

Committee(s)	Dated:
Finance Committee	8 December
Subject: Chamberlain's Department Risk Management – Monthly Report	Public
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: Chamberlain	For Decision
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Summary

This report has been produced to provide Finance Committee with an update on the most significant risks faced by the Chamberlain's department.

There are currently two RED risks on the Corporate Risk Register within the responsibility of Chamberlain's Department, there are no RED risks currently listed on the departmental risk register. Please see the RED corporate risks listed below:

- **CR23 – Police Funding**
- **CR35 – Unsustainable Medium-Term Finances**

The Chamberlain's Senior Leadership Team continue to monitor closely the progress being made to mitigate these risks.

Recommendation(s)

Members are asked to note the report.

Main Report

Background

1. The Risk Management Framework of the City of London Corporation requires each Chief Officer to report regularly to Committee the key risks faced in their department. Finance Committee has determined that it will receive the Chamberlain's risk register on a quarterly basis with update reports on RED rated risks at the intervening Committee meetings.

Current Position

2. This report provides an update on the current RED risks that exist in relation to the operations of the Chamberlain's department.

3. There are two RED risks on the Corporate Risk Register for which the Chamberlain's Department is responsible.

CR23 – Police Funding (Current Risk: Red – no change)

4. The Police Medium Term Financial Plan update is currently being prepared for Member review, this update will include the impacts of COVID-19, forecast 20/21 underspend and an update on the Action Fraud loan repayment plan. There will be also consideration of the additional saving requirements and reserves policy. The Commissioner has made the commitment to delivering a balanced budget over the medium term. Further assessment of the risk score will be undertaken upon the production and approval of the MTFP update.

CR35 – Unsustainable Medium-Term Finances (Current Risk: Red – no change)

5. At the end of period 7, the predicted income lost is at £35.94m across all three funds. This overspend is driven mainly by income loss in the following areas: Barbican, GSMD, Tower Bridge, Animal Reception Centre and Events. Numerous mitigations are in place ensuring spend reduction, the in-year local budget resetting exercise (for court approval on 3rd December), the furlough of casual staff and permanent staff not able to work and recovery of lost City Fund income from the governments compensation scheme (estimated claim of up to £12.6m for loss of fees & charges).
6. Business Rates collection to the end of October was 6% lower than the previous year (should the business rate income fall by more than 20%, the safety net will be reached). This impact is being offset by the Government acknowledging the impact of cashflow and has deferred its share for April-June, which has been re-profiled over the remainder of the year. The government is also allowing authorities to spread the impact of business rate deficits over 3 years.
7. The values of the three main financial investment portfolios have reported a steady growth since 31st March 2020 and are now ahead of their previous highs in December 19/January 20.
8. As the TOM Business Case was approved by Policy and Resources and Establishment Committees in October, financial savings relating to organisation design and an associated reduction in headcount (including the early retirement scheme) are expected to begin from the new financial year.
9. Bi-lateral meetings have recently been conducted resulting in a positive discussion on the requirement of an average Corporation funding saving of 12% (£22m) across the 2021/22 City Fund and City's Cash budgets. Upon approval of the 21/22 budget envelope and the subsequent focusing of resources throughout 21/22 will have a positive impact upon the Medium-Term Financial Plan.

Conclusion

10. Members are asked to note the actions taken by Chamberlain's Department to manage the two RED finance risks. Actions aim to continue monitoring and reducing the risk level and reported on at future Finance Committees.

Appendices

- Chamberlain's Department Risk Register

Background Papers

Appendix 1 - CHB Corporate and Departmental Risk Register

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