhall is affected.

55-60. Business Continuity testing is undertaken periodically by departments, with the intention of testing their ability to cope under pressure. Testing scenarios are based on adverse effects and 'worst case' events which aim to limit 'Business as Usual' operations, and are derived from departmental emergency management and business continuity plans, national and local risk register documentation, previous lessons learned and horizon scanning events. Testing is undertaken in formats including live play exercise, table top / workshop, and seminar/discussion exercises, and is based on objectives which aim to be specific, measurable, achievable, realistic and targeted towards departmental functions. Information is captured throughout testing and fed back to the departments being exercised. Reports are produced and any lessons learned are sought to be implemented.

56-61. Programme management of the City Corporation's business continuity management system (BCMS) lies with the Resilience Planning Team, and all departments play a role in it. In 2014, the City Corporation's resilience arrangements (including its BCMS) were reviewed by peers from other Central London local authorities. This review was part of a regular assurance process linked to the Minimum Standards for London (which set out London's core resilience capabilities). The Team continues its on-going work with the IT service provider Agilisys to ensure robust business continuity plans dovetail between IT functions and critical services.

57-62. The City continues to experience an array of protests and demonstrations, as it is a desirable location for protest groups to maximise publicity both nationally and globally. However, by working with business and emergency service partners to ensure robust Business Continuity and emergency response plans are in place, the City Corporation maintains 'business as usual', and thus its reputation of working with and supporting business and local communities.

#### Role of Internal Audit

58-63. Internal Audit plays a central role in providing the required assurance on internal controls through its comprehensive risk-based audit programme, with key risk areas being reviewed

annually. This is reinforced by consultation with Chief Officers and departmental heads on perceived risk and by a rigorous follow-up audit and spot checks regime.

~~60-64.~~ The internal audit process is supported, monitored and managed by the Audit and Risk Management Committee in accordance with the Public Sector Internal Audit Standards. An Audit Charter established in 2013 was updated and agreed by the Audit and Risk Management Committee in ~~May-May 2017 and again in March 2018~~<sup>7</sup>. This defines the role of internal audit, and ~~codifies-sets out~~ accountability, reporting lines and relationships that internal audit has with the Audit and Risk Management Committee, Town Clerk and Chief Executive, Chamberlain and Chief Officers.

~~60-65.~~ The Internal Audit Section operates under the requirements of the Public Sector Internal Audit Standards (PSIAS). The City of London's internal audit function was subject to an External Quality Assessment by Mazars LLP in February 2017<sup>7</sup>, and assessed as "generally conforms" to the new standard. A number of recommendations identified during the review are currently being addressed to ensure that the Internal Audit Section fully conforms to the new ~~s~~Standards.

~~61-66.~~ The anti-fraud and investigation function continues to be effective in identifying and investigating allegations of fraud and corruption, with mature processes in place to tackle fraud across the City ~~Corporation's~~ social housing estates; along with conducting a wide range of risk based anti-fraud and awareness activities. The Audit and Risk Management Committee is provided with six-monthly anti-fraud and investigation up-date reports which detail the anti-fraud and investigation activity undertaken by the Anti-Fraud Team and provides progress against the strategic pro-active anti-fraud plan.

#### Performance Management

~~62-67.~~ The corporate business planning framework sets out the planning cycle with clear linkages between the different levels of policy, strategy, target setting, planning and action (the "Golden Thread").

- All departments are required to produce annual departmental business plans for approval by the relevant service committee(s). These are all clearly linked to the overall Corporate Plan and show key objectives aligned with financial and staffing resources.
- All departmental business plans are reviewed for compliance with the corporate business planning framework, and regular meetings are held between the Corporate Strategy and Performance Team and business planners.
- All departments are required to report regularly to their service committees with progress against their business plan objectives and with financial monitoring information.
- Performance and Development Appraisals are carried out for all staff, using a standard set of core behaviours. The appraisals are used to set individual objectives and targets and to identify learning and development needs that are linked to business needs. Pay progression is linked to performance assessments under the appraisal process.

~~63-68.~~ Performance is communicated to Council Tax and Business Rate payers through the City-wide residents' meetings, the annual business ratepayers' consultation meeting and regular electronic and written publications, including an annual overview of the accounts.

~~64-69.~~ ~~During 2016/17 a review of the existing business planning process was undertaken, as a precursor to a broader~~In tandem with the development of the new Corporate Plan 2018-23, approved by the Court of Common Council in March 2018, a new review of corporate and departmental planning and performance management framework has been developed, to be completed rolled out across the City Corporation during ~~2017~~2018/18-19. These will shortly be supported by a new appraisals process and set of corporate behaviours.

#### Audit and Risk Management Committee

~~65-70.~~ The Audit and Risk Management Committee is an enhanced source of scrutiny and assurance over the City ~~Corporation's~~ governance arrangements. It considers and approves



internal and external audit plans, receives reports from the Head of Audit and Risk Management, external audit and other relevant external inspectorates, including HMIC, as to the extent that the City Corporation can rely on its system of internal control. The Committee reviews the financial statements of the City Corporation prior to recommending approval by the Finance Committee and considers the formal reports, letters and recommendations of the City Corporation's external auditors. The Committee also monitors and oversees the City Corporation's Risk Management Strategy. The Committee undertakes a systematic programme of detailed reviews of each of the risks on the City Corporation's Strategie Corporate Risk Register.

~~66-71.~~ During 201~~7~~<sup>6</sup>/~~18~~<sup>7</sup>, the Committee continued its schedule of departmental risk challenge sessions. The Committee reviews the risks and risk management process for each department, on a rota basis, with one or two departments being invited to each meeting. These reviews are attended by the relevant Chairman and Chief Officer, with support and challenge applied so that risks are fully understood, and clear mitigation plans are in place. The Committee has also actively promoted a process for the regular reporting of top departmental risks to Service Committees, to encourage all Members to engage with the management of risk.

~~67-72.~~ The Committee has strongly supported the internal audit function by setting clear performance expectations for Chief Officers in the timely implementation of audit recommendations, as well as ensuring internal audit's independence is fully recognised. It has reviewed the outcome of the Service Based Review of the internal audit function, and is overseeing the adoption of a more efficient approach to the targeting of internal audit resources.

~~68-73.~~ The Committee has supported the management of the Information Security corporate risk, highlighting the mandatory awareness training for all staff, resulting in a significant increase in the percentage of staff fully completing this training.

~~69-74.~~ The Committee has taken a keen interest in cyber-security risks and remains committed to supporting the continuous development of cyber security across the City ~~of London~~ Corporation, including the incorporation into the City Corporation's controls of lessons learned from good practice elsewhere in the private and public sectors.

#### Review of Effectiveness

~~70-75.~~ The City Corporation has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the internal auditors and managers within the authority who have responsibility for the development and maintenance of the governance environment and also by comments made by the external auditors and other review agencies and inspectorates.

~~74-76.~~ Processes that have applied in maintaining and reviewing the effectiveness of the governance framework include scrutiny primarily by the Policy and Resources, Finance, Police, Audit and Risk Management, Investment, and Standards Committees; and the Resource Allocation, Police Performance and Resource Management, and Efficiency and Performance Sub Committees.

~~72-77.~~ This review of the main elements of the City Corporation's governance framework has not identified any significant issues for reporting to senior management.

#### Head of Internal Audit's Opinion

~~73-78.~~ The Public Sector Internal Audit Standards require the Head of Internal Audit to deliver an annual internal audit opinion and report that can be used by the City ~~of London~~ Corporation to inform its Annual Governance Statement. The Head of Internal Audit is satisfied that sufficient quantity and coverage of internal audit work and other independent assurance work has been undertaken to allow him to draw a reasonable conclusion as to the adequacy and effectiveness of the City's risk management, control and governance processes. In his opinion,

the City Corporation has adequate and effective systems of internal control in place to manage the achievement of its objectives. In giving this opinion he has noted that assurance can never be absolute and, therefore, only reasonable assurance can be provided that there are no major weaknesses in these processes.

~~74-79.~~ Notwithstanding this overall opinion, internal audit's work identified a number of opportunities for improving controls and procedures, which ~~management has accepted and~~ are documented in each individual audit report. Four areas reviewed in ~~2016~~2017/17-18 resulted in 'red' (limited) assurance opinions. These relate to internal audit reviews undertaken of: ~~the City of London Police use of fuel cards; IT asset management; IT network infrastructure; and IT Wi-fi security and operations~~Members and Officers Declarations of Interests; Open Spaces Repairs and Maintenance; Barbican Centre Retail and Bars and Guildhall School of Music and Drama Catering. All reports and recommendations have been accepted ~~and are being addressed~~ by management and implementation of the recommendations will be verified by internal audit follow up.

#### **Future ~~Developments~~Work Programme**

~~75-80.~~ The governance framework is constantly evolving due to service and regulatory developments and assessments. Improvement plans have been compiled in response to the reports and assessments summarised above. Controls to manage principal risks are constantly monitored, in particular for services with statutory responsibilities for the safety of vulnerable people. The City Corporation proposes over the coming year to take the following steps to maintain, develop and strengthen the existing governance framework:

- Review the City Corporation's governance arrangements against the requirements of the CIPFA/Solace framework *Delivering Good Governance in Local Government* 2016.
- ~~Develop a~~Roll out the refreshed Corporate Plan, for the period 2018-23, and both develop and begin collecting data against a set of outcome-based measures for the whole City Corporation, that demonstrate impact and progress towards delivering the Plan~~setting out a set of overarching goals for the organisation which will prioritise activity over the medium term and thereby achieve more in the context of reducing budgets.~~
- ~~Review the framework for departmental business planning and performance management to ensure that all work carried out contributes to delivery of the outcomes in the refreshed Corporate Plan.~~
- ~~Introduce a programme of Chief Officer peer reviews, to assist in developing a culture of innovation, agility, collaboration and continuous improvement.~~
- Undertake an annual update for the registration and publication of declarations of interest by the City Corporation's Members and Co-opted Members following the March 2017 Ward elections.
- Deliver the benefits from the programme of cross-cutting efficiency and effectiveness reviews resulting from the service based review, the 2% budget efficiency target and the Chief Officer Ppeer Rreviews.
- ~~Complete the review of information security and management, leading to: the identification of Information Asset Owners; the production of an information asset register; the development of an Information Management Policy, and the implementation of an appropriate Data Classification Scheme.~~Publish a new Information Management (IM) Strategy with recommendations for an Information Management Operating Model, which will require:
  - the set-up of an IM organisation with additional job roles.
  - a change to the method of information management in the City Corporation.
  - specific projects and "units of work" to be delivered in 2018/19.

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- ~~Develop-Implement the a-new risk appetite framework~~ for the City Corporation, ~~linked to the City's objectives and the external environment~~, which reflects ~~the City's~~ capacity to manage risk and willingness to take risk in order to meet the strategic objectives.
- Review the corporate risk register following the adoption of the City Corporation's new Corporate Plan.
- Review project and programme governance arrangements, to improve the handling of corporate and departmental projects, including reviewing the terms of reference of relevant governance groups and a process for escalating risks to the appropriate levels.
- Investigate ISO22301 accreditation for our business continuity services.
- Extend the remit of the Audit & Risk Management Committee to include oversight of the audit, risk and anti-fraud approaches in respect of the City of London Academies Trust.

This annual governance statement was approved by the City Corporation's Audit and Risk Management Committee on ~~24-29 July-May 2017~~2018.

John Barradell  
Town Clerk and Chief Executive

Date:

Catherine McGuinness  
Chairman, Policy and Resources  
Committee  
Date:

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## Appendix 2

### ANNUAL GOVERNANCE STATEMENT ~~2016~~2017/1718

#### SUPPORTING SCHEDULE

Key Element	Item	Reporting to Members
Code of Corporate Governance	Committee terms of reference (para 9)	Terms of reference are reviewed by each Committee annually.  A composite report of all Committee terms of reference is submitted annually to the Court of Common Council.
	Scheme of Delegations (para 9)	Changes to the Scheme of Delegations in respect of the Director of the Built Environment and the District Surveyor were approved by the Court of Common Council on <del>8<sup>th</sup></del> 7 <sup>th</sup> December <del>2016</del> 2017, following minor modifications <del>to relevant legislation relating to Crossrail and changes to job titles.</del>
	<del>Scheme of Delegations (para 9)</del>	<del>Changes to the Scheme of Delegations to move the responsibility for licensing marriage premises to the Director of Community and Children's Services were approved by the Court of Common Council on 9<sup>th</sup> March 2017.</del>
	Standing Orders (para 9)	The Court of Common Council agreed the following amendments to Standing Orders (SO): <ul style="list-style-type: none"> <li><del>27<sup>th</sup> April 2017: to SO 30 regarding the Protocol for the election of Deputy Chairmen of the Policy and Resources Committee;</del></li> <li><del>24<sup>st</sup> April 2016</del>11<sup>th</sup> January 2018: to SO 29(3) and 30(4a) to remove the prohibition on residents or tenants of any property owned by the City of London Corporation to serving <del>a</del>enable the Chairman <del>or Deputy</del> Chairman of the Community and Children's ServicesCapital Buildings Committee to be eligible to be Chairman of another Committee (Ward or non-Ward) at the same time;</li> <li><del>23<sup>rd</sup> June 2016: to SO 63 regarding the statutory dismissal procedures for the Head of Paid Service, Monitoring Officer, and Chief Financial Officer, and the creation of a Statutory Officer Review Panel, required following amendments to the Local Authorities (Standing Orders) (England) (Amendments) Regulations 2015;</del></li> </ul>

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## Appendix 2

		<ul style="list-style-type: none"> <li><del>8<sup>th</sup> September 2016 (under urgency powers): to SO29 to include the Statutory Officer Review Panel on the list of Committees where a Member is eligible to become Chairman alongside the Chairmanship of another Grand Committee, and to SO63 clarifying the details about the disciplinary procedure to be followed;</del></li> <li><del>12<sup>th</sup> January 2017: to SO29(3) to enable the Chairman of the Local Government Pensions Board to also be the Chairman of another Grand Committee at the same time; and</del></li> <li><del>9<sup>th</sup> March 2017: to SO56 and SO57 to clarify the governance arrangements for the disposal of property and enable the Corporate Asset Sub-Committee to be part of the decision-making process for the disposal of operational property which has been declared surplus to requirements.</del></li> </ul>
	<del>Protocol on Member/officer relations (para 9)</del>	<del>Changes to the protocol were approved by the Court of Common Council on 8<sup>th</sup> December 2016, to align the protocol with the corporate commitment to equality, diversity and inclusion, for the inclusion of the protocol as part of the induction programme for all employees, and for the protocol to be appended to the Employee Code of Conduct.</del>
	Localism Act: Standards regime (paras 13-15)	The Annual report of the Standards Committee for 2016/17 was presented to the Court of Common Council on 22 <sup>nd</sup> June 2017.
	Localism Act: Pay Policy Statement (para 16)	The <del>draft</del> Pay Policy Statement for <del>2016/2017/17-18</del> was agreed by the <del>Policy and Resources Committee on 18<sup>th</sup> February 2016 and the</del> Court of Common Council on <del>3<sup>rd</sup>-9<sup>th</sup> March 2016/2017.</del>
	Bribery Act (para 17)	Procedures for staff declaration were approved by the Audit and Risk Management Committee on 12 <sup>th</sup> December 2012.
	Regulation of Investigatory Powers (RIPA) (para 18)	A report on the September 2015 inspection by the Office of the Surveillance Commissioner was presented to the Policy and Resources Committee on 21 <sup>st</sup> January 2016 and the Audit and Risk Management Committee on 26 <sup>th</sup> January 2016.
Standards Committee	Review of arrangements (para 21)	The independent review of the City's standards regime was presented to the

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## Appendix 2

		Court of Common Council on 12 <sup>th</sup> January 2017. <del>The Court agreed that a panel be established to appoint a working party to report back to the Court on how the report's recommendations might be progressed and implemented as appropriate.</del> A report and recommendations of the Standards Regime Working Party were taken at Court of Common Council on 8 <sup>th</sup> March 2018 and were approved, along with the revised Code of Conduct, Complaints Procedure and Guidance to Members on the Code of Conduct.
	Protocol on Member/Officer Relations (para 21)	The Committee received the annual review of the Protocol on Member/Officer Relations, <del>including a review of the Employee Code of Conduct on 7<sup>th</sup>-26<sup>th</sup> October-January 2016</del> 2018.
Business Strategy and Planning Process	Corporate Plan (para 2223)	The Corporate Plan for 2015-19 was approved by the Policy and Resources Committee on 26 <sup>th</sup> March 2015. <del>Its replacement, the Corporate Plan for 2018-23, was approved by Court of Common Council on 8<sup>th</sup> March 2018, to come into effect from 1<sup>st</sup> April 2018.</del>
	Policing Plan (para 2223)	The <del>Draft</del> Policing Plan for <del>2016</del> 2017-19 <del>20</del> was agreed by the Police Committee on <del>24<sup>th</sup>-17<sup>th</sup> January 2016</del> 2017 <del>subject to any additional amendments by 31<sup>st</sup> January 2017.</del> The Plan was published on <del>29<sup>th</sup> March 2017.</del>
	Annual City-wide residents' meeting (para 2324)	The annual City-wide residents' meeting was held on <del>23<sup>rd</sup>-8<sup>th</sup> May 2016</del> 2017.
Financial Management Arrangements	HMIC Inspections (para 2830)	An update on HMIC inspections for 2016/17 was presented to the Audit and Risk Management Committee on 23 <sup>rd</sup> May 2017.
	<del>Efficiency and Sustainability Plan (para 31)</del>	<del>The City's Efficiency and Sustainability Plan was approved by the Policy and Resources Committee on 6<sup>th</sup> October 2016 and the Court of Common Council on 13<sup>th</sup> October 2016; and submitted to the Department for Communities and Local Government.</del>
	Efficiency and Performance sub-Committee (para 32)	During 2017 <del>6/18</del> 7, the sub-Committee met on five occasions, considering reports on, inter alia: <ul style="list-style-type: none"> <li>Corporate and Departmental Business Planning</li> <li>The City's Efficiency and Sustainability Plan</li> </ul>

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## Appendix 2

		<ul style="list-style-type: none"> <li>• <del>CIPFA Value for Money indicators 2015/16</del></li> <li>• Service Based Review: <ul style="list-style-type: none"> <li>○ Roadmap and Financial Monitoring</li> <li>○ Departmental monitoring</li> <li>○ Cross-cutting projects</li> </ul> </li> <li>• <del>Asset management review</del></li> <li>• <del>Facilities management review</del></li> <li>• <del>Operational property review</del></li> <li>• <del>Review of Energy Targets 2015/16</del></li> <li>• <del>City Procurement:</del> <ul style="list-style-type: none"> <li>○ <del>Accounts payable review</del></li> <li>○ <del>Establishment of an Invest to Save fund</del></li> <li>○ <del>Implementation of new contract management interventions</del></li> </ul> </li> <li>• <del>Commercial contract management</del></li> </ul>
	<u>Efficiency and Sustainability Plan (para 33)</u>	<u>The City's Efficiency and Sustainability Plan was approved by the Policy and Resources Committee on 6<sup>th</sup> October 2016 and the Court of Common Council on 13<sup>th</sup> October 2016; and submitted to the Department for Communities and Local Government.</u>
	<u>City of London Police Risk Management value for money (para 35/41)</u>	The Police Performance and Resource Management Sub Committee received an <u>update</u> report on <u>value for money</u> of the City of London Police <u>Risk Register</u> relative to other forces on <u>31<sup>st</sup> May-February 2016/2018</u> .
	<u>City of London Police Medium Term Financial Plan (paras 33/34)</u>	<u>On 12<sup>th</sup> January 2017 the Court of Common Council approved a relaxation of the reserve threshold for the City of London Police.</u>
	<u>Financial Strategy and Budget Policy (para 37/43)</u>	The <u>2016/2017/47-18</u> budget and revised Medium Term Financial Strategy for the City Fund were agreed by the Court of Common Council on <u>3<sup>rd</sup>-9<sup>th</sup> March 2016/2017</u> .
Risk Management	<u>Risk Management Strategy (para 40/47)</u>	An updated Risk Management Strategy was approved by the Audit and Risk Management Committee on 13 <sup>th</sup> May 2014.
	<u>Updates to Audit and Risk Management Committee (para 42)</u>	<p>The Audit and Risk Management Committee receives regular updates on risk management.</p> <p>During 201<u>76/47-18</u>, the following risk areas were reviewed in depth:</p> <ul style="list-style-type: none"> <li>• <del>Resilience (CR01)</del></li> <li>• <u>Loss of business support for the City (CR02)</u></li> <li>• <u>Corporate health and safety (CR09)</u></li> <li>• <u>Adverse political consequences (CR10)</u></li> </ul>

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## Appendix 2

		<ul style="list-style-type: none"> <li>• <u>Information security (CR16)</u></li> <li>• <u>Safeguarding (CR17)</u></li> <li>• <u>IT service provision (CR19)</u></li> <li>• <u>Air quality</u><u>Road safety (CR24CR20)</u></li> <li>• <u>Police funding (CR23)</u></li> <li>• <u>Department of Culture, Heritage and Libraries</u></li> </ul>
	External review of risk management (para <u>4450</u> )	The key findings from the external review of risk management at the City Corporation were reported to the Audit and Risk Management Committee on 8 <sup>th</sup> November 2016.
Role of Internal Audit	General updates to Audit and Risk Management Committee (para <u>5864</u> )	Internal audit update reports were presented to the Audit and Risk Management Committee on <u>13<sup>th</sup>-28<sup>th</sup> September-November 2016-2017</u> and <u>7<sup>th</sup> 6<sup>th</sup> February-March 20172018</u> .
	Audit Charter (para <u>5864</u> )	Updates to the Audit Charter were agreed by the Audit and Risk Management Committee on 23 <sup>rd</sup> May 2017 <u>and 6<sup>th</sup> March 2018</u> .
	Reports re fraud investigation function (para <u>6066</u> )	<u>An Anti-Fraud and Investigation updates were was</u> presented to the Audit and Risk Management Committee on <u>13<sup>th</sup>-28<sup>th</sup> September-November 2016 and 7<sup>th</sup> February-2017</u> .
Performance Management	Departmental reporting (para <u>6467</u> )	Departmental Business Plans are normally approved by the relevant service committee(s) between February and April each year. Chief Officers produce regular monitoring reports for their service committee(s), combining information on service and financial performance.
	City Fund Overview (para <u>6268</u> )	The annual City Fund Overview for <u>20152016/46-17</u> is available on the City of London website. The City Fund Overview for <u>20162017/47-18</u> will be produced later in <u>20172018</u> .
	Annual business ratepayers' meeting (para <u>6268</u> )	The annual business ratepayers' meeting was held on <u>3<sup>rd</sup> February 2016 and 10<sup>th</sup> 16<sup>th</sup> February 20172018</u> .
Head of Internal Audit's Opinion	(paras <u>7278-7379</u> )	The annual opinion from the Head of Audit and Risk Management for the year <u>20162017/47-18</u> was reported to the Audit and Risk Management Committee on <u>23<sup>rd</sup> 29<sup>th</sup> May 20172018</u> .

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<b>Committee(s)</b>	<b>Dated:</b> 29 May 2018
Audit and Risk Management Committee	
<b>Subject:</b> Risk Management Update	<b>Public</b>
<b>Report of:</b> Dr Peter Kane, Chamberlain	<b>For Information</b>
<b>Report author:</b> Paul Dudley, Chamberlain's department	

## Summary

This report provides the Committee with an update on the corporate and top red departmental risk registers following the review by the Chief Officer Risk Management Group (CORMG) on 21 March 2018 and Summit Group on 25 April 2018.

There are currently 13 corporate risks (12 in January 2017) included on the corporate risk register.

The additional risk is CR25 GDPR ,approved by the Summit Group in December 2017 and endorsed by the Audit and Risk Management Committee in January 2018.

There have been no changes in corporate risk scores or target scores since the last risk update report in January 2018. However the CR19 IT Service provision risk was re-rated from red 16 to and amber 12 on 15 December 2017 – just before the January 2018 report.

There are three corporate risks with approaching target dates which are CR16 Information Security, CR19 IT Service Provision and CR25 GDPR . The first two corporate risks are on track to achieve their target dates whilst the CR25 GDPR target date is likely to be amended as the GDPR project will continue to embed compliance and run until 31 December 2018. An audit on GDPR compliance is currently being undertaken by Mazars and may make recommendations for further actions to be followed through until December 2018, subject to the outcome of the Mazar's audit this risk might be identified as a departmental level risk post end of May 2018.

The total number of top departmental red risks is 9 (11 in January 2018) with four risks being removed and two risks being added to this register.

A total of 310 risks (317 as at January 2018) have been identified by departments providing a wide range of risks that may affect service delivery. Departments have used the Corporation's Risk Management Strategy to ensure a consistent approach to the way risks are described and scored.

To ensure that the City Corporation's corporate risks are aligned to the new Corporate Plan (and to identify any new risks), a corporate risk profiling exercise has been commissioned and is being undertaken by David Forster, Head of Risk with Zurich Municipal. The exercise is due to conclude in June/July 2018. The results of the exercise will be reported to the Committee in September (or in July if the revised corporate risk register is available sooner).

### **Recommendation**

The Committee is asked to note the report.

## **Main Report**














### **Background**

- 1 The corporate risk register was last reviewed by the CORMG on 21 March 2018 and Summit Group on 25 April 2018.
- 2 In accordance with the established risk framework, each risk has been reviewed and where appropriate updated by the responsible risk owner and departmental management teams.
- 3 A total of 310 wide ranging risks have been identified by departments comprising of 28 red, 172 amber and 110 green risks. This compares with total of the 317 risks in January 2018 which included 29 red, 174 amber and 114 green risks.
- 4 Of the 310 total risks, there are 13 corporate, and 9 top red departmental level risks. There are another 72 amber and 39 green risks recorded at departmental level. The remaining 177 are recorded as either service, team or project level risks.
- 5 Departments have used the City Corporation's Risk Management Strategy to ensure that there is a consistent approach to the way risks are described and scored. Attached as appendix 1 is the corporate risk matrix which illustrates the likelihood and impact ratings as well as the definitions for red, amber and green risks.

### **Corporate risk register**

- 6 There are currently 13 corporate risks (Six red and seven amber risks). One new risk (CR25 GDPR) was accepted on to the corporate risk register by Summit Group in December 2017 and endorsed by the Audit and Risk Management Committee in January 2018. The corporate risk scores have not shown any changes since their last assessments although it should be noted that CR19 IT Service provision risk was re-rated from red 16 to and amber 12 on 15 December 2017 – just prior to the January 2018 report. . A copy of the corporate risk register is attached as appendix 2.

- 7 Table 1 below – List of current corporate risks as at 4 May 2018 in risk score order.

Code	Title	Status	Risk Score	Risk score change
CR24	Operational Security	Red	24	
CR02	Loss of Business Support for the City	Red	16	
CR16	Information Security	Red	16	
CR21	Air Quality	Red	16	
CR22	Barbican Centre Fire Risk	Red	16	
CR23	Police Funding	Red	16	
CR01	Resilience Risk	Amber	12	
CR09	Health and Safety Risk	Amber	12	
CR19	IT Service Provision	Amber	12	
CR20	Road Safety	Amber	12	
CR25	GDPR	Amber	12	
CR10	Adverse Political Developments	Amber	8	
CR17	Safeguarding	Amber	8	

- 8 The corporate risks with the highest impact rating (Extreme) are CR24 Operational Security, CR 22 Barbican Centre Fire, CR10 Adverse Political Developments and CR17 Safeguarding. The risks with the highest likelihood ratings (Likely) are CR02 Loss of Business Support for the City, CR16 Information Security, CR21 Air Quality and CR20 Police Funding.

#### **Corporate risk ratings and target dates**

- 9 Out of the thirteen corporate risks , there are five risks which have annual target dates and relate to long term risks which the City Corporation has by virtue of its functions. These are:

- CR01 Resilience risk
- CR02 Loss of Business Support for the City
- CR09 Health and Safety
- CR10 Adverse political developments
- CR17 Safeguarding

The other eight risks relate to specific, and usually significant operational risks. They have target dates when the risk scores should be achieved.

- 10 Below is a table showing target risk dates of three corporate risks which are nearing completion.(Target risk dates completing between 1 May 2018 to 28 September 2018)

Code	Title	Current Risk Score	Target Risk Score	Target Risk Date
CR25	GDPR Project	12 (Amber)	4 (Green)	18-May-2018
CR16	Information Security	16 (Red)	8 (Amber)	30-Jun-2018
CR19	IT Service Provision	12 (Amber)	4 (Green)	30-Jun-2018

The CR25 GDPR target date is likely to be amended as the GDPR project will continue to embed compliance and will run until 31 December 2018. An audit on GDPR compliance is currently being undertaken by Mazars and may make recommendations for further actions to be followed through until December 2018, subject to the outcome of the Mazar's audit this risk might be identified as a departmental level risk post end of May 2018.

The Chamberlain has previously reported to the Committee on the progress being made to mitigate CR16 and CR19 and it is anticipated that target dates for both these risks will be achieved as stated.

#### **Top departmental red risks**

- 11 There are currently 9 top departmental red risks (11 in January 2018). The following changes have been made to the top red departmental risk register since January 2018. (see appendix 3):

Risks removed:

1. BBC Arts 011 Concert Hall Stage Riser system
2. CLF 08 Breach of Regulation
3. MCP SM 001 HGV Unloading operations
4. DCCS ED 01 - Failure to deliver City of London Academy expansion programme

Risk added:

5. MAN.CCC 001 Fire safety. (Risk score 24)
6. SUR SMT 008 City Bridges substantial vessel strikes (Risk score 16)

#### **Review of the Corporate risk register**

- 12 To ensure that the City Corporation's corporate risks are aligned to the new Corporate Plan (and to identify any new risks), a corporate risk profiling exercise has been commissioned and is being undertaken by David Forster, Head of Risk with Zurich Municipal. The exercise involves interviews with Chairman of Policy and Resources, Finance and the Audit and Risk Management Committees and with most Chief Officers. The results of this exercise are due to be reported and discussed at the Chief Officers Group (COG) to be held on 14 June 2018. Further work is then likely to be required to draft new corporate risks and rework existing risks. A revised risk register will be reported to the Audit and Risk Management Committee in September 2018 (or in July if the revised corporate risk register is available sooner) .

## **Conclusion**

- 13 The corporate and top red departmental risk registers were reviewed by CORMG (21 March 2018) and Summit Group on 25 April 2018. The CORMG provides additional assurance to the Summit Group, COG and the Audit and Risk Management Committee that corporate and top red departmental risks are appropriate and being actively managed.

## **Appendices:**

**APPENDIX 1** – Corporate Risk Matrix

**APPENDIX 2** – Corporate risk register

**APPENDIX 3** – Top Red departmental risk register

**Contact:** *Paul.Dudley* | *Paul.Dudley@cityoflondon.gov.uk* | 02073321297

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## City of London Corporation Risk Matrix (Black and white version)

Note: A risk score is calculated by assessing the risk in terms of likelihood (A) and impact (B) respectively. For example a risk assessed as Unlikely (2) and with an impact of 16 can be plotted on the risk scoring grid, top right (C) to give an overall risk score of a green (4). Using the risk score definitions bottom right (D) below, a green risk is one that just requires actions to maintain that rating.

### Appendix 1

#### (C) Risk scoring grid

		Unlikely (2)	Possible (3)	Likely (4)
Criteria	Less than 10%	10 – 40%	40 – 75%	More than 75%
Probability	Has happened rarely/never before	Unlikely to occur	Fairly likely to occur	More likely to occur than not
Time period	Unlikely to occur in a 10 year period	Likely to occur within a 10 year period	Likely to occur once within a one year period	Likely to occur once within three months
Numerical	Less than one chance in a hundred thousand (<10-5)	Less than one chance in ten thousand (<10-4)	Less than one chance in a thousand (<10-3)	Less than one chance in a hundred (<10-2)

Likelihood		Impact			
	X	Minor (1)	Serious (2)	Major (4)	Extreme (8)
	Likely (4)	<b>4 Green</b>	<b>8 Amber</b>	<b>16 Red</b>	<b>32 Red</b>
	Possible (3)	<b>3 Green</b>	<b>6 Amber</b>	<b>12 Amber</b>	<b>24 Red</b>
	Unlikely (2)	<b>2 Green</b>	<b>4 Green</b>	<b>8 Amber</b>	<b>16 Red</b>
	Rare (1)	<b>1 Green</b>	<b>2 Green</b>	<b>4 Green</b>	<b>8 Amber</b>

#### (B) Impact criteria

#### (D) Risk score definitions

<b>RED</b>	Urgent action required to reduce rating
<b>AMBER</b>	Action required to maintain or reduce rating
<b>GREEN</b>	Action required to maintain rating

This is an extract from the City of London Corporate Risk Management Strategy, published in May 2014.

Contact the Corporate Risk Advisor for further information. Ext 1297

October 2015

## City of London Corporation Risk Matrix (Black and white version)

Note: A risk score is calculated by assessing the risk in terms of likelihood and impact. By using the likelihood and impact criteria below (top left (A) and bottom right (B) respectively) it is possible to calculate a risk score. For example a risk assessed as Unlikely (2) and with an impact of Serious (2) can be plotted on the risk scoring grid, top right (C) to give an overall risk score of a green (4). Using the risk score definitions bottom right (D) below, a green risk is one that just requires actions to maintain that rating.



Impact title	Definitions
Minor (1)	<b>Service delivery/performance:</b> Minor impact on service, typically up to one day. <b>Financial:</b> financial loss up to 5% of budget. <b>Reputation:</b> Isolated service user/stakeholder complaints contained within business unit/division. <b>Legal/statutory:</b> Litigation claim or find less than £5000. <b>Safety/health:</b> Minor incident including injury to one or more individuals. <b>Objectives:</b> Failure to achieve team plan objectives.
Serious (2)	<b>Service delivery/performance:</b> Service disruption 2 to 5 days. <b>Financial:</b> Financial loss up to 10% of budget. <b>Reputation:</b> Adverse local media coverage/multiple service user/stakeholder complaints. <b>Legal/statutory:</b> Litigation claimable fine between £5000 and £50,000. <b>Safety/health:</b> Significant injury or illness causing short-term disability to one or more persons. <b>Objectives:</b> Failure to achieve one or more service plan objectives.
Major (4)	<b>Service delivery/performance:</b> Service disruption > 1 - 4 weeks. <b>Financial:</b> Financial loss up to 20% of budget. <b>Reputation:</b> Adverse national media coverage 1 to 3 days. <b>Legal/statutory:</b> Litigation claimable fine between £50,000 and £500,000. <b>Safety/health:</b> Major injury or illness/disease causing long-term disability to one or more people <b>objectives:</b> Failure to achieve a strategic plan objective.
Extreme (8)	<b>Service delivery/performance:</b> Service disruption > 4 weeks. <b>Financial:</b> Financial loss up to 35% of budget. <b>Reputation:</b> National publicity more than three days. Possible resignation leading member or chief officer. <b>Legal/statutory:</b> Multiple civil or criminal suits. Litigation claim or find in excess of £500,000. <b>Safety/health:</b> Fatality or life-threatening illness/disease (e.g. mesothelioma) to one or more persons. <b>Objectives:</b> Failure to achieve a major corporate objective.

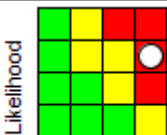
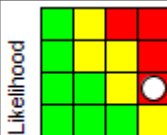

## Corporate risks - detailed report EXCLUDING COMPLETED ACTIONS

Report Author: Paul Dudley

Generated on: 08 May 2018



Rows are sorted by Risk Score

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
PR24 Operational Security Page 99	<p><b>Cause:</b> Inadequate, poorly maintained or time expired security infrastructure; lack of security culture within the organisation; poor training or organisation of staff; insufficient staff.</p> <p><b>Event:</b> Security of an operational property is breached.</p> <p><b>Effect:</b> Unauthorised access to building by criminals/protestors/terrorists; disruption of business/ high profile events; reputational damage; injury or potential loss of life amongst staff or members of the general public</p>	 <p>Likelihood</p> <p>Impact</p>	24	<p>The Security Board is now mature and in place with all works teams beneath now in place. Public Realm, People Board, Cross Cutting and Security Advisory Board.</p> <p>Good strategic and tactical grip now with Police and key stakeholders. HVM work now started at Barbican and St Pauls in phase one of mitigation to the public from a vehicle borne Terrorist attack. There is phased works in place for the rest of this calendar year.</p> <p>The Corporation threat and risk mitigation plan is being adopted by others.</p> <p>Corporation Estate, ASF and BBM starts next month.</p>	 <p>Likelihood</p> <p>Impact</p>	16	30-Apr-2019	

## APPENDIX 2

07-Jun-2017 Peter Lisley				<p>HVM at Guildhall is aspired to be in place pre-Lord Mayors Show this year.</p> <p>A new post has been created by City Surveyor Head of Security for Guildhall Complex, this is to provide grip and consistency across the complex and then support across the Estate</p> <p><b>15 Mar 2018</b></p>				Constant
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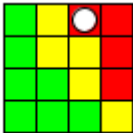
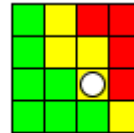

Action no	Description	Latest Note	Managed By	Latest Note Date	Due Date
24a	Deliver a programme of security infrastructure enhancements	<p>The Security Board is now mature and in place with all works teams beneath now in place. Public Realm, People Board, Cross Cutting and Security Advisory Board.</p> <p>Good strategic and tactical grip now with Police and key stakeholders. HVM work now started at Barbican and St Pauls in phase one of mitigation to the public from a vehicle borne Terrorist attack. There is phased works in place for the rest of this calendar year.</p> <p>The Corporation threat and risk mitigation plan is being adopted by others.</p> <p>Corporation Estate, ASF and BBM starts next month.</p> <p>HVM at Guildhall is aspired to be in place pre-Lord Mayors Show this year.</p> <p>A new post has been created by City Surveyor Head of Security for Guildhall Complex, this is to provide grip and consistency across the complex and then support across the Estate</p>	Paul Wilkinson	15-Mar-2018	30-Apr-2019



## APPENDIX 2

CR02E	Recruit and embed a new global exports and investment team in the new structure of Economic Development	New GE&I team provide relationship management services with financial and professional firms aimed at retaining and attracting FDI, and assisting UK based firms to export. They work with colleagues at Mansion House to deliver the international exports and investment programme led by the Lord Mayor, and also lead in the delivery of our Regional Strategy	Giles French	06-Apr-2018	31-Dec-2018
CR02F	Through our work in partnership with the FPS sector, continue to inform the financial services component on a future UK-EU27 FTA. The IRSG model on “mutual recognition” is preferred outcome and significant progress has been made in making the case to the UK Government, with the model being referenced in key speeches by both the Prime Minister and Chancellor of the Exchequer.	We have increased the number of visits to Member States and Brussels, commenced the strengthening of our Brussels office, improved coordination of engagement with the major f/s trade associations, and briefed both UK and EU officials on our proposals.	Damian Nussbaum	06-Apr-2018	21-Mar-2019
CR02G	Continue to make the case for the mutually beneficial arrangements of a post Brexit deal including financial services.	We have increased the number of visits to Member States and Brussels, commenced the strengthening of our Brussels office, improved coordination of engagement with the major f/s trade associations, and briefed both UK and EU officials on our proposals.	Damian Nussbaum	03-Apr-2018	21-Mar-2019
CR02H	We have activity contributed to UK Government led initiatives with other markets on FinTech. The Green Finance Initiative has also signed a new Green Finance Centre with their Chinese counterparts.	Action added 3/4/18	Damian Nussbaum	03-Apr-2018	21-Mar-2019

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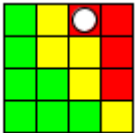
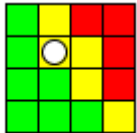

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CR16 Information Security	<p><b>Cause:</b> Breach of IT Systems resulting in unauthorised access to data by internal or external sources. Officer/ Member mishandling of information.</p> <p><b>Event:</b> Cybersecurity attack - unauthorised access to COL IT systems. Loss or mishandling of personal or commercial information.</p> <p><b>Effect:</b> Failure of all or part of the IT Infrastructure, with associated business systems failures. Harm to individuals, a breach of legislation such as the Data Protection Act 1988. Incur a monetary penalty of up to £500,000. Compliance enforcement action. Corruption of data. Reputational damage to Corporation as effective body.</p>	<p>Likelihood</p>  <p>Impact</p>	16	The IT team continues to develop training for Officers and Members, to be deployed this year. The Introduction of passphrases as opposed to passwords, consisting of at least 15 characters, has now been rolled out, improving network security. At the IT Sub-Committee in March 2018 it was agreed that this risk should stay at Red whilst further mitigations are being delivered with an aim of bringing the risk down to green by reducing the likelihood of occurrence.	<p>Likelihood</p>  <p>Impact</p>	8	30-Jun-2018	

## APPENDIX 2

22-Sep-2014 Peter Kane				24 Apr 2018				Constant
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Action no	Description	Latest Note	Managed By	Latest Note Date	Due Date
CR16b	For all major systems establish data owner and retention policy for information therein.	This is now being picked up with the GDPR ready project being led from the Comptroller team and IT team in the Corporation and the Information Management and Security team in the Police. Update reports on progress provided to Summit and IT Sub-Committee on a regular basis.	Sean Green	13-Apr-2018	30-Apr-2018
CR16h	Online training to be made available to Members following workshop in February 2016.	Induction training provided - Gary Brailsford Hart is supporting this risk to execute mitigating actions from plan in place. Training for Officers and Members in 2018 now being developed. Dates for training to be agreed with Member Services and the IT Security Director.	Gary Brailsford-Hart	14-Mar-2018	30-Apr-2018
CR16i	The Development and implementation of more technical security infrastructure	Using a recognised Cyber security maturity model there is a dashboard being reported that shows via RAG status 10 areas of focus to mitigate this risk with training, processes and tools being delivered that in combination will bring the risk to Green by July 2018. Dedicated project manager is supporting the delivery of new Cyber protection solutions for the CoL and CoLP estates.	Sean Green	13-Apr-2018	30-Apr-2018

## APPENDIX 2

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
<b>CR21 Air Quality</b>  07-Oct-2015 Jon Avern  Page 104	<p><b>Cause:</b> Small particulate pollution has chronic health impacts from long term exposure at very low concentrations and is in evidence within the City and central London. There is also a health impact associated with long term and short-term exposure to nitrogen dioxide.</p> <p><b>Event:</b> Under certain atmospheric conditions there is a higher probability of poor air quality within the City and it is more likely that residents, workers and visitors would suffer the acute consequences.</p> <p><b>Effect:</b> The consequences both acute and chronic may include:            An increase in hospital referrals placed upon both emergency services and the NHS for those already suffering from respiratory or cardiovascular conditions (it may also place a strain on City social services).            An increase in deaths, particularly of those already suffering from respiratory or cardiovascular conditions (both residents and workers).            Economic costs such as acting as a deterrent of businesses coming to London or staying and financial penalties for non-compliance with air quality limits.            Persistent poor air quality may affect the longer-term health of the City population.            Persistent poor air quality may attract adverse media coverage making the City seem a less attractive place to live and work.</p>	 <p>Likelihood</p> <p>Impact</p>	16	No change from previous assessment. Although measured levels of air pollution are going down across the City, nitrogen dioxide still remains above the health-based limits despite a number of measures to bring levels of pollution down  <b>12 Mar 2018</b>	 <p>Likelihood</p> <p>Impact</p>	6	31-Dec-2020	  Constant

Action no	Description	Latest Note	Managed By	Latest Note Date	Due Date
CR21 001e	Develop and implement a plan for reducing the impact of diesel vehicles on air pollution in the Square Mile. This is to complement the work being undertaken by the Mayor of London to reduce air pollution in the central zone through the implementation of the Ultra-Low Emission Zone.	The City is producing a draft Transport Strategy which will contain measures to reduce the amount of diesel vehicles in the Square Mile.	Jon Avern	04-May-2018	31-Dec-2018



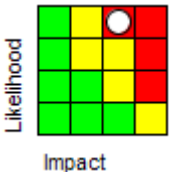
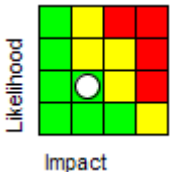

## APPENDIX 2

CR21 001f	Investigate options to reduce emissions from combustion plant in the City using local legislation.	Local legislation will be utilised to investigate options for the reduction of emissions from combustion plant in the City.	Jon Avern	04-May-2018	31-Dec-2018
CR21 001g	Refresh the City of London Air Quality Strategy	Officers are to refresh the City of London Air Quality Strategy by March 2019.	Jon Avern	04-May-2018	29-Mar-2019
CR21 001h	Update the City Air Quality Supplementary Planning Document in line with the London Plan.	The City Air Quality Supplementary Planning Document is being updated in line with the London Plan.	Jon Avern	04-May-2018	28-Dec-2018
CR21 001i	Pilot an ultra-low emission street in the City of London.	Officers are planning to pilot an ultra-low emission street within the City of London.	Jon Avern	04-May-2018	31-Dec-2019

[illegible]

## APPENDIX 2

Action no	Description	Latest Note	Managed By	Latest Note Date	Due Date
CR22c	Ensure that Fire systems are maintained and tested in accordance with the Corporate Building Health & Safety compliance standards.	Our service provider has completed PPM scheduling and many areas have been tested and recorded on worksheets. We are still looking at the best way to gather, record evidence and share with logging the data on a shred drive. This has therefore been extended to allow us to complete the output.	Jonathon Poyner	05-Apr-2018	29-Jun-2018
Cr22j	Implement CO Incident Report recommendations not already addressed by Actions a - i above.	We are still reviewing and confirming the last part of this output to be in a position to close the action. The date has been extended to allow satisfactory completion.	Jonathon Poyner	05-Apr-2018	31-May-2018

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score	Risk Update and date of update	Target Risk Rating & Score	Target Date	Current Risk score change indicator
<b>CR23 Police Funding</b> 21-Nov-2016 Caroline Al-Beyerty; Ian Dyson	<b>Cause:</b> Reduction in government funding and growing demand in Policing services leading to pressures for the City Fund -Police. <b>Event:</b> Reduction in government funding. Failure to deliver VfM savings. Budget deficit forecast for next 5 years requiring action to balance the budget <b>Effect:</b> Potential impact on security and safety in the City as need to make savings, prioritise activity, review funding City of London Police will be unable to maintain a balanced budget and current service levels as reflected in their Medium Term Financial Plan.	 Likelihood Impact	<b>16</b> Despite savings target of £1.2m in 2018/19, the current medium term financial plan shows an ongoing gap of £4-5m per annum. This has not yet been resolved and the risk has become an issue. The recently launched Transformation Programme is expected to close the financial gap. <b>28 Mar 2018</b>	 Likelihood Impact	<b>4</b> 31-Mar-2019	 Constant

Action no	Description	Latest Note	Managed By	Latest Note Date	Due Date
CR23a	Deliver the savings programme for currently identified savings in 2018/19.	COLP has a plan in place to deliver on £1.2m savings for 2018/19 and continues to explore opportunities for continual improvement, both internally and through wider collaboration with the City Corporation. The details of the planned savings were reported to Efficiency and Performance Sub Committee in March.	Alistair Sutherland	28-Mar-2018	31-Mar-2019
CR23b	Medium Term Financial Plan - remodelling	Medium Term Financial Plan - remodelling	Philip Gregory;	28-Mar-2018	31-Mar-2018

## APPENDIX 2

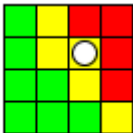
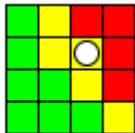
			Michelle King		
CR23c	A Transformation Programme is underway to develop a revised Target Operating Model for CoLP to deliver greater effectiveness and financial stability. The Programme comprises eight work strands.	The Deloitte short term recommendations or 'quick wins' are progressing. Initial savings from the 'quick wins' are being reinvested to create a core team. The next Transformation Board meets at the end of April to review progress on the transformation work streams.	Jane Gyford	28-Mar-2018	31-Mar-2019
CR23d	Consider increase in the business rates premium in future periods	Consider Business rate premium increase and/ or contribution levels from City Fund/ City's Cash as part of financial planning and budget setting for 2019/20.	Caroline Al-Beyerty	13-Apr-2018	31-Mar-2019

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
<b>CR01 Resilience Risk</b>  <div>Page 107</div> 29-Mar-2015 Elin Barradell	<b>Cause</b> - Lack of appropriate planning, leadership and coordination <b>Event</b> - Emergency situation related to terrorism or other serious event/major incident is not managed effectively <b>Effect</b> - Major disruption to City business, failure to support the community, assist in business recovery. Reputational damage to the City as a place to do business.	<div> <div>Likelihood</div> <div>Impact</div> </div>	12	IT are still undergoing work to re-locate servers from GJR to another location. Network upgrade work and upgrading bandwidth is progressing across the corporation. Once this has been complete we will be able to carry our resilience tests  <b>13 Feb 2018</b>	<div> <div>Likelihood</div> <div>Impact</div> </div>	12	31-Dec-2018	  Constant

Action no	Description	Latest Note	Managed By	Latest Note Date	Due Date
CR01D	Working with the IS division, remove potential single points of failure from business continuity processes.	IT are still undergoing work to re-locate servers from GJR to another location. Network upgrade work and upgrading bandwidth is progressing across the corporation. Once this has been complete we will be able to carry our resilience tests	Gary Locker	01-Nov-2017	30-Apr-2018


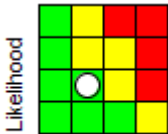

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score	Risk Update and date of update	Target Risk Rating & Score	Target Date	Current Risk score change indicator
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## APPENDIX 2

CR09 Health and Safety Risk	<p><b>Cause</b> - Safety is treated as a low priority by the organisation, lack of training of staff and managers, management complacency, poor supervision and management</p> <p><b>Event</b> - Statutory regulations and internal procedures relating to Health and Safety breached and/or not complied with.</p> <p><b>Effect</b> - Possible enforcement action/ fine/prosecution by HSE, Employees/visitors/contractors may be harmed/injured, Possible civil insurance claim, Costs to the Corporation, Adverse publicity /damage to reputation, Rectification costs</p>	<p>Likelihood</p>  <p>Impact</p>	12	<p>New mental health and wellbeing policy agreed by Establishment Committee (25 April). In addition, support being given to CCC/MH, Barbican, GSMD re: Fire Safety and Work at Height at CCC.</p> <p><b>04 May 2018</b></p>	<p>Likelihood</p>  <p>Impact</p>	12	31-Dec-2018	<p>Constant</p>
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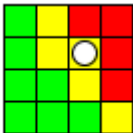
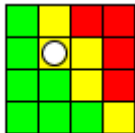

Action no	Description	Latest Note	Managed By	Latest Note Date	Due Date
CR09F	Deliver a series of health and safety audits and compliance checks to provide corporate assurance that the organisation is being managed safely	Inspections continuing	Justin Tyas	04-May-2018	31-Dec-2018
CR09g	To deliver a programme of training sessions for Chief Officers and their reports	The programme of training is currently being delivered.	Justin Tyas	04-May-2018	31-Dec-2018

## APPENDIX 2

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
<b>CR19 IT Service Provision</b>  14-Jul-2015 Sean Green	<b>Cause:</b> The whole Police IT Estate and parts of the Corporation are in need of further investment. <b>Event:</b> For the Corporation, poor performance of IT Service and for the Police critical failure of the Police IT Service. <b>Effect:</b> Loss of communications or operational effectiveness (may also lead to low staff morale). Possible failure of critical Corporation and Policing activities. Reputational damage.	 Likelihood Impact	12	Following the recent improvements to the corporate IT network and systems the Chamberlain agreed to reduce the risk score to an amber 12. It is likely that over the coming months the risk will be further mitigated to a green rating.  <b>13 Apr 2018</b>	 Likelihood Impact	4	30-Jun-2018	  Constant

Action no	Description	Latest Note	Managed By	Latest Note Date	Due Date
CR19c	Investment in any retained IT infrastructure to ensure that this meets the same standards of resilience and continuity as delivered by the IaaS infrastructure.	Remediation to communication rooms completed and work to replace Wide Area Network 60% completed. Local area network equipment now being installed.	Sean Green	13-Apr-2018	31-May-2018
CR19e	This is the first phase of the revised project to fully replace ageing unsupportable networking hardware from the City and City Police's infrastructure.	Implementation is in progress and will be completed between May-October 2018.	Sean Green	13-Apr-2018	31-May-2018
CR19f	The full delivery of a new network for the Corporation and city Police.	The WAN work has started. Remediation of IT communications rooms complete. LAN design completed. LAN implementation now started for CoL and CoLP.	Sean Green	13-Apr-2018	30-Jun-2018
CR19g	Scope changes being discussed due to Accommodation changes with Police Plans and additional networking hardware and support being required as a result.	Scope changes being agreed with funding identified to support these changes.	Sean Green	13-Apr-2018	31-Oct-2018

## APPENDIX 2

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CR20 Road Safety	<p><b>Cause:</b> Limited space on the City's medieval road network to cope with the increased use of the highway by vehicles and pedestrians / cyclists within the City of London. Interventions &amp; legal processes take time to deliver</p> <p><b>Event:</b> The number of casualties occurring in the City rises instead of reducing.</p> <p><b>Effect:</b> The City's reputation and credibility is adversely impacted with businesses and/or the public considering that the Corporation is not taking sufficient action to protect vulnerable road users; adverse coverage on national and local media</p>	<p>Likelihood</p>  <p>Impact</p>	12	<p>It was agreed at Streets and Walkways Sub-Committee (in February 2018) &amp; Project Sub-Committee (in March 2018) that the Permanent Bank Scheme be placed on hold until the completion of the Bank Experimental Scheme.</p> <p>The Experimental Scheme public consultation findings were reported to Planning &amp; Transportation Committee and Streets and Walkways Sub-Committee. The monitoring report has been submitted to Streets and Walkways Sub-Committee and will be presented to Planning &amp; Transportation and Project Sub Committee in May 2018. It is intended that the final decision report will be presented for decision in May to Streets and Walkways Sub-Committee (May), Planning &amp; Transportation Committee (June) and Policy &amp; Resources in July.</p> <p>The Road Danger Reduction &amp; Active Travel Plan was approved by Members at Streets &amp; Walkways Sub-Committee on 27 Feb 18 and Planning &amp; Transportation Committee on 9 Apr 18. The plan the subject of public consultation between now and August – following which there will be a report to Members.</p> <p>The Active City Network (ACN) event recruitment drive resulted in over 150 new business joining the</p>	<p>Likelihood</p>  <p>Impact</p>	6	31-Oct-2018	

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<p>Page 11</p> <p>23-Oct-2015 Carolyn Dwyer</p>				<p>network. ACN progress has been reported to Streets &amp; Walkways Sub-Committee.</p> <p>All construction sites have been invited to apply the Road Danger Reduction Award (as part of the Considerate Contractor Scheme).</p> <p>The Be Brake Ready campaign has been run for cyclists and pedestrians in March. We will continue with pop-up events across the City between now and September.</p> <p>This risk relates to the public perception of the City's commitment to road danger reduction. Given the high profile of the current Bank on Safety scheme the decision is to leave the risk unchanged (AMBER). This will be reviewed after a final decision on whether or not to make the Bank on Safety permanent is known.</p> <p><b>13 Apr 2018</b></p>				Constant

Action no	Description	Latest Note	Managed By	Latest Note Date	Due Date
CR20b	Permanent Bank Junction redesign	<p>It was agreed at Streets and Walkways Sub-Committee (in February 2018) &amp; Project Sub-Committee (in March 2018) that the Permanent Scheme be placed on hold until the completion of the experiment.</p> <p>The Experimental Scheme public consultation findings were reported to Planning &amp; Transportation Committee and Streets and Walkways Sub-Committee. The monitoring report has been submitted to Streets and Walkways Sub-Committee and will be presented to Planning &amp; Transportation and Project Sub Committee in May 2018. It is intended that the final decision report will be presented for decision in May to Streets and Walkways Sub-</p>	Steve Presland	13-Apr-2018	30-Nov-2018

## APPENDIX 2

		Committee (May), Planning & Transportation Committee (June) and Policy & Resources in July.			
CR20f	In accordance with the agreed workplan the Road Danger Reduction & Active Travel Strategy is being prepared. Indicative milestones (1) draft to Planning & Transportation Committee in early 2018; (2) Public Consultation in Q2 of 2018; & (3) revised strategy to be presented to Planning & Transportation committee with recommendation for adoption Summer 2018.	The Road Danger Reduction & Active Travel Plan was approved by Members at Streets & Walkways Sub-Committee on 27 Feb 18 and Planning & Transportation Committee on 9 Apr 18. The plan will be the subject of public consultation between now and August – following which there will be a report to Members. The first year of the Plan (April 2018 – March 2019) is fully funded from the TfL LIP (Local Implementation Plan) allocation. The funding for future years will be the subject of further reports to Members.	Steve Presland	24-Apr-2018	01-Oct-2018
CR20g	Behaviour Change Campaign to address ‘inattention’. The process will be (1) use focus groups to identify options; (2) conduct attitudinal survey of road users; (3) prepare campaign delivery plan; (4) deliver campaign; (5) evaluate and report to Q4 2018/19.	The Be Brake Ready campaign has been run for cyclists and pedestrians in March. 25,000 messages were distributed as part of this campaign. We will continue with pop-up events across the City between now and September, at which point a post-campaign attitudinal survey will take place to evaluate the effectiveness of this campaign. The results of the survey will be included in the next Annual Road Danger Reduction Report. The target date has been adjusted accordingly.	Steve Presland	24-Apr-2018	31-Mar-2019
CR20j	The objective is to provide appropriate support to enable 75% of all active construction sites to be CLOCS compliant by summer 2018 including safer vehicles and trained drivers/ banksmen.	All sites have been invited to apply the Road Danger Reduction Award (as part of the Considerate Contractor Scheme).	Steve Presland	13-Apr-2018	31-Aug-2018



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Action no	Description	Latest Note	Managed By	Latest Note Date	Due Date
CR25a	1. Ensure compliance with CoL governance and committee reporting requirements. 2. Project Team to report to Information Management Board. 3. Data Protection Officer to report to Summit Group and relevant Committees.	<ul style="list-style-type: none"> <li>As at 04 May 2018 Mazar's GDPR audit in progress which will provide an independent assessment of CoL state of readiness for GDPR.</li> <li>Report to go to Audit &amp; Risk Committee on 31 May 2018 - Mazar's audit findings may not be available for this committee.</li> <li>Report to IT Sub-committee on 31 May 2018- Mazar's audit findings may not be available for this committee.</li> </ul>	Michael Cogher	04-May-2018	18-May-2018
CR25d	To implement a GDPR governance framework which supports the overall delivery of the GDPR project.	<ul style="list-style-type: none"> <li>Bi-weekly project management meetings taking place.</li> <li>Project being effectively monitored with tasks allocated and progress managed, additional resources deployed where appropriate to ensure tasks are finished.</li> </ul>	Michael Cogher	16-Mar-2018	18-May-2018
CR25e	Reports to relevant senior management meetings and committees: <ul style="list-style-type: none"> <li>Summit Group</li> <li>Audit &amp; Risk Committee</li> <li>Policy &amp; Resources Committee</li> <li>Establishment Committee</li> <li>IT sub-committee</li> <li>Information Management Board</li> </ul>	<ul style="list-style-type: none"> <li>Update to IT sub Committee 26 March 2018</li> </ul>	Michael Cogher	03-Apr-2018	18-May-2018
CR25f	Delivery of the GDPR work programme.	<b>Summary of Key activities since March update</b> <ul style="list-style-type: none"> <li>Mazar's audit underway as at 04.05.2018</li> <li>Training sessions delivered to members</li> <li>Mandatory GDPR course launched on City Learning 23.04.2018 and being monitored for compliance</li> <li>Significant GDPR advice delivered to departments by the Information Compliance Team</li> <li>Corporate communications campaign launches on 09.05.2018 for three weeks</li> <li>Member data processing agreement issued</li> <li>DP contract clauses updated to include DP agreements issued to departments for issue to all existing contractors - responses and compliance will be monitored by the GDPR Project team ongoing</li> <li>Privacy notices on CoL website and templates issued to all departments</li> </ul>	Nick Senior	04-May-2018	18-May-2018

## APPENDIX 2

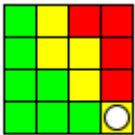
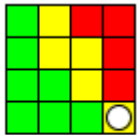

		<ul style="list-style-type: none"> <li>• Privacy Impact Assessment guidance and templates issued</li> <li>• Most relevant policies now completed and issued.</li> </ul>			
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Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
<b>CR10 Adverse Political Developments</b>  <div>Page 115</div> 22-Sep-2014 Paul Double	<p><b>Cause:</b> Policy issues that may compromise the City's operation as an international financial marketplace to which the City Corporation's functions are aligned; other financial services issues that make the City Corporation vulnerable to political criticism; local government proposals that call into question the justification for the separate administration of the Square Mile; overarching political hostility.</p> <p><b>Event:</b> Changes in international relationships particularly those with the EU; reputational questions related to financial institutions; local government changes in London; political hostility to the Corporation.</p> <p><b>Impact:</b> Damage to the City's ability to put its case nationally and internationally and to the City's standing as a dedicated international financial marketplace. The City of London Corporation would be compromised if the City's position as a world leading financial and professional services centre were undermined.</p>	<div> <div>Likelihood</div> </div> <div> <div>Impact</div> </div>	8	Constant attention is given to the form of legalisation affecting the City Corporation and the broader City, and any remedial action pursued. Making known the work of the City Corporation in the financial sphere among opinion formers, particularly in Parliament and central Government, is also part of the apparatus by which the City's voice is heard and by which the Corporation is seen to be "doing a good job" for London and the nation for a crucial sector of the economy; the Brexit issue is the foremost consideration at present time. The same approach is replicated in respect of the Corporation's other activities.  <b>04 May 2018</b>	<div> <div>Likelihood</div> </div> <div> <div>Impact</div> </div>	8	31-Dec-2018	  Constant

Action no	Description	Latest Note	Managed By	Latest Note Date	Due Date
CR10a	Monitoring of Government legislation and proposed regulatory changes.	Relevant Bills in the Government's legislative programme will be identified, and City Corporation departments alerted to issues of potential significance as the measures are introduced in the new Session. Action taken through negotiation with departmental officials or	Paul Double	23-Feb-2018	31-Dec-2018

## APPENDIX 2

		amendments tabled in Parliament as required. The legislative consequences of Britain leaving the EU as they may affect the Corporation and the City more generally as an international financial centre are a particular focus.			
CR10b	Provision of information to Parliament and Government on issues of importance to the City.	Briefing has been provided for parliamentary debates including on Brexit, air quality, immigration, housing, planning, the creative industry, trade and investment, apprenticeships, economic crime, Fintech and broadband.	Paul Double	23-Feb-2018	31-Dec-2018
CR10c	Engagement with key opinion informers in Parliament and elsewhere. Programme of work to monitor and respond to issues affecting the reputation of the City Corporation.	Liaison with the City's MP and other MPs, Peers and Select Committee of both Houses on matters of importance to the City, including increased engagement on Brexit-related issues. Working with other organisations, including the Financial Markets Law Committee, to analyse the legal framework following exit from the EU. Continuing engagement on devolution in London and liaison with London Councils and Central London Forward on the application of devolution to the London boroughs and the City, either directly from Central Government or the Mayor.	Paul Double	23-Feb-2018	31-Dec-2018

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
Page 17 CR17 Safeguarding 116	<p><b>Cause:</b> Not providing appropriate training to staff, not providing effective management and supervision, poor case management</p> <p><b>Event:</b> Failure to deliver actions under the City of London' safeguarding policy. Social workers and other staff not taking appropriate action if notified of a safeguarding issue</p> <p><b>Effect:</b> Physical or mental harm suffered by a child or adult at risk, damage to the City of London's reputation, possible legal action, investigation by CQC and or Ofsted</p>	<p>Likelihood</p>  <p>Impact</p>	8	A draft of the Corporate Safeguarding Audit was submitted to the Director of Community and Children Services in December 2017. The Director assessed that the agreed scope of the report in itself did not cover the full range of safeguarding responsibilities across the Corporation and did not provide the depth in terms of assurance required across certain vulnerable groups, e.g. adults, to meet the needs of an Ofsted inspection. As such, it was agreed that the terms of reference for the audit needed to be reviewed and revised by the Director together with the Strategic Education and Skills Director and Assistant Director, People and an updated audit would need to be commissioned for 2018/19; alternatively, a different approach would need to be considered.	<p>Likelihood</p>  <p>Impact</p>	8	31-Mar-2019	

## APPENDIX 2

22-Sep-2014 Andrew Carter				The first stage of the new piece of work is to confirm the new ToR and commissioning strategy for the audit. <b>18 Apr 2018</b>				Constant
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Action no	Description	Latest Note	Managed By	Latest Note Date	Due Date
CR17m	The Adult Social Care Team will be working with the City of London Police to raise the profile of financial abuse and scams	The evaluation of the Seminar on Financial Scams was presented CHASB. The CHSAB will be taking on learning from CoL work in this area and looking to run an event in Hackney during 2018/19- this has been added to the CHSAB Work plan.	Chris Pelham	18-Apr-2018	30-Apr-2018
CR17o Page 117	A review is being conducted into the safeguarding arrangements within the independent schools within the City of London. It is anticipated that the report will be available at the start of December. If the report makes recommendations these will be implemented within agreed timescales.	The review was completed end of 2016. All schools reported back on findings to their Governing Bodies. An additional deep dive review was undertaken with the GSMD satellite provision across the country. This was completed q4 2016/17 and a detailed Action Plan was put in place to address issues identified in the review. The findings and the action plan were presented to the GSMD Governing Body. An improvement group chaired by the GSMD Principal, supported by members of the CCS Safeguarding leadership team are also on the group overseeing the implementation of the plan. 2 monitoring meetings have taken place during the Autumn Term. Of the 26 actions set out in the improvement plan 18 are green and 8 are amber and on track for completion within the timescales set out in the plan. The Monitoring group will meet termly until completion of the plan by end of academic year 2017/18.	Andrew Carter	09-Feb-2018	31-Jul-2018
CR17p	The new Ofsted Safeguarding framework will be launched in 2018. This replaces the previous Safeguarding Inspection Framework (SIF) which the CoL received a judgement of Good. The CoL CCS will need to respond to the new framework arrangements in readiness for future safeguarding inspection of Children and Families Early help and Social Care.	CoL are part of the Association of London Directors Children Services Sector Lead Improvement East region. CoL will be completing a Self-Assessment as part of this arrangement which is currently being drafted by Andrew Carter and will be submitted by the revised deadline of end of April 2018. A separate Self Evaluation will be completed and sent to Ofsted for a deadline of May 2018.	Chris Pelham	18-Apr-2018	31-May-2018

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## Top Red departmental risks - detailed report EXCLUDING COMPLETED ACTIONS

**Report Author:** Paul Dudley

**Generated on:** 08 May 2018



Rows are sorted by Risk Score

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
<b>PAGE 119</b> AN CCC <b>Fire Safety</b>  12-Dec-2017 Vic Annells; Adam Rout	<b>Cause:</b> Lack of management and maintenance focus on fire safety at both Mansion House and CCC e.g. Fire safety risk assessments not current and/ or works identified in the FRAs not acted upon, ageing fire safety systems, evacuation procedures out of date  <b>Event:</b> Major fire at either Mansion House or CCC  <b>Effects:</b> Potential harm/injury to staff, visitors, contractors Breach of H&S and fire legislation and possible prosecution by HSE Loss of business-critical information Either location out of use for indeterminate period of time Disruption to both the House and court operations Loss of income Civil insurance claim	Likelihood  Impact	24	A follow-up inspection by LFB took place on 5 March 2018 and they indicated that they were happy with the progress made by the new management team at CCC. No enforcement notice would be issued and LFB are due to return again in May 2018.  <b>13 Mar 2018</b>	Likelihood  Impact	12	12-Jun-2018	  Increasing

Action no	Description	Latest Note	Managed By	Latest Note Date	Due Date
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## APPENDIX 3

MAN CCC 001 a	Following the LFB visit in December 2017, commission an external consultant to conduct an up-to-date survey and assessment of the actions required	A suitable consultant has not yet been identified and the search is continuing.	Wayne Garrigan; Adam Rout	01-May-2018	01-Aug-2018
MAN CCC 001 b	In conjunction with CSD, set up and run project board to develop and implement action plan.	Board will soon be able to discuss the outcome of the FRA survey.	Vic Annells; Adam Rout	03-Apr-2018	31-May-2018

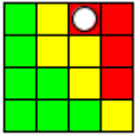
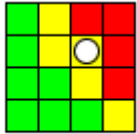

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Action no	Description	Latest Note	Managed By	Latest Note Date	Due Date
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## APPENDIX 3

BBC H&S 002a	In order to mitigate the risks, evacuation plans, and protocols are held for all venues, and plans are revised and reissued for specific performances where appropriate. All relevant staff are briefed, when required, on procedures and training is provided. Further mitigation measures to reduce the risk rating could include the introduction of planned "practice" large-scale evacuations for staff and customers and creation of a "Foyers Evacuation Team".	Completed. Ongoing cyclical programme for continual improvement.	Jonathon Poyner	27-Apr-2018	01-Apr-2019
BBC H&S 002b	Major Incident and Business Continuity plan for the Centre reviewed at least once a year and at other times in cases of significant changes. Departmental plans, the responsibility of individual Heads of Department, should be updated at the same frequency as a minimum. Front line staff trained at least once a year using table top exercises and briefing sessions. Partial evacuation takes place throughout the year with frequent fire alarm activations (on average 20 - 24 per annum).	Completed. Ongoing cyclical programme so as to continue improvement.	Jonathon Poyner	27-Apr-2018	30-Apr-2019

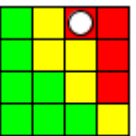
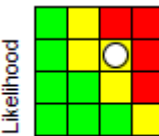
Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
<b>Page 1</b> <b>OSD 005 Pests and Diseases summary risk</b>  30-Aug-2017 Colin Buttery	<b>This risk summaries the pest and disease risks across the Open Spaces Department.</b> <b>Causes:</b> Inadequate biosecurity; purchase or transfer of infected trees, plants, soil and/or animals; 'natural' spread of pests and diseases from neighbouring areas. <b>Event:</b> Sites become infected by animal, plant or tree diseases e.g. Oak Processionary Moth (OPM ), foot and mouth, Massaria, Ash Die Back, <i>Salmonella</i> (DT 191a), Leaf Miner Moth <b>Impact:</b> Service capability disrupted, public access to sites restricted, animal culls, tree decline, reputational damage, increased cost of monitoring and control of invasive species, risk to human health from OPM or other invasives, loss of key native species, threat to existing conservation status of sites particularly those with woodland habitats. This risk is felt to be of departmental concern due to the potential biodiversity, financial and human health impacts associated with this risk.	Likelihood  Impact	16	Risk remains red due to the increase in pests and tree diseases across the department. OPM has been discovered within the City, and governing bodies are now advising a containment approach rather than attempting eradication. Funding bids for reactive works against OPM are being considered. <b>23 Mar 2018</b>	Likelihood  Impact	12	30-Apr-2020	  Constant

## APPENDIX 3

	The actions for this risk are the open actions from each of the divisional risk registers.						
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Action no	Description	Latest Note	Managed By	Latest Note Date	Due Date
OSD CC 011 a	Regular monitoring of trees Engagement of specialists where required	Ongoing active monitoring and survey works continue.	Gary Burks	28-Mar-2018	30-Apr-2020
OSD EF 007 a	Implement actions arising from Massaria survey. Survey to be undertaken twice yearly	Ongoing action.	Geoff Sinclair	28-Mar-2018	08-Apr-2020
OSD EF 007 d	Yearly inspection of all Rhododendron and Larch. Tender of Larch removal. To be done yearly	All survey work complete and SOD rhododendrons removed from St Thomas's Qtrs. Sweet Chestnut found with SOD infection in The Warren Plantation - but has died so no risk of spores arising from this tree. However, Sweet Chestnuts need monitoring as well as remaining Rhododendron sites. Also, at The Warren Plantation Larch still needs to be felled and removed. This is now planned for August/Sept 2018.	Jeremy Dagley	28-Mar-2018	31-Oct-2018
OSD EF 007 e	Need to develop a biosecurity policy and then implement.	No further progress on this since October 2017 but linked closely with INNS work including OPM. On OPM have negotiated bespoke Statutory Plant Health Notices with F which give us some discretion in our choice of control options for this new pest.	Jeremy Dagley	28-Mar-2018	31-Oct-2018
OSD NLOS 004 a	Sourcing of plants / trees through approved suppliers. Review six monthly	Given the identification of OPM on sites, staff are actively monitoring and responding to items as they arise.	Richard Gentry	28-Mar-2018	30-Apr-2020
OSD NLOS 004 b	Trained arboricultural contractors carrying out spraying of Oak in previously infected areas	OPM discovered on site. Working with forestry commission to monitor.	Richard Gentry	28-Mar-2018	30-Apr-2020
OSD P&G 004 a	Ensure staff training is kept updated to enable timely identification of pest and knowledge of correct treatment/prevention.	Provision of staff training is ongoing. Info on training shared through HSIG, Equalities Board, SLT, and other avenues.	Lucy Murphy; Jake Tibbets	28-Mar-2018	30-Apr-2020
OSD P&G 004 b	Annual tree inspections undertaken through qualified personnel through framework contract	Last set of tree inspections done in September. Next set to be completed beginning of May.	Lucy Murphy; Jake Tibbets	28-Mar-2018	31-Mar-2020
OSD P&G 004 c	Alerts issued to staff enabling additional checks to be undertaken as part of everyday working practice	Ongoing risk management action.	Martin Rodman	28-Mar-2018	30-Apr-2020
OSD P&G 004 d	Maintain relationships with industry bodies and neighbouring local authorities to ensure free flow of information.	Ongoing action.	Lucy Murphy; Jake Tibbets	28-Mar-2018	30-Apr-2020

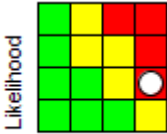
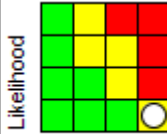

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Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
<b>OSD 006</b> <b>Impact of development summary risk</b>  30-Aug-2017 Colin Buttery <b>Page 123</b>	<b>This risk summaries the risks associated with housing and/or transport development across the Open Spaces Department.</b> <b>Cause:</b> Pressure on housing and infrastructure in London and South East; failure to monitor planning applications and challenge them appropriately; challenge unsuccessful; lack of resources to employ specialist support or carry out necessary monitoring/research, lack of partnership working with Planning Authorities <b>Event:</b> Major development near an open space <b>Impact:</b> Increase in visitor numbers, permanent environmental damage to plants, landscape and wildlife, air and light pollution, ground compaction and resulting associated effects on tree and plant health. Wear and tear to sports pitches. Lack of budget to facilitate repairs, potential for encroachment. This risk is felt to be of departmental concern due to the high level of work required across the open space divisions to defend against the impact of development and the serious nature of the impact. The actions for this risk are the open actions from each of the divisional risk registers.	 Likelihood Impact	16	This is likely to continue to be highly rated due to the level of work it takes to actively monitor and oppose planning applications / land encroachment across our sites. The impact of planning decisions taken out of our control continues to be an area of concern for the ongoing sustainability and enjoyment of the open spaces.  <b>23 Mar 2018</b>	 Likelihood Impact	12	30-Apr-2020	Constant

Action no	Description	Latest Note	Managed By	Latest Note Date	Due Date
OSD EF 010 a	Epping Forest DC local plan - Attend meetings and respond to consultation on the local plan so that can influence the content of the plan and the Memorandum of Understanding between EFDC and Natural England LB Redbridge core strategy and other LA actions plans - respond to any further consultation.	Mitigation strategy in place. Ongoing implementation work action.	Jeremy Dagley	28-Mar-2018	30-Apr-2020
OSd EF 010 c	Negotiate renewal with Essex County Council and extend to cover London Borough's	Still on Essex radar with traffic modelling works undertaken. Agree a forest transport strategy to agree mitigation strategy.	Jeremy Dagley	30-Aug-2017	10-Mar-2019

## APPENDIX 3

OSD NLOS 011 a	Maintain a close partnership with Planning Authorities. Supt and Officers in contact with the London Borough of Camden, Barnet and Haringey in regard to planning issues which may impact the open spaces.	Ongoing, division to make representation as necessary.	Richard Gentry	28-Mar-2018	31-Mar-2020
OSD NLOS 011 b	Respond to consultation on the local plans to help influence the content of the documents.	Ongoing. Response to planning issues as necessary. No change.	Richard Gentry	28-Mar-2018	31-Mar-2020
OSD NLOS 011 c	A Consultant is monitoring planning activity and will assist the Superintendent with specialist support in regard to resisting planning applications that impact on the Open Spaces.	Division continues to monitor planning issues.	Richard Gentry	28-Mar-2018	27-Jul-2020
OSD P&G 007 a	Attendance at meetings and respond to consultation on the local plans to help influence the content of the document.	Relationship with planning colleagues in the city continues - ongoing action.	Lucy Murphy; Martin Rodman; Jake Tibbets	28-Mar-2018	31-Mar-2020
OSD P&G 007	Maintain a close partnership with planning authorities including (but not limited to) Newham, Islington, Camden, and Tower Hamlets.	Ongoing risk action based on responding appropriately to relevant planning issues. Developments by Islington around Bunhill Fields are being monitored.		28-Mar-2018	31-Dec-2020
OSD TC 002 a	Inclusion in core strategy planning documents - where applicable Close partnership working with local planning authorities Active monitoring of planning applications with responses as appropriate All ongoing and/or as and when	Monitoring activity continues - ongoing action.	Hadyn Robson	28-Mar-2018	31-Mar-2020
OSD TC 002 b	Active monitoring of pollution where possible Active monitoring of environmental impacts - where possible Undertake research - where appropriate and where resources allow Ongoing	Ongoing action - monitoring of impact of visitors and other possible stressors continues.	Hadyn Robson	28-Mar-2018	31-Mar-2020

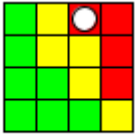
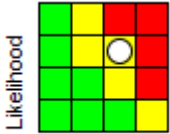

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
OSD 007 Maintaining	<b>This risk summaries the property maintenance risks across the Open Spaces Department.</b>	 Likelihood	16 Impact	Risk continues to be red rated in line with the City Engineers advice on	 Likelihood	8 Impact	31-Mar-2020	

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<b>the City's water bodies summary risk</b> 30-Aug-2017	The City is responsible for a number of water bodies, some of which are classified as "Large Raised Reservoirs" under the provisions of the Reservoirs Act 1975 and the Flood & Water Management Act 2010. Failure to adequately manage and maintain the City's reservoirs and dams could result in leaks, dam collapse or breach. For some of the City's large raised reservoirs there is the potential for loss of life, damage to property and infrastructure in the event of dam collapse or breach, and the associated reputational damage. This risk is felt to be of departmental concern due to potential for serious consequences, the possibility of legislative change and the possibility that significant capital projects could be required. The actions for this risk are the open actions from each of the divisional risk registers.			possible worst-case scenarios across the water bodies we manage.  <b>23 Mar 2018</b>				Constant
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Action no	Description	Latest Note	Managed By	Latest Note Date	Due Date
OSD EF 004 a	Statutory inspection visits by engineer - 6 monthly in May and October	Inspections completed in October. Next set of visits expected in May.	Martin Newnham; Geoff Sinclair	29-Mar-2018	30-Apr-2020
OSD EF 004 b	Complete works on the Eagle ponds and obtain approval for distribution of responsibilities. Survey the outward toe of the dam pending decision on shared responsibility with London Borough of Redbridge	Ongoing action - no significant developments since previous update.	Geoff Sinclair	03-Apr-2018	31-Dec-2018
OSD EF 004 c	Weekly inspection of reservoirs / dam. Review the use of penstock gates	Ongoing action.	Martin Newnham	29-Mar-2018	08-Apr-2020
OSD EF 004 e	Undertake scoping evaluations for Baldwins Pond and Birch Hall Park Pond	Ongoing action. Still awaiting further work.	Geoff Sinclair	03-Apr-2018	31-Dec-2018
OSD TC 006 a	Condition assessments carried out and options provided for approval Options costed Gateway 4 report drafted - Sept 16	Project at The Commons remains a goal for the future. Ongoing action to mitigate risk, to be updated as project moves forward.	Hadyn Robson	28-Mar-2018	31-Dec-2022
OSD TC 006 b	Inspections / monitoring of outflow condition Ongoing	All water bodies are actively monitored by relevant authorities within the City to ensure they comply with legislation.	Hadyn Robson	28-Mar-2018	31-Mar-2020

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Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
<b>SUR SMT 006</b> <b>City Bridges: - Wanton Damage / Terrorism</b>  19-Jun-2017 Paul Wilkinson	<b>Cause:</b> Wanton Damage / Terrorism <b>Event:</b> Structural damage to bridge/s <b>Impact:</b> Instability in bridge structure leading to possible collapse, reputational damage, disruption to traffic, additional costs to repair / replace disruption to traffic, additional costs to repair / replace	Likelihood  Impact	16	CSD is working with internal partners, particularly DBE, to improve ongoing management and communication of actions associated with this risk. This will include - Inspections - Maintenance reports - Areas of concern  <b>26 Mar 2018</b>	Likelihood  Impact	12	31-Mar-2019	  Decreasing

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Action no	Description	Latest Note	Managed By	Latest Note Date	Due Date
SUR SMT 006a	Counter Terrorism	<p>There is Police presence, but the bridges are located outside the security cordon. Tower Bridge has cameras and security requirements for visitors</p> <p>Temporary mitigation by the Metropolitan Police is in place, but this is not full Hostile Vehicle Mitigation -discussions are on-going with various authorities to identify next steps</p>	Nicholas Gill; Ian Hughes; Paul Monaghan	14-Mar-2018	31-Mar-2019
SUR SMT 006b	Traffic Management	Paul Monaghan has spoken to TFL in connection with traffic management contingency plans. TFL have a sequence of plans in place depending on the situation which arises. Paul is an on-going member of the River Crossings Liaison Group and can update CSD at the quarterly meetings as appropriate.	Nicholas Gill; Paul Monaghan; Peter Young	01-Mar-2018	31-Mar-2019

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score	Risk Update and date of update	Target Risk Rating & Score	Target Date	Current Risk score
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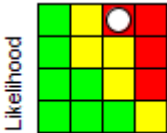
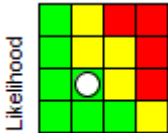

## APPENDIX 3

<b>Substantial vessel strikes</b>          19-Jun-2017 Paul Wilkinson	collapse. Death / injury, disruption of traffic, reputational damage, additional costs to repair / replace			actions associated with this risk. This will include  - Inspections  - Maintenance reports  - Areas of concern  <b>14 Mar 2018</b>				Constant
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Action no	Description	Latest Note	Managed By	Latest Note Date	Due Date
SUR SMT 008a	Navigation controls	Navigation is controlled by the Port of London Authority and navigation lights fixed to bridges.  Department of Built Environment to investigate further defences and report back to the City Surveyor. Paul Monaghan is an on-going member of the River Crossings Liaison Group and can update CSD at the quarterly meetings as appropriate as to any appropriate actions, activities, or change in the risk status of this item.	Nicholas Gill; Paul Monaghan; Peter Young	14-Mar-2018	31-Mar-2019



## APPENDIX 3

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
<b>TC TCO 05 Customer Relationship Management System</b>  20-Nov-2015 John Barradell; Simon Murrells; Damian Nussbaum	Cause: Outdated software that is no longer supported stops working or will no longer work with our network environment Event: Failure of the CRM system Effect: Loss of critical data, Contact Centre, C.O.D team unable to effectively carry out their duties.	 Likelihood	16	The Corporation has procured a new system tailored to the needs of the Contact Centre ("Firmstep"). We are now implementing the new system and it should be operational by the end of the month.  <b>06 Apr 2018</b>	 Likelihood	4	31-Mar-2018	  Constant

Action no	Description	Latest Note	Managed By	Latest Note Date	Due Date
Page 129 TCTCO05D	The Corporation has procured a new system tailored to the needs of the Contact Centre ("Firmstep"). We are now implementing the new system and it should be operational by the end of the month.	The Corporation has procured a new system tailored to the needs of the Contact Centre ("Firmstep"). We are now implementing the new system and it should be operational by the end of the month.	Sam Collins	06-Apr-2018	30-Apr-2018
TCTCO05E	The Corporation has a procured a new platform (City Dynamics) and is configuring a new application tailored to the needs of strategic engagement and events management (SEEM) that will support compliance with new data protection law. The strategic engagement function will be implemented in early Summer, followed by the events management function in early Autumn. The solution for Strategic Engagement is currently undergoing System Testing and will be made available for UAT shortly.	The Corporation has a procured a new platform (City Dynamics) and is configuring a new application tailored to the needs of strategic engagement and events management (SEEM) that will support compliance with new data protection law. The strategic engagement function will be implemented in early Summer, followed by the events management function in early Autumn. The solution for Strategic Engagement is currently undergoing System Testing and will be made available for UAT shortly.	Damian Nussbaum	06-Apr-2018	30-Oct-2018
TCTCO05F	A data retention and data migration approach have been proposed and are being considered by the City Dynamics governance group. Initial discussions took place last week, but further consideration is required.	A data retention and data migration approach have been proposed and are being considered by the City Dynamics governance group. Initial discussions took place last week, but further consideration is required.	Simon Murrells	06-Apr-2018	30-Aug-2018

	The decision has been taken not to migrate data to Firmstep, but to start with a clean dataset for the Contact Centre.	The decision has been taken not to migrate data to Firmstep, but to start with a clean dataset for the Contact Centre.			
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<b>Committee(s)</b>	<b>Dated:</b>
Audit and Risk Management Committee	29/05/2018
<b>Subject:</b> Anti-Fraud & Investigations Annual Report	<b>Public</b>
<b>Report of:</b> Chamberlain	<b>For Information</b>
<b>Report author:</b> Chris Keesing	

## Summary

This report provides Members with an update on the activity of the Anti-Fraud and Investigation team during the 2017/18 reporting year, along with a summary of planned activities and initiatives for 2018/19.

In total 50 investigations, across all disciplines, were completed during 2017/18 with an associated value of £1,170,440 – an increase in both volume and associated value compared with 2016/17. In addition, 32 fraud investigations identified via the National Fraud Initiative 2016/17 exercise have been completed, with an outcome value of £423,343.

Sixteen social housing tenancies were returned during 2017/18 and have now been let to those in need of affordable housing, whilst the volume of tenancy fraud investigations continues to remain high, with the complexity of investigations in this area increasing. Three cases for civil recovery action and three cases for prosecution action are with the Comptroller and City Solicitor, whilst two of these prosecution cases are also subject to financial investigation, under The Proceeds of Crime Act, with colleagues at the City of London Police.

Fifteen corporate investigations, defined as fraud, corruption or conduct cases primarily relating to employee fraud or conduct, or other third-party fraud have been concluded during 2017/18. A summary of a number of these investigations has been included at Appendix 4 to this report.

The Cabinet Office's NFI AppCheck product, designed to identify fraud at the point of access has been introduced Corporation wide, following a successful bid for funding from the City's Smarter City team.

Three high profile proactive initiatives are planned for 2018/19:

- The London Counter Fraud Hub, designed to identify additional local and cross-boundary fraud across London not identified via current methods, initially in the areas of Council tax fraud, social housing tenancy fraud and business rates (NNDR) fraud.
- The National Fraud Initiative 2018/19 exercise, designed to identify fraud and error across departments ranging from housing, benefits, direct payment and HR, through to pensions and duplicate payments.
- Social Housing Tenancy Audit, designed to identify fire and health and safety risks, to update tenant data on Orchard (housing system) and to identify fraud, with the expectation of identifying at least 20 additional tenancy fraud cases for investigation.

## **Recommendation(s)**

Members are asked to note the report.

### **Main Report**

#### **Background**

1. This report provides Members with an update on the activity of the Anti-Fraud and Investigation team during the 2017/18 reporting year, along with a summary of planned activities and initiatives for 2018/19.

#### **Investigation Activity Summary**

2. An analysis of the number of cases investigated during the reporting year 2017/18, compared with the previous reporting year, has been included as Appendix 1 to this report showing all fraud types along with the value of frauds detected. The value of identified fraud from the 50 completed investigations in 2017/18 amounts to £1,170,440. These totals do not include the number and value of fraud cases identified via the National Fraud Initiative exercise for 2016/17, which identified 32 frauds across five fraud disciplines – housing waiting list, housing benefit, disabled parking permits and personal budgets, with an outcome value of £423,343.

#### **Social Housing Tenancy Fraud**

3. Social housing tenancy fraud is a key fraud risk area for the City. The team continues to provide investigative support across all aspects of housing, from initial applications to the investigation of tenancy breaches and right to buy concerns. In total there were 28 successful outcomes during 2017/18, with an associated value of £1,134,000. A summary of our work to date in this area, during 2017/18, is detailed in Appendix 2 to this report. Where illegal occupation of City housing stock is identified and recovered, the tenancies have now been re-let to those in greater need of affordable housing.
4. The volume of tenancy fraud investigations continues to remain high, with the complexity of investigations in this area increasing. The team currently have three cases for civil recovery action and three cases for prosecution action with the Comptroller and City Solicitor, whilst two prosecution cases are also subject to financial investigation, under The Proceeds of Crime Act, with colleagues at the City of London Police.
5. Case studies detailing a number of the successful social housing tenancy fraud cases dealt with by the team during 2017/18 can be found at Appendix 3.

#### **Corporate Anti-Fraud & Investigation Activity**

6. Corporate investigations are defined as fraud, corruption or conduct cases which relate to employee fraud or conduct, or other third-party fraud. A total of 18 corporate referrals were received by the team during 2017/18, investigated directly or through support for departmental investigations; of these 15 have been successfully concluded, with an associated value of £35,762.

7. Case studies detailing a number of the successful Corporate investigations dealt with by the team during 2017/18 can be found at Appendix 3 to this report.

## **Whistleblowing**

8. The City's Whistleblowing Policy identifies the Head of Audit & Risk Management as one of the main contacts for reporting a concern. The number of referrals received via whistleblowing channels is relatively low; however, when referrals are received they are generally of high significance leading to further investigation.
9. During the 2017/18 reporting year, six whistleblowing referrals (as defined in the policy) have been received; one of these had been previously dealt with by HR, whilst four of these cases have now been concluded, with the final matter still subject to investigation by the team.

## **NFI AppCheck**

10. NFI AppCheck is a sophisticated product provided by the Cabinet Office's NFI team; AppCheck is designed to identify fraud at the point of access to services, licences, permits or employment in public sector organisations, by verifying application data against data held in the core NFI database along with third party data from organisations including the Home Office and General Register Office. The Anti-Fraud Team recently worked with colleagues from the Smarter City team, successfully bidding for a year's funding to introduce AppCheck Corporation wide. AppCheck is now being rolled out to colleagues in HR, parking permits, housing benefits, council tax and insurance. Colleagues in the housing team have been using AppCheck on an ad-hoc basis for the past 18 months, identifying 23 potentially fraudulent applications for further review during 2017/18.

## **Resourcing**

11. Members will recall that at November Committee we advised that the Fraud Investigator post would be transferred to the Department for Children and Community Services (DCCS). Owing to changes to the leadership team within DCCS since we last reported to Committee, the Fraud Investigator post will remain within the Chamberlain's department; however, funding for the post has been provided by DCCS and the Fraud Investigator will focus on tenancy fraud investigations.
12. We are continuing to monitor the impact of anti-fraud and investigation activity on the team's workloads, and ability to provide an adequate response to the City's fraud risks and will consult with the Chamberlain as appropriate.

## **Planned Activities and Initiatives 2018/19**

### **London Counter Fraud Hub (LCFH)**

13. In our Investigations Up-date report to this Committee in September 2016, we updated Members on the award of a contract to CIPFA to deliver the LCFH. The LCFH is a sophisticated proactive data-matching exercise designed to identify additional local and cross-boundary fraud across London not identified via current methods, initially in the areas of Council tax fraud, social housing tenancy fraud and business rates (NNDR) fraud. The City has now signed a letter of intent for participation in the LCFH, with an assumed on-boarding date in January 2019. Consultation with key stakeholders across the City, along with an analysis of contract and on-boarding requirements will be undertaken over the coming months in order to prepare the City for January 2019. We will update Members with the progress on preparations for the City's involvement in the LCFH during future up-date reports.

### **National Fraud Initiative (NFI) 2018/19**

14. The Cabinet Office's NFI is a bi-annual exercise, designed to identify fraud and error across departments ranging from housing, benefits, direct payment and HR, through to pensions and duplicate payments. The City has participated in this statutory exercise since its introduction in 1996, with the 2016/17 exercise identifying 32 frauds with a value of £423,343. Work is currently underway to ensure the City's readiness for participation in NFI 2018/19, with data-set uploads timetabled for October 2018 and the release of matches, resulting from the data-matching being made available for review in January 2019. We will update Members with the progress on the City's NFI 2018/19 participation as part of future up-date reports.

### **Social Housing Tenancy Audit**

15. The Department for Children and Community Services (DCCS) are undertaking a tenancy audit project across all City Corporation social housing tenancies. This project is designed to identify fire and health and safety risks, to update tenant data on Orchard (housing system) and to identify fraud. Academic studies suggest that approximately 5% social homes in London are illegally occupied; therefore, we could expect circa 100 referrals resulting from this project, with an expectation of at least 20 tenancy investigations. The Anti-Fraud and Investigation team have been working closely with the DCCS project lead in developing our response to investigating tenancy fraud identified through this project, along with the support we are providing to visiting officers through initial fraud awareness training and access to intelligence tools, through to skilled fraud investigation support during visiting activity. We will provide Members with updates concerning the investigation activity resulting from this project as part of future up-date reports.

## **Conclusion**

16. The team continue to provide a professional and robust anti-fraud and investigation service across the organisation. A new Corporation wide product, AppCheck has been introduced to enable the organisation detect fraud at the point of access in a number of areas, whilst 50 investigations, across all disciplines, were completed during 2017/18, with an associated value of £1,170,440 – an increase in both volume and associated value compared with 2016/17.
17. A number of initiatives to detect fraud across the organisation are planned for 2018/19 and include the London Counter Fraud-Hub and National Fraud initiative, whilst our support for the social housing tenancy audit, being undertaken by colleagues in DCCS is also expected to identify additional tenancy fraud investigations, resulting in possession of tenancies that can be let to those in greater need.

### **Appendices:**

**Appendix 1: Analysis of cases investigated during 2017/18**

**Appendix 2: Housing tenancy fraud caseload 2017/18**

**Appendix 3: Social housing tenancy fraud case studies 2017/18**

**Appendix 4: Corporate Investigations case studies 2017/18**

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## Appendix 1 - Analysis of the number of cases investigated during the current reporting year 2017/18 vs 2016/17.

1. The chart below provides a detailed analysis of the number of completed investigations, during the 2017/18, against the previous reporting year, showing all fraud and investigation types along with the value of investigated cases, including where these can be quantified, the value of corporate and whistleblowing investigations.
2. The nature of the concerns raised under the City's whistleblowing channels mean that not all investigations completed under this discipline result in a financial value, as other outcomes such as disciplinary action, or control environment recommendations result from our whistleblowing investigations.

Activity	Completed Investigations 2016/17	Investigation Value (£'s) 2016/17		Completed Investigations 2017/18	Investigation Value (£'s) 2017/18
<b>Social Housing Tenancy Fraud <sup>2</sup></b>	<b>19</b>	<b>342,000</b>		<b>16</b>	<b>288,000</b>
<b>Right to Buy <sup>3</sup></b>	<b>5</b>	<b>515,000</b>		<b>7</b>	<b>756,000</b>
<b>Housing Application Fraud <sup>2</sup></b>	<b>9</b>	<b>162,000</b>		<b>5</b>	<b>90,000</b>
<b>Disabled Parking</b>	<b>1</b>	<b>575</b>		<b>1</b>	<b>575</b>
<b>Corporate Investigations <sup>4</sup></b>	<b>13</b>	<b>27,832</b>		<b>15</b>	<b>35,762</b>
<b>Council tax investigations</b>	<b>Nil</b>	<b>Nil</b>		<b>1</b>	<b>103</b>
<b>Whistleblowing Referrals</b>	<b>2</b>	<b>15,900</b>		<b>5</b>	<b>Nil</b>
<b>Total</b>	<b>49</b>	<b>1,063,307</b>		<b>50</b>	<b>1,170,440</b>

### Notes:

<sup>1</sup> Previous year's data shows the position at year end, and is provided for comparative purposes.

<sup>2</sup> Successful possession gained and housing application fraud identified valued at £18,000 per property/application, in-line with nationally accepted values associated with social housing tenancy fraud.

<sup>3</sup> RTB discount value £103,000 2016/17, per property. £108,000 2017/18, per property..

<sup>4</sup> Corporate Fraud Investigations include cases of fraud, corruption, theft or conduct investigated directly by Internal Audit and/or investigation supported by Internal Audit.

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## Appendix 2 – Housing Tenancy Fraud Caseload Analysis 2017/18 vs 2016/17

Housing Tenancy Fraud Case Referrals	April 2017 to March 2018	April 2016 to March 2017
Housing tenancy fraud referrals received in current year	51	51
Right to buy referrals received in current year	23	40
Housing application referrals received in current year	13	74
Cases carried forward from previous year (all disciplines)	23	44
<b>Total</b>	<b>110</b>	<b>209</b>
Cases/referrals currently under investigation	14	23
Cases/referrals closed with no further action <sup>1</sup>	59	143
Cases with Comptroller & City Solicitor for prosecution	3	4
Cases with Comptroller & City Solicitor for civil recovery	3	3
Cases with City Police for Financial Investigation	2	0
Cases where possession order granted	0	3
Cases where successful possession gained <sup>2</sup>	16	17
Cases where successful prosecution action taken	1	2
Cases where fraudulent application identified	5	9
Right to buy fraud successfully identified	7	5
<b>Total</b>	<b>110</b>	<b>209</b>
Value where successful possession gained, housing application cancelled or right to buy fraud identified <sup>3</sup>	<b>£1,134,000</b>	<b>£1,019,000</b>
<b>Notes:</b> <sup>1</sup> The number of cases/referrals closed during 2016/17 with no further action include housing application AppCheck referrals, where a large number are expected to proceed, following review. These closed referrals amount to 65 for 2016/17. NFI AppCheck referrals are not included for 2017/18 <sup>2</sup> Cases where successful possession has been gained will be considered for criminal action where suitable, and where offences committed are serious enough to warrant proceedings under the Prevention of Social Housing Fraud Act 2013 and/ or the Fraud Act 2006. <sup>3</sup> Successful possession gained value of £18,000 per property sourced from Audit Commission value of national average temporary accommodation costs to Local Authorities for one family. RTB discount value £103,000 - 2016/17, per property. £108,000 - 2017/18, per property.		

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## **Appendix 3 - Housing Tenancy Fraud Case Study's 2017/18**

### **Case Study 1**

The City secured a successful prosecution following an investigation into a social housing tenancy obtained by a former tenant of the City's Golden Lane Estate. Investigations established that the defendant had furnished tenancy agreements from a fictitious landlord, making it look as though he was renting a room in a house in support of his housing application; he did in fact own the property outright and was a landlord himself, renting out a number of rooms. When the defendant obtained the Golden Lane property, he proceeded to rent out the room that he used to use in the house that he owned.

Following a complex investigation, the defendant pleaded guilty to fraud at Inner London Crown Court on 31 May 2017 and received a two-year suspended prison sentence and 115 hours of unpaid work. A financial investigation under the Proceeds of Crime Act enabled the City to recover £111,818 in compensation and confiscation, along with legal costs and investigation costs. The property was also successfully recovered and is now let to others in far greater need of affordable housing.

### **Case Study 2**

The City secured a successful recovery of a tenancy on the City's Middlesex Street Estate following an investigation into the social housing tenancy of the former joint tenants after allegations from a neighbour that the defendants had returned to Thailand. Witness statement was obtained from witnesses and it was further established that the tenants were renting out both bedrooms in the property and receiving rental income into their bank accounts. The team worked with two of the sub-tenants who provided evidence and described the details of the sub-let arrangement, which lead to the City having sufficient evidence to take recovery action, however faced with the prospect of legal action, the tenants returned possession of the property to The City with immediate effect and it has now been let to others in far greater need of affordable housing.

### **Case Study 3**

The City secured a successful recovery of a tenancy in West Point on the Avondale Estate following an investigation into the social housing tenancy of the sole tenant. An investigation commenced after a referral from the Estates Manager, after he had been contacted by an employee from The Department for Work & Pensions. An individual was claiming Job Seekers Allowance from the address claiming that the tenant was his landlord. Residency checks carried out revealed that the tenant had not been resident at the property for approximately 10 years and had likely returned to Nigeria as he was uncontactable. Witness statements obtained from two persons showed that the property has been sub-let to one person who had then assumed the tenancy and was sub-letting to another individual and her child.

Following conclusion of the investigation, The City had sufficient evidence to take civil action to recover the tenancy, however faced with the prospect of legal action, the sub-tenant handed back the keys of the property to The City. The property is now let to others in far greater need of affordable housing.

## **Appendix 3 - Housing Tenancy Fraud Case Study's 2017/18**

### **Case Study 4**

The City secured a successful recovery of a tenancy at George Elliston House on the Avondale Estate following an investigation into the social housing tenancy of the sole tenant. An investigation commenced after a referral from an Estates Officer advising that a lady had attended the Estates Office and was evasive about her connection to the flat in question, when requesting an additional key fob. After visiting the lady at the address and obtaining a Witness Statement it was established that she was a friend of the tenant and had moved into the property after the original tenant had returned to Lithuania to live with her partner - a former joint tenant at the property who had been prosecuted and deported from the UK. The sub-tenant was paying rent herself at the property having been provided with the rent card and had assumed the tenancy at the address.

Following conclusion of the investigation, The City had sufficient evidence to take civil action to recover the tenancy, however faced with the prospect of legal action, the sub-tenant returned possession of the property to The City as she had no intention of returning to the UK. The property is now let to others in far greater need of affordable housing.

## **Appendix 4 - Corporate Investigation Case Study's 2017/18**

### **Case Study 1**

Following a report from the Principle Exhibition Manager at Tower Bridge, an investigation commenced into the circumstances surrounding an alleged theft of income from the tills by a City of London employee. Working with colleagues at Tower Bridge, CCTV was reviewed for two sites – Tower bridge gift shop and the Monument, that identified that the employee was under ringing the tills, by cancelling items purchased by customers and stealing the money.

Witness statements were obtained, and evidence secured and following authorisation to report the matter to the Police, the team worked with the CID team at the City Police to commence a criminal investigation. The employee was interviewed under caution and admitted stealing the money from Tower Bridge gift shop; he was offered and accepted a formal Police caution and agreed to return the monies it was proven from CCTV evidence that he stole. The employee resigned prior to the conclusion of the disciplinary investigation. Recommendations were made to consider opportunities for Tower Bridge and Monument operations to move further towards a cashless environment.

### **Case Study 2**

Following a referral from Barbican finance, the team undertook an investigation, alongside Barbican HR and the Bars Operations Manager to investigate an employee who was suspected of under ringing sales and stealing money from the Barbican. Investigations identified that the employee was primarily using a till with a broken till catch, whilst analysis of income for this employee identified a significantly lower volume of cash transactions to card transactions that other employees, along with a high volume of cancelled orders – a common identifier for under ringing tills.

A disciplinary interview was undertaken with the employee, that proceeded to a planned disciplinary hearing, however the employee resigned just prior to the hearing. A total of 11 recommendations have been identified and discussed with the Bars Operations Manager, with an Audit Investigation report to be issued making recommendations to mitigate control weaknesses.

### **Case Study 3**

An investigation was undertaken at the City of London Boys School, following a referral received via the City's whistleblowing channels. The allegation centred around the nature of the employment of a consultant in a senior position at the school. Our review found that the whilst the consultant was in post, he used his position to convince the school to hire his company to undertake a senior officer recruitment campaign, thereby creating a conflict of interest. Our review likewise supported HR's identification of a number of concerns in the recruitment process the consultants company had undertaken, and HR's response to the concerns. Furthermore, during our investigation it was established that the school had appointed an employee who made fraudulent

## **Appendix 4 - Corporate Investigation Case Study's 2017/18**

representations about the death of a close relative to secure compassionate leave, allowing the employee to work for their previous employer that they hadn't resigned from. The employee was dismissed.

Three recommendations were made to tighten the controls surrounding the use of consultants at the school and the reporting of concerns to Internal Audit, all recommendations have since been agreed and implemented.



<b>Committee:</b>	<b>Date:</b>
Education Board Policy and Resources Committee Audit and Risk Management Committee	<b>17<sup>th</sup> May 2019</b> <b>12<sup>th</sup> April 2019</b> <b>29<sup>th</sup> May 2019</b>
<b>Subject:</b> Decisions taken under Delegated Authority or Urgency since the last meeting of the Committee	<b>Public</b>
<b>Report of:</b> Town Clerk	<b>For Information</b>
<b>Report author:</b> Julie Mayer, Town Clerks	

## Summary

This report advises Members of action taken by the Town Clerk since the last meeting of the Committee, in consultation with the Chairman and Deputy Chairman, in accordance with Standing Order No. 41(A) in respect of the following urgent decision:

**The Terms of Reference of the Audit and Risk Management Committee: City Academies and Multi Academy Trust (MAT).**

**Reason for Urgency:** The Audit and Risk Management Committee were not due to meet until 29th May 2018 and, at this meeting, they will receive their Terms of Reference for 2018/19. The Annual Meeting of the Court of Common Council, on 19th April 2018, will consider and approve the Terms of Reference for all Grand Committees.

## Recommendation

Members are asked to note the report.

## Main report

### Background:

Both of the City's stand-alone Academies, and those under the Multi Academy Trust (MAT), were outside of the Audit and Risk Management Committee's Terms of Reference. Whilst these entities are not consolidated in the City of London Corporation Accounts, have their own external firm of auditors and are self-governing, they still carry the City's branding and reputational risks. Furthermore, as the City 'family of schools' moves to a more consistent reporting position, there would be value in reporting to the Audit and Risk Management Committee.

**Action Taken:**

The Town Clerk, in consultation with the Chairman and Deputy Chairman of the Audit and Risk Management Committee, the Education Board and the Policy and Resources Committee agreed to recommend, to the Court of Common Council, that the Terms of Reference of the Audit and Risk Management Committee be widened to include oversight of the audit, risk and anti-fraud approaches in respect of:

1. The two stand-alone Academies; City Academy - Hackney and City of London Academy - Islington, of which the City of London Corporation are co-sponsors, and those schools which fall under the City of London Academies Trust (currently 8).
2. The Terms of Reference of the Audit and Risk Management Committee be amended to include: *"To undertake periodic reviews of the risk management procedures, financial capabilities, controls, and safeguarding procedures of the City of London School, the City of London School for Girls, the City of London Freemens' School, the City of London Academies Trust (including its embedded academies) and the City Academies which are free-standing entities."*

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