



Finance Committee APPENDIX PACK

Date: TUESDAY, 24 SEPTEMBER 2024

Time: 12.45 pm

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

9. **CENTRAL CONTINGENCIES 2024/25**

Report of the Chamberlain.

For Information
(Pages 3 - 6)

13. **CITY RE LIMITED - PERFORMANCE MONITORING**

Report of the Chamberlain.

For Information
(Pages 7 - 28)

14. **CHAMBERLAIN'S DEPARTMENTAL RISK MANAGEMENT UPDATE**

Report of the Chamberlain.

For Information
(Pages 29 - 44)

15. **REVIEW OF RECHARGES**

Report of the Chamberlain.

For Information
(Pages 45 - 48)

24. **STAGE 1 AND 2 REPORT FOR THE PROVISION OF ELECTRICITY AND GAS SUPPLIES**

Report of the City Surveyor.

For Decision
(Pages 49 - 64)

25. **PROVISION FOR BAD AND DOUBTFUL DEBTS AT 31ST MARCH 2024**

Report of the Chamberlain.

For Information
(Pages 65 - 68)

26. **MAJOR PROJECT DASHBOARD - PERIOD 4 (P4) 2024/25 (AS AT THE END OF JULY)**

Report of the Chamberlain.

For Information
(Pages 69 - 72)

Agenda Item 9

2024/25 Contingency – City Fund

Date Approved	Description	Responsible Officer	Allocation £	Balance £
	2024/25 Provision			800,000
	2023/24 Provision brought forward			1,651,000
	Total Provision			2,451,000
July 2022	IT Service Transition Programme (Total funding allocation is £621,000 split between contingencies)	CHB	194,000	
Urgency Nov 2022	Support of capital funding requirements for the proposed Rough Sleeping Assessment Centre	DCCS	196,000	
September 2023	Phase 2 of MRI Horizon implementation	CS	243,000	
Urgency March 2024	Barbican Residential Estate Non recovery of service charge	DCCS	835,000	
Urgency March 2024	Housing Additional funding to address external review findings	DCCS	239,000	
May 2024	LMA feasibility	DE	150,000	
June 2024	Procurement and project management review	CHB	75,000	
July 2024	Internal Audit additional support	CHB	25,000	
Urgency July 2024	Barbican Centre towards fire detection and alarm system urgent works	BC	20,000	
	Total allocations and requests to date			1,977,000
	Pending requests on the Agenda		0	
	Balance remaining			474,000

2024/25 Contingency – City’s Estate

Date Approved	Description	Responsible Officer	Allocation £	Balance £
	2024/25 Provision			950,000
	2023/24 Provision brought forward			855,000
	Total Provision			1,805,000
July 2022	IT Service Transition Programme (Total funding allocation is £621,000 split between contingencies)	CHB	427,000	
September 2023	Phase 2 of MRI Horizon implementation	CS	261,000	
December 2023	National Environment Charities fundamental review support	DE	817,000	
May 2024	Stage 1 Procurement of managed service temporary agency resource contract	CPO	116,000	
June 2024	Procurement and project management review	CHB	75,000	
July 2024	Internal Audit additional support	CHB	25,000	
	Total allocations and requests to date			1,721,000
	Pending requests on the Agenda		0	
	Balance remaining			84,000

2024/25 Project Reserve Contingency – City’s Estate

Date	Description	Responsible Officer	Allocation £	Balance £
	2024/25 Provision			0
	2023/24 Provision brought forward			1,053,000
	Total Provision			1,053,000
January 2024	Puddle Dock Options Analysis	CS	200,000	
July 2024	Puddle Dock Development Options Review	CS	250,000	
July 2024	Funding of EP MO system 1 st year costs	CHB	145,000	
	Total allocations and requests to date			595,000
	Pending requests on the Agenda		0	
	Balance remaining			458,000

2024/25 National & International Disasters Contingency – City’s Estate

Date	Description	Responsible Officer	Allocation £	Balance £
	2024/25 Provision			125,000
	2023/24 Provision brought forward			0
	Total Provision			125,000
	Total allocations and requests to date			0
	Balance remaining			125,000

Key to Responsible Officers:

CHB - Chamberlain

DCCS – Executive Director, Community & Children’s Services

TC – Town Clerk

CS – City Surveyor

DED – Executive Director, Environment Department

CPO – Chief People Officer

BC – Barbican Centre, Chief Executive Officer

This page is intentionally left blank



Moore Stephens Audit and Assurance
(Guernsey) Limited
P O Box 146, Level 2
Park Place, St Peter Port
Guernsey, Channel Islands GY1 3HZ

Your Ref:

Our Ref: 2010/0205

T +44 (0) 1481 811700
E ms@msgsy.com

www.moorestephensci.com

Company Number: 65985

1 July 2024

The Directors
City Re Ltd
PO Box 155
Mill Court
La Charroterie
St Peter Port
GY1 4ET

Dear Directors,

CITY RE LIMITED (THE 'COMPANY') MANAGEMENT AND GOVERNANCE REPORT FOR THE YEAR ENDED 31 MARCH 2024

The purpose of this letter is to provide the directors with constructive observations arising from the audit process. We set out below details of any expected modifications to our audit report, details of any uncorrected misstatements in the financial statements (except any misstatements which are clearly trivial) including the effect of uncorrected misstatements related to prior periods on the current period, any material weaknesses in systems we have identified during the course of our audit work and our views about the quality of accounting practices and financial reporting procedures, and any other relevant matters.

Our procedures are carried out solely for the purpose of our audit so that we can form and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Our audit does not necessarily disclose every weakness and for this reason the matters referred to below may not be the only shortcomings which exist.

We take this opportunity to remind you that:

- This report has been prepared for the sole use of City Re Limited
- No responsibility is assumed by us to any other person who may choose to rely on it for his or her own purposes.

Independence

The engagement team and the firm have complied with relevant ethical requirements regarding independence. There are no relationships between the firm, network firms and the Company that may reasonably be thought to affect our independence.

Expected modifications to the audit report

We do not expect to make any modifications to our audit report. However, our responsibilities with regard to the audit report extend up to the date on which it is signed and we will advise you of any changes to this position if necessary.

Unadjusted misstatements

There were no unadjusted misstatements noted during the audit, excluding those that we consider to be trivial.

Qualitative aspects of accounting practice and financial reporting

During the course of our audit, we consider the qualitative aspect of the financial reporting process, including items that have a significant impact on the relevance, reliability, comparability, understandability and materiality of the information provided by the financial statements. We have discussed with you the following observations:

- The appropriateness of the accounting policies to the particular circumstances of the company;
- The timing of transactions and the period in which they are recorded;
- The appropriateness of accounting estimates and judgements, (for example, in relation to the IBNR), including the consistency of assumptions and degree of prudence reflected in the accounting records;
- The potential effect on the financial statements of any uncertainties including significant risks and disclosures, such as pending litigation that are required to be disclosed in the financial statements.
- Material uncertainties, if any, related to events and conditions that may cast significant doubt on the company's ability to continue as a going concern;
- The extent to which the financial statements are affected by any unusual transactions during the period, if any, and the extent to which such transactions are separately disclosed in the financial statements;
- Apparent misstatements in the directors' report, if any, or material inconsistencies with the audited financial statements, if any;
- Disagreements about matters that, individually or in aggregate, could be significant to the company's financial statements or the auditor's report, if any. These communications include consideration of whether the matters, if any, have or have not been resolved and the significance of the matters.
- Significant matters, if any, arising from the audit that we discussed, or subject to correspondence with management; and written representations the auditor is requesting from management.

Accounting system and internal controls

During the course of our audit of the financial statements for the above year we examined the principal internal controls which the directors have established to enable them to ensure, as far as possible, the accuracy and reliability of the company's accounting records and to safeguard the company's assets.

We are pleased to report that there are no significant weaknesses in control which came to our notice during the audit.

Concluding remarks

We shall be pleased to supply you with any further information you may require.

Yours faithfully,



Moore Stephens Audit and Assurance (Guernsey) Ltd

CITY RE LIMITED

Directors' Report and Financial Statements

For the year ended 31 March 2024

CITY RE LIMITED

CONTENTS

Corporate information	3
Directors' report	4
Statement of directors' responsibilities	5
Independent auditor's report	6-8
Statement of comprehensive income	9
Statement of financial position	10
Statement of changes in equity	11
Statement of cash flows	12
Notes to the financial statements	13-20

CITY RE LIMITED

CORPORATE INFORMATION

DIRECTORS:

Mr G A Hollingsworth
Mr S A Le Prevost
Ms C Al-Beyerty
Mr H Colthurst

INSURANCE MANAGER:

Marsh Management Services Guernsey Limited
Mill Court
La Charroterie
St Peter Port
Guernsey
GY1 4ET

SECRETARY:

Marsh Management Services Guernsey Limited
Mill Court
La Charroterie
St Peter Port
Guernsey
GY1 4ET

REGISTERED OFFICE:

PO Box 155
Mill Court
La Charroterie
St Peter Port
Guernsey
GY1 4ET

AUDITOR:

Moore Stephens Audit and Assurance (Guernsey) Limited
Level 2, Park Place
Park Street
St Peter Port
Guernsey
GY1 3HZ

CITY RE LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 March 2024.

INCORPORATION

The Company was incorporated in Guernsey, Channel Islands on 20 December 2010 with registered number 52816. It operates in accordance with the provisions of The Companies (Guernsey) Law, 2008 and The Insurance Business (Bailiwick of Guernsey) Law, 2002 to carry out general insurance business, excluding domestic business.

ACTIVITIES

The principal activity of the Company during the year was to provide re-insurance protection to the RSA Group on the risks associated with material damage and loss of rent for the City of London's property portfolio.

RESULTS

The results for the year are shown on page 9.

DIVIDENDS

During the year a dividend was proposed and paid in the sum of £500,000 (2023: £500,000).

DIRECTORS

The directors of the Company who held office during the period are detailed on page 3.

DISCLOSURE OF INFORMATION TO AUDITOR

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

AUDITOR

The Auditor, Moore Stephens, has indicated its willingness to continue in office and offers itself for re-appointment at the forthcoming Annual General Meeting.

GOING CONCERN

The directors have, at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. of the Company. Therefore they continue to adopt the going concern basis of accounting in preparing the financial statements.

Approved by the Board of Directors and signed on behalf of the Board

Director:



July 2024

Date:

Director:



CITY RE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Financial Reporting Standard 103 "Insurance Contracts". Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITY RE LIMITED

Opinion

We have audited the financial statements of City Re Limited ("the Company") for year ended 31 March 2024, which comprise the Statement of Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Financial Reporting Standard 103 "insurance Contracts" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008 and The Insurance Business (Bailiwick of Guernsey) Law, 2002.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Guernsey, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised or issued.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by the law are not made; or
- we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITY RE LIMITED (Continued)

Matters on which we are required to report by exception (continued)

We have nothing to report in respect of the following matters where The Insurance Business (Bailiwick of Guernsey) Law, 2002 requires us to report to you if, in our opinion:

- the information given in the annual return prepared pursuant to section 33 is consistent with the financial statements; or
- there is any transaction outside of business which resulted in the statement of financial position showing a situation materially different from that of which would otherwise have obtained, and which is not adequately disclosed in the financial statements.

Responsibilities of directors

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are UK Generally Accepted Accounting Practice, The Companies (Guernsey) Law, 2008, and The Insurance Business (Bailiwick of Guernsey) Law, 2002.
- We obtained an understanding of how the company complies with these requirements by discussions with management and examination of various statutory documentation such as the minutes and compliance reports.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management.
- We inquired of management as to any known instances of non-compliance or suspected non-compliance with laws and regulations and examined correspondence with the GFSC and legal advisors.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITY RE LIMITED (Continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)


- We assessed the information to be submitted to the GFSC together with the audited financial statements on the annual Insurer's Return such as the Regulatory and Solvency Assessment and confirmed that the information was appropriate and materially correct.

Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and obtaining additional corroborative evidence as required.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Section 36 of the Insurance Business (Bailiwick of Guernsey) Law, 2002. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



MOORE STEPHENS AUDIT AND ASSURANCE (GUERNSEY) LIMITED

Level 2 , Park Place
Park Street
St Peter Port
Guernsey, GY1 3HZ

Date 1 July 2024

CITY RE LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2024

CONTINUING OPERATIONS	Notes	31 Mar 2024 £	31 Mar 2023 £
REVENUE			
Gross premiums written	2	2,737,891	2,629,637
Change in unearned premium provision	2	(100,825)	(223,818)
Premium earned for the year		2,637,066	2,405,819
UNDERWRITING EXPENSES			
Claims charge	2	(1,976,992)	(2,564,883)
Claims reserve movement - outstanding loss reserves	2	341,748	293,464
IBNR reserve movement		-	(125,000)
Commission	2	(79,112)	(72,174)
Total underwriting expenses		(1,714,356)	(2,468,593)
UNDERWRITING RESULT FOR THE YEAR		922,710	(62,774)
Interest income	2	223,558	80,522
Administrative expenses	6	(91,094)	(78,178)
PROFIT /(LOSS) BEFORE TAXATION		1,055,174	(60,430)
Taxation	5	-	-
RETAINED PROFIT / (LOSS) AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,055,174	(60,430)

The notes on pages 13 to 20 form part of these financial statements.

CITY RE LIMITED

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2024

	Notes	31 Mar 2024 £	31 Mar 2023 £
CURRENT ASSETS			
Deferred commission		60,828	57,803
Insurance receivables		111,966	96,711
Accrued interest		23,207	-
Prepaid expenses		5,381	7,176
Cash and cash equivalents		<u>6,222,369</u>	<u>6,072,208</u>
TOTAL ASSETS		<u>6,423,751</u>	<u>6,233,898</u>
EQUITY AND LIABILITIES			
Issued capital	7	750,000	750,000
Retained earnings		<u>665,086</u>	<u>109,912</u>
TOTAL EQUITY		<u>1,415,086</u>	<u>859,912</u>
LIABILITIES			
Trade and other payables	8	154,974	279,372
TECHNICAL RESERVES			
Unearned premium reserve	2	2,027,586	1,926,761
Claims reserves	9	2,826,105	3,167,853
TOTAL EQUITY AND LIABILITIES		<u>6,423,751</u>	<u>6,233,898</u>

These financial statements were approved by the Board of Directors at a meeting on 1 July 2024

Signed on behalf of the Board of Directors


Director

Director 

The notes on pages 13 to 20 form part of these financial statements.

CITY RE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2024

	Share Capital	Retained Earnings £	Total £
Balance at 1 April 2022	750,000	670,342	1,420,342
Dividend paid during the year	-	(500,000)	(500,000)
Total comprehensive loss	-	(60,430)	(60,430)
Balance at 31 March 2023	750,000	109,912	859,912
Dividend paid during the year	-	(500,000)	(500,000)
Total comprehensive income	-	1,055,174	1,055,174
Balance at 31 March 2024	750,000	665,086	1,415,086

The notes on pages 13 to 20 form part of these financial statements.

CITY RE LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024

	31 Mar 2024	31 Mar 2023
	£	£
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) for the year	1,055,174	(60,430)
Less interest income	(223,558)	(80,522)
Increase in unearned premiums	100,825	223,818
Increase in insurance receivables	(15,255)	(96,711)
Decrease in prepaid expenses	1,795	1,752
Decrease in trade and other payables	(124,398)	(103,452)
Decrease in claims reserves	(341,748)	(168,464)
Decrease in deferred income	(3,025)	(6,712)
Net cash inflow /(outflow) from operating activities	<u>449,810</u>	<u>(290,721)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	200,351	80,522
Net cash inflow from investing activities	<u>200,351</u>	<u>80,522</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid during the year	(500,000)	(500,000)
Net cash outflow from financing activities	<u>(500,000)</u>	<u>(500,000)</u>
Net increase/(decrease) in cash and cash equivalents	150,161	(710,199)
Cash and cash equivalents brought forward	6,072,208	6,782,407
Cash and cash equivalents carried forward	<u>6,222,369</u>	<u>6,072,208</u>

The notes on pages 13 to 20 form part of these financial statements.

CITY RE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

1. BASIS OF PREPARATION

The company is a limited company, limited by shares and is incorporated in Guernsey. The address of its registered office is PO Box 155, Mill Court, La Charroterie, St Peter Port, Guernsey, GY1 4ET.

The principal activity of the company is to provide reinsurance protection to the RSA Group on the risks associated with the material damage and loss of rent insurance programmes of the City of London property investment portfolio.

The financial statements have been prepared in accordance with The Insurance Business (Bailiwick of Guernsey) Law, 2002, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and FRS 103 "Insurance Contracts".

2. PRINCIPAL ACCOUNTING POLICIES

These financial statements are prepared under the historical cost convention.

The preparation of financial statements in compliance with FRS102 and FRS103 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the accounting policies.

(a) Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Therefore they continue to adopt the going concern basis of accounting in preparing the financial statements.

(b) Gross premiums written

Gross premiums written is in respect of the provision of reinsurance protection to RSA Insurance Group Plc on the risks associated with material damage and loss of rent insurance programmes of the City of London portfolio.

(c) Unearned premiums

Unearned premium represents the proportion of premium which has been pre-paid for the following financial period.

(d) Claims

Claims are accounted for on an accruals basis. Provisions made for the cost of outstanding claims reported at the reporting date are included in the outstanding loss reserve. The estimate for the cost of claims incurred but not reported ("IBNR") is included in the IBNR reserve. The current IBNR is in the sum of £250,000 (2023: £125,000) is determined by the Board of Directors using both historical data and any data available up to the approval of the financial statements, in relation to the provision of new claims and deterioration of existing claims.

(e) Commission

Fronting fees calculated as 3% of gross premiums written is payable to RSA Insurance Group Plc and are earned over the related policy period.

(f) Interest income

Interest income is accounted for on an accruals basis.

(g) Cash and cash equivalents

Cash and cash equivalents comprise bank balances, short term fixed deposits and short term notice accounts.

CITY RE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 MARCH 2024

3. FINANCIAL INSTRUMENTS

Financial Assets

Basic financial assets, including debtors and cash and cash equivalents, are initially recognised at transaction price, and are subsequently carried at amortised cost.

Debtors arising out of insurance operations

Debtors arising out of insurance operations consist of balances due from the insurer in respect of outstanding premiums.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. None of the financial assets at the year end are deemed to be impaired.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

All financial liabilities are initially recognised at transaction price and are subsequently carried at amortised cost.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

The Company does not hold or issue derivative financial instruments.

Creditors arising out of insurance operations

Creditors arising out of insurance operations consist of balances due to the insurer in respect of outstanding claims payable.

Offsetting

Financial assets and liabilities are not offset in the accounts and the gross amounts are shown in the financial statements.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of the applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

The estimation of the ultimate liability arising from claims made under insurance contracts is the Company's most critical accounting estimate.

CITY RE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 MARCH 2024

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

The most significant assumptions made relate to the level of future claims, the level of future claims settlements and the legal interpretation of insurance policies. Whilst the directors consider that the gross provision for claims are fairly stated on the basis of the information currently available to them, the ultimate liability will vary as a result of subsequent information and events and may result in significant adjustments to the amount provided. Adjustments to the amounts of provision are reflected in the financial statements for the period in which the adjustments are made.

Outstanding loss reserves.

The carrying amount of the reserve is £2,576,105 (2023: £2,917,853). There are several sources of uncertainty that need to be considered in the estimate of the liability that the Company will ultimately pay for such claims. The level of provision has been set on the basis of the information that is currently available, including potential outstanding loss advices, experience of development of similar claims and on the advice of expert loss adjusters where appropriate.

IBNR

The current IBNR is in the sum of £250,000 (2023: £250,000) is determined by the Board of Directors using both historical data and any data available up to the date of approval of the financial statements, in relation to the provision of new claims and deterioration of existing claims.

5. TAXATION

The Company is taxed at the standard rate of income tax for Guernsey companies of 0%.

6. ADMINISTRATIVE EXPENSES

	31 Mar 2024	31 Mar 2023
	£	£
Management fees (note 14)	65,025	51,793
Audit fees	8,070	6,900
Directors' fees (note 14)	7,500	7,500
Company registration fees	6,774	6,823
Directors and officers insurance premium	2,235	4,370
Sundry expenses	1,490	792
	91,094	78,178

7. SHARE CAPITAL

	31 Mar 2024	31 Mar 2023
	£	£
ISSUED SHARE CAPITAL		
750,000 GBP1 Ordinary Shares	750,000	750,000

Dividends

Shareholders of ordinary shares are entitled to receive dividends declared by the Company.

Capital

On winding up of the assets of the Company, the holder of ordinary shares is entitled to repayment of the nominal amount paid thereon. Any surplus is attributable to holders of ordinary shares pro rata in proportion to the number of ordinary shares.

Voting rights

Ordinary shares carry one vote per shareholder at general meetings.

CITY RE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 MARCH 2024

8. TRADE AND OTHER PAYABLES	31 Mar 2024	31 Mar 2023
	£	£
Claims payable	112,860	256,607
D&O Premium	39	-
Audit fees	7,500	6,450
Management fees (note 14)	32,500	14,240
Directors' fees	2,075	2,075
	<u>154,974</u>	<u>279,372</u>

9. CLAIMS RESERVES	31 Mar 2024	31 Mar 2023
	£	£
IBNR reserve	250,000	250,000
Outstanding loss reserves	2,576,105	2,917,853
	<u>2,826,105</u>	<u>3,167,853</u>

10. FINANCIAL RISK MANAGEMENT

The Company is exposed to a range of financial risks through its financial assets, financial liabilities and policyholder liabilities. The most important components of these financial risks are market risk (interest rate risk), credit risk, currency risk and liquidity risk. The risk management policies employed by the Company to manage these risks are discussed below.

a) Credit Risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The Company manages the levels of credit risk it accepts by limiting its exposure to a single counterparty, or groups of counterparty. Such risks are subject to regular review by the Board of Directors.

The assets bearing credit risk and their associated S&P credit ratings are shown below:

	31 Mar 2024	31 Mar 2023
	£	£
<i>Assets bearing credit risk</i>		
Cash and cash equivalents	6,222,369	6,072,208
<i>By Rating</i>		
A+ rated	6,222,369	6,072,208

No financial assets are past due or impaired at the reporting date and management expects no significant losses from non-performance by these counterparties.

b) Liquidity risk

Liquidity risk is the risk that the company cannot meet its obligations associated with financial liabilities as they fall due. The company has adopted an appropriate liquidity risk management framework for the management of the company's liquidity requirements. The company manages liquidity risk by maintaining banking facilities and monitoring premiums due and by continuously monitoring the forecast and actual cash flows and matching the maturity profiles of assets and liabilities. The company is exposed to liquidity risk arising from its insurance activities. Liquidity management ensures that the company has sufficient access to funds necessary to cover insurance liabilities and expenses. All financial liabilities are due to be settled within the next twelve months.

There were no significant changes to the company's liquidity risk exposure in the financial year nor the objectives, policies and processes for managing liquidity risk.

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 MARCH 2024

10. FINANCIAL RISK MANAGEMENT (Continued)

c) Interest rate risk

The Company is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its bank deposits, cash and cash equivalents and cash flows. At 31 March 2024 the Company had various interest bearing accounts bearing interest rates ranging from 0.45% to 5.08% (2023: 0.10% to 4.85%).

During the year to 31 March 2024, if Bank of England interest rates had been 50 basis points higher with all other variables held constant, the profit for the year would have increased by £31,112 (2023: Loss decreased by £30,361), as a result of interest received on cash and cash equivalents. However if Bank of England interest rates had been 50 basis points lower with all other variables held constant, the profit for the year would have decreased by £31,112 (2023: Increase to the loss of £30,164).

The following are the underlying assumptions made in the model used to calculate the effect on profits and other components of equity:

- The bank balances at 31 March 2024 formed the basis of the calculation.
- A 50 basis point change on these principal balances reflects the absolute increase or decrease in profit that could arise with such an interest rate movement. The directors have chosen the estimate of 50 basis points as this reflects the directors best estimate of the change in interest rates which could reasonably be expected to occur.

d) Currency risk

The company manages their foreign exchange risk by currently ensuring all commercial transactions or recognised assets and liabilities are denominated in its functional currency.

e) Concentration risk

Concentration risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Board does not feel that the company is exposed to significant concentration risk at the current time.

11. MANAGEMENT OF INSURANCE RISK

The principal risk that the Company faces under its insurance contracts is that the actual claims are significantly different to the amounts included in the technical reserves. This could occur because the frequency or severity of claims and benefits are greater or lower than estimated. Insurance events are fortuitous and the actual number and amounts of claims may vary from year to year from the estimate established.

The Company provides re-insurance protection to the RSA Insurance Group Plc on the risks associated with material damage and loss of rent for the City of London's property portfolio. The re-insurance protection is limited to a maximum liability of £250,000 for each and every loss with an aggregate limit equal to £250,000 in excess of net written premium.

All risks covered under the insurance policy are within the United Kingdom.

Claims development tables

The claims development table that follows shows claims reported per underwriting year which remain open in the respective policy year.

CITY RE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 MARCH 2024

11. MANAGEMENT OF INSURANCE RISK (Continued)

Claims development table at 31 March 2024

<u>Underwriting year</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Total</u>
accounting period end	233,724	837,927	495,995	189,228	360,520	360,520	173,399	287,493	2,938,806
one year later	1,436,816	2,172,013	1,511,546	1,897,176	2,330,911	2,330,911	1,723,389	-	13,402,762
two years later	1,603,168	2,240,475	1,431,278	1,871,543	2,770,148	2,505,066	-	-	12,421,678
three years later	1,525,342	2,281,671	1,400,675	1,796,195	2,729,398	-	-	-	9,733,281
four years later	1,531,492	2,224,412	1,390,470	1,817,363	-	-	-	-	6,963,737
five years later	1,405,066	2,223,612	1,265,169	-	-	-	-	-	4,893,847
six years later	1,405,066	2,181,212	-	-	-	-	-	-	3,586,278
seven years later	1,383,045	-	-	-	-	-	-	-	1,383,045
Current estimate of cumulative claims	1,383,045	2,181,212	1,265,169	1,817,363	2,729,398	2,505,066	1,723,389	287,493	13,892,135
Cumulative payments to date	(1,260,250)	(1,624,134)	(1,258,933)	(1,718,930)	(2,569,967)	(2,165,605)	(454,159)	(14,052)	(11,066,030)
Statement of Financial Position Reserves	122,795	557,078	6,236	98,433	159,431	339,461	1,269,230	273,441	2,826,105

The Company has currently provided for an Incurred but not Reported Reserve in the sum of £250,000 (2023: £250,000) which has been agreed by the Board.

CITY RE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 MARCH 2024

12. CAPITAL MANAGEMENT

The Company defines capital in accordance with regulations prescribed by the Guernsey Financial Services Commission ("GFSC"). The Company's capital consists of:-

	31 Mar 2024	31 Mar 2023
	£	£
Share Capital	750,000	750,000
Retained earnings	665,086	109,912
Capital to meet Minimum Capital Requirements	<u>1,415,086</u>	<u>859,912</u>
Adjustments	-	-
Capital to meet Prescribed Capital Requirements	<u><u>1,415,086</u></u>	<u><u>859,912</u></u>

Its objectives when managing capital are:

- i) to comply with legal and statutory obligations and maintain capital resources commensurate with the nature, scale and risk profile of its business;
- ii) to provide a framework for monitoring the financial and capital position of the Company, including the procedures to be followed during periods of general financial distress, either due to internal or external events; and
- iii) to safeguard the Company's ability to continue as a going concern.

Under the rules prescribed by the GFSC, the Company must at all times maintain assets of a value sufficient to cover its liabilities, including liabilities arising under or in connection with contracts of insurance and that there is a suitable matching of assets and liabilities.

Under the current regulations, the GFSC rules require the Company to maintain a surplus of admissible assets over its liabilities which is at all times at least higher than both its MCR and PCR. The MCR represents the point at which the regulator would invoke the strongest action, while the PCR is the level of capital above which no action is required, with varying degree of action required if capital lies between MCR and PCR.

As at 31 March 2024, the Company held a surplus of £873,378 above its MCR requirement of £541,708 and a surplus of £657,887 above its PCR requirement of £757,199.

Management information to monitor the Company's capital requirements and solvency position is produced and presented to the Board on a regular basis ensuring that the Company meets its capital requirements at all times.

13. TECHNICAL PROVISIONS

Technical provisions arising from insurance contracts are included in these financial statements as follows:

	31 Mar 2024	31 Mar 2023
	£	£
Gross		
Unearned premium reserve	2,027,586	1,926,761
IBNR provision	250,000	250,000
Outstanding loss reserves	<u>2,576,105</u>	<u>2,917,853</u>
Total technical provisions, gross	<u><u>4,853,691</u></u>	<u><u>5,094,614</u></u>

Provisions for claims reported are estimated using the latest available information which comprises up to date reports from the claims handlers, loss adjusters and fronting insurers, on that basis there are no significant assumptions impacting on the level of the claims other than the assumption that the information used is complete and accurate.

CITY RE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 MARCH 2024

14. RELATED PARTY DISCLOSURE

The parent Company and ultimate controlling party which has interests in 100% (2023: 100%) of the issued share capital of the company is the City of London Corporation, the municipal body of the City of London, acting in its City's Cash capacity.

Key management personnel of the company

Key management personnel include all directors who together have authority and responsibility for planning, directing and controlling the activities of the company. The total compensation paid to key management personnel for services provided to the company was £7,500 (2023: £7,500).

For the year ended 31 March 2024, management fees of £65,025 (2023: £51,973) were charged by Marsh Management Services Guernsey Limited, of which £32,500 (2023: £14,240) was outstanding as at 31 March 2024.

15. LETTER OF CREDIT

The City of London Corporation as the parent Company have arranged a Letter of Credit on behalf of the Company in favour of Royal Sun Alliance Insurance Limited in the sum of £2,955,000 for the policy period to 24 December 2024 (2023 Policy Period: £2,955,000).

CHB Corporate and departmental risks - detailed report EXCLUDING COMPLETED ACTIONS

Report Author: Leah Woodlock

Generated on: 28 August 2024

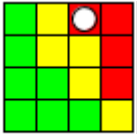
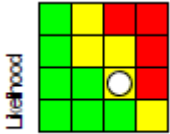



Rows are sorted by Risk Score

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/Risk Approach	Current Risk score change indicator
NRB 002 Housing Revenue Account Financials	<p>Cause: The embedded increased impact of inflation, following peak of 10.7% in Autumn 2022. Potential issue around non-recoverability of elements of service charge costs due to inadequate s20 consultation process</p> <p>Event: Inability to contain financial pressures on the Housing Revenue Account, especially around repairs and maintenance costs, management costs and depreciation charges . Additionally, challenges in controlling construction inflation or the inability to readjust capital projects within budget parameters pose further risk.</p> <p>Effect: The City Corporation’s reputation is damaged due to failure to deliver housing services.</p>	<p>Lifehood</p> <p>Impact</p>	<p>16</p>	<p>The latest financial position on the overall HRA, including the reviews noted above will form part of the balanced HRA Estimates report was agreed in January. An updated five year financial projection will be presented to members in September. Latest projections show the revenue funding position remains precarious and vulnerable to revenue overspends, further delays to new build projects or significantly rising capital costs (leading to higher loan repayments and interest charges).</p> <p>On 7 March Court of Common Council approved rent increases of 7.7%.</p>	<p>Lifehood</p> <p>Impact</p> <p>8</p>	<p>31-May-2025</p>

16-Oct-2023 Mark Jarvis; Sonia Virdee				03 Jul 2024				Reduce	Constant
---	--	--	--	-------------	--	--	--	--------	----------

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB002a	Close monitoring of capital schemes is required during 2023/24, update to be provided in regular reporting of capital forecasts next due in early November. Continue to monitor the risk around non-recovery of leaseholder contributions to capital projects following the Great Arthur cladding case decision.	Close monitoring of capital schemes is required during 2024/25, update to be provided in regular reporting of capital forecasts due in the revised HRA 5 Year Plan after Closing. Further risk of delays to new build projects will impact the 5 Year Plan revenue projections. Continue to monitor the risk around non-recovery of leaseholder contributions to capital projects following the Great Arthur cladding case decision.	Mark Jarvis	03-Jul-2024	31-Mar-2025
CHB002b	Impact of inflation - capital schemes forecast to exceed budget as well as much increased repairs and maintenance and energy costs.	<p>The Savills report identified high repairs and maintenance costs, management costs and depreciation charges. The level of the internal recharge to the HRA has been reviewed as part of a City wide recalibration and the 2024/25 estimated figure can now be revised.</p> <p>The current repairs and maintenance contract has been extended by one year and is being re-procured for 2025/26. The recommendations for change coming out of the Pennington review are being implemented by the new Housing management team.</p> <p>The calculation of the depreciation charge has been reviewed with external valuers and significantly reduced as a result – this will largely offset inflationary revenue pressures. The final 2023/24 outturn position and 2024/25 draft Estimates show a finely balanced position that will be updated in the new 5 Year Plan figures.</p>	Mark Jarvis	03-Jul-2024	31-Mar-2025

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/Risk Approach	Current Risk score change indicator
CR38 Unsustainable Medium Term Finances - City's Estate 	Causes: The embedded increased impact of inflation, following the peak of 10.7% in Autumn 2022 (as reported by the Office for Budget Responsibility). Aging estate crystallising high levels of expenditure over short time period, putting pressure on Reserves. Reduction in rental income from the property investment portfolio following post pandemic changes in workplace attendance reducing demand for grade B office accommodation. Event: Inability to manage financial pressures within the fiscal year, resulting in an inability to achieve anticipated savings and generate expected income, may necessitate additional reliance on Reserves. Additionally, challenges in controlling construction inflation or the inability to readjust capital projects within budget parameters pose further risks. Effects: The City of London Corporation's reputation could suffer from failure to achieve financial goals or from reduced services to businesses and the community. Experience challenges in delivering the capital program and major projects within budgetary limits. Inability of expenditure to align with the corporate plan, leading to inefficient resource utilisation and reduced corporate performance.	 Likelihood Impact	16 Inflation rates to be monitored quarterly and an inflation contingency to be maintained in 2024/25 through carried forward from 2023/24 underspends. On-going pressures totalling £3.8m, plus net 3% inflation uplift approved in 2024/25 budgets. The five-year financial plan includes cyclical works programme to cover bow-wave of outstanding works and provision for works going forward totalling £71m. Earning more income from property investment portfolio – diversification of asset portfolio. The funding strategy identifies where best to bring third-party capital, reducing demand on own Reserves. Key mitigations include quarterly monitoring of capital programme against budgets and developing comprehensive business cases and implementation plans for income generation opportunities. Renewed approach to transformation under pinned by a clear communication plan to Members.	 Likelihood Impact	8 31-Mar-2029	

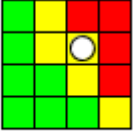
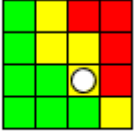

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR38a	Monitoring the impact of revenue inflationary pressures (including pressures on energy costs, cost of London living wage) and construction inflation impacts on capex programme <ul style="list-style-type: none"> • Monitor the use of inflation contingency 	<ul style="list-style-type: none"> • Regular monitoring the office of budget responsibility's inflation forecasts, the Consumer Prices Index (CPI) rose by 2.2% in the 12 months to July 2024, up from 2.0% in June 2024. 	Sonia Virdee	02-Sep-2024	31-Mar-2025
CR38e	Monitoring key income streams <ul style="list-style-type: none"> • i.e. rental income from the property investment portfolio. 	<p>This is being monitored monthly, with action being taken to within the portfolio to maximise income generation opportunities. Ensure income generation schemes are sustainable and on-going opportunities are explored, these include but not limited to; Lord Mayor Show and events across the Corporation, Advertising and sponsorship, Filming inside and outside the square mile, Retail opportunities and Fees and Charges.</p> <p>Benchmarking exercises are currently being undertaken to provide a market comparison.</p> <p>An update on individual workstreams will be presented to Efficiency and Performance working party in November 2024.</p>	Sonia Virdee; Genine Whitehorse	02-Sep-2024	31-Mar-2025
CR38f	Delivering the current savings programme and securing permanent year-on-year savings.	<p>Quarterly revenue monitoring undertaken to ensure departments have appropriate plans in place to meet in-year pressures. High risk departments are undertaking monthly revenue monitoring. Regular updates to Executive Leadership Board / Senior Leadership built into monitoring timetable.</p> <p>Pressures and mitigations are being recorded at a more granular level to improve the tracking and reporting on savings during the year, this information will be incorporated into the budget monitoring reports from Autumn 24 onwards to help inform Members of key risks and progress.</p> <p>Savings programmes/initiatives are being considered as work commences on budget setting for the 2025/26 year.</p>	Sonia Virdee	02-Sep-2024	31-Mar-2025
CR38g	Remain within the financial envelopes approved for major projects.	<p>Monthly updates and budget monitoring on major projects forecasts and issues arising. Projects are routinely reviewed by the Chamberlain's Assurance Board.</p> <p>Cessation of option 10b on Market Co-Location Programme approved by Court of Common Council in July. Further options being drawn up to be presented to Policy and Resources Committee, then Court of Common Council in the Autumn 2024.</p>	Sonia Virdee	02-Sep-2024	31-Mar-2029
CR38h	Bringing third-party capital to surplus operational property opportunities.	Identified initial opportunities which have been supported by Resource Allocation Sub Committee.	Sonia Virdee;	03-Jul-2024	30-Oct-2024

		Proposals for each opportunity to be worked up and submitted for member consideration to relevant Committees, due in Autumn 2024.	Paul Wilkinson		
CR38i	Undertake the Charities Review (Natural Environment)	The ability for charities to fundraise and generate more income to support ambitions for activities and operational property requirements. Update to Efficiency and Performance Working Party scheduled for September 2024 ahead of paper presented to Finance Committee in December 2024.	Emily Brennan; Sonia Virdee	02-Sep-2024	31-Dec-2024
CR38j	Plans in place to reduce future deficits.	City's Estate continues to produce annual operating deficits over the 5-year financial plan. Over the planning period, the cumulative deficit is forecast to be £490m (including drawdown of financial asset gain of £158m). This is not sustainable over the longer-term period and radical decisions are needed now on how best to bring down the annual operating deficit, including major changes or stoppages to existing services provision and/or reduction in grants. This will require a renewed approach to transformation, over and above those already identified (income generation, operational property review, investment property review and charity review) underpinned by a clear communication plan to all members, so they are aware of the challenges ahead. Transformation programme in flight, supported at Resource Allocation Sub away day. Progress reporting to the Efficiency and Performance Working Party to ensure corporate focus and pace.	Sonia Virdee; Genine Whitehorn	03-Jul-2024	31-Mar-2025

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/Risk Approach	Current Risk score change indicator
CR33 Major Capital Schemes 14-Feb-2020 Caroline Al-Beyerty	<p>Cause: The City Corporation has set itself the ambition to deliver at least three landmark multi-million pound capital schemes over the next decade (currently programmed to complete 2028).</p> <p>Event: there is insufficient technical and professional capability and resource to effectively deliver the schemes.</p> <p>Effects:</p> <ul style="list-style-type: none"> • Schemes not delivered on time • Inability of the organisation to move at the required pace • Potential for increased capital costs as a result of delayed decision making • Reputational impact on the Corporation vis a vis key stakeholder across London and UK Govt. • Potential revenue impact of delayed delivery to services affected (e.g. Markets, Museum of London Grant, City of London Police) • failure to deliver on corporate outcomes 	<p>Liability</p> <p>Impact</p>	12	<p>The project governance review has recommended a move to a portfolio management model which will more effectively manage the prioritisation of projects aligned to strategic objectives and the allocation of resources to enable successful delivery.</p> <p>Work continues on procuring a new project management system that will enable effective portfolio financial management and investment decisions</p> <p>Monthly monitoring of cashflow forecasting continues and is reported to relevant committees and the Chamberlain's Assurance Board.</p> <p>The new project procedure is currently being drafted and proposals tested. The final draft is due to be approved by Q4 24/25.</p>	<p>Liability</p> <p>Impact</p>	8	31-Mar-2029	
							Reduce	

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR33h	Implement a new project governance approach	The Town Clerk's portfolio board commenced in November 2023.	Genine Whitehorn	02-Sep-2024	30-Sep-2024

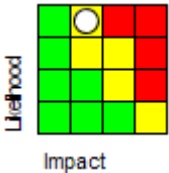
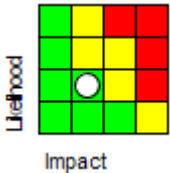

		<p>A portfolio overview report approved by Projects and Procurement sub-committee, with one-off funding approved by CoCo on 7 March, further work underway to identify permanent funding source.</p> <p>A drafted project procedure and guidance is currently being reviewed by the project governance working group.</p>			
CR33j	Refresh the Project Management Academy	<p>Discussions are being held with previous provider, looking at refreshing learning content.</p> <p>Recruitment to project roles within the Project centre of excellence is underway.</p>	Matthew Miles	02-Sep-2024	30-Nov-2024
CR33k	Procure and implement a new project management system	A procurement exercise and route to market is being utilised to procure the new project management system.	Matthew Miles	02-Sep-2024	30-Sep-2024
CR33l	Monitor the high-level cashflow/forecast monthly	<p>The Investment Management Monthly Meeting has been established.</p> <p>The Chamberlain's Assurance Board has also been established to review the financial dashboards and forecasts for the Major Programmes, with updates provided to the Portfolio Board.</p>	Sonia Virdee	02-Sep-2024	31-Mar-2029
CR33m	Secure Third-Party Funding	Report being bought back by officers in the Autumn.	Sonia Virdee; Paul Wilkinson	03-Jul-2024	31-Oct-2024
CR33n	Provide regular Member updates	A project update report has been prepared Finance Committee, City Bridge Foundation Board and Policy & Resources Committee on a regular basis. This will continue throughout the lifespan of the Major Programmes.	Sonia Virdee; Genine Whitehorse	02-Sep-2024	31-Mar-2029

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/Risk Approach	Current Risk score change indicator
CR35 Unsustainable Medium Term Finances - City Fund	<p>Causes: Persistent high inflation, as reported and forecast by the Office for Budget Responsibility. Aging estate crystallising high levels of expenditure over short time period, putting pressure on Reserves. Reduction in rental income from the property investment portfolio to support Major Projects programmes. Anticipated reductions in public sector funding (local government and Police), escalating demands (both revenue and capital), and an ambitious program for major project delivery pose a threat to sustaining the Square Mile's vibrancy and growth. The Police Transform program fails to achieve anticipated budget mitigations outlined in the MTFP.</p> <p>Event: The failure to manage financial pressures within the fiscal year and achieve sustainable savings as planned, or to boost income generation to address the Corporation's projected medium-term financial deficit.</p> <p>Effect: Inability to establish a balanced budget, which is a statutory requirement for the City Fund. The City of London Corporation's reputation could suffer due to failure to meet financial objectives or the necessity to curtail services provided to businesses and the community. Challenges in executing the capital program and major projects within affordable limits.</p>	 <p style="text-align: center;">Likelihood Impact</p>	12	<p>Inflation rates to be monitored quarterly and an inflation contingency to be maintained in 2024/25 through carried forward from 2023/24 underspends.</p> <p>Pressures on adult social care, children services, security and policing addressed through increase in taxes and business rates premium.</p> <p>Other on-going pressures totalling £3.2m, plus net 3% inflation uplift approved in 2024/25 budgets.</p> <p>The medium-term financial plan includes cyclical works programme to cover bow-wave of outstanding works and provision for works going forward, totalling £62.7m.</p> <p>Funding strategy identifies where best to bring third party capital into surplus operational property opportunities, reducing demand on own Reserves.</p> <p>Quarterly monitoring of capital programme against budgets.</p> <p>Developing income generation opportunities.</p> <p>Renewed approach to transformation underpinned by a clear communication plan to Members.</p>	 <p style="text-align: center;">Likelihood Impact</p>	8	31-Mar-2026	

19-Jun-2020 Caroline Al-Beyerty				02 Sep 2024			Reduce	Constant
------------------------------------	--	--	--	-------------	--	--	--------	----------

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR35a	Monitoring the impact of inflationary pressures (including pressures on energy costs) and construction inflation impacts on capex programme • Use of inflation contingency	<ul style="list-style-type: none"> Regular monitoring the office of budget responsibility's inflation forecasts, the Consumer Prices Index (CPI) rose by 2.2% in the 12 months to July 2024, up from 2.0% in June 2024. Identify areas that are forecasting to exceed budget envelope due to inflation increases. 	Sonia Virdee	02-Sep-2024	31-Mar-2026
CR35c	Remain within the financial envelopes approved for major projects.	<p>Monthly update on major projects forecasts and issues arising.</p> <p>Major projects are presented monthly to the Chamberlain's Assurance Board with an update to the Portfolio Board chaired by the Town Clerk/Chief Executive.</p> <p>Regular reporting to Capital Buildings Board, Finance Committee, and Policy and Resources Committee.</p>	Sonia Virdee	02-Sep-2024	31-Mar-2029
CR35f	Delivering the current savings programme and securing permanent year-on-year savings (including Police Authority) • Develop income generation opportunities	<p>Court of Common Council approved reprofiling of remaining fundamental review savings, to allow sufficient time to embed these through income generation opportunities.</p> <p>Ensure income generation schemes are sustainable and on-going opportunities are explored, these include but not limited to Lord Mayor Show and events across the Corporation, Advertising and sponsorship, Filming inside and outside the square mile, Retail opportunities and Fees and Charges. ; Remaining £0.4m unidentified savings from the 12% savings programme is being worked on and expected to be delivered during 2024/25.</p> <p>Pressures and mitigations are being recorded at a more granular level to improve the tracking and reporting on savings during the year, this information will be incorporated into the budget monitoring reports from Autumn 24 onwards to help inform Members of key risks and progress.</p> <p>Savings programmes/initiatives are being considered as work commences on budget setting for the 2025/26 year.</p>	Alistair Cook; Sonia Virdee; Genine Whitehorse	02-Sep-2024	31-Mar-2026

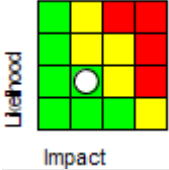
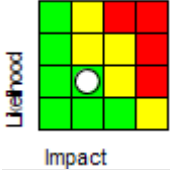

CR35p	Plans in place to reduce future deficits.	<p>The medium-term financial plan is only balanced over the next four years with the use of general fund reserves and further savings and/or revenue raising by increasing Council Tax and Business Rate Premium. City Fund moves into deficit position from 2026/27 onwards. However, with the change of Government it is now expected that the business rates reset will come later than expected in the existing MTFP. As such the current MTFP will be updated as part of the 25/26 budget process.</p> <p>Whilst some positives may come from the 25/26 budget setting process, this does not address future deficits, previously the business rate growth had been kept separate to fund the major projects and not relied on to balance the in-year position, due to increases in inflation and reductions in property income forecasts this is no longer possible. Radical decisions are now needed on how best to bring down the annual operating deficit, over and above those already identified (income generation, operational property review, investment property review), including major changes or stoppages to existing services provision and/or reduction in grants. This will require a renewed approach to transformation underpin by a clear communication plan to all members, so they are aware of the challenges ahead.</p>	Sonia Virdee; Genine Whitehorn e	02-Sep-2024	31-Mar-2026
-------	---	--	--	-------------	-------------

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/Risk Approach	Current Risk score change indicator
CHB 003 Inconsistent application of the internal control environment 28-Feb-2024 Caroline Al-Beyerty	<p>Cause: Inconsistent application of internal controls across the City of London Corporation, including but not limited to:</p> <ul style="list-style-type: none"> • Failure of staff management to adhere to financial and procurement regulations, leading to: • Poor Purchase Order Compliance • Inefficient budget management <p>• Delays in setting up Project Codes due to governance</p> <p>• Ineffective contract and supplier management</p> <p>• Lack of management oversight of purchasing activities</p> <p>• Misinterpretation and inconsistent understanding of financial and procurement regulations</p> <p>• Inconsistent guidance from subject matter experts</p> <p>• Complex procedures driving officers towards using workarounds</p> <p>Event:</p> <ul style="list-style-type: none"> • Increase in transactional errors • Decrease in payment performance • Impact on cashflow management and accuracy of forecasting • Heightened demand for customised approvals and urgent decisions • Diminished strategic challenge capacity • Disrupted delivery of Business as Usual (BAU) operations <p>Effect:</p> <ul style="list-style-type: none"> • Failure to achieve value for money • Negative internal and external audit opinions 		8	<p>Materialising in various ways, indications are emerging of the inconsistent implementation of internal controls throughout the Corporation.</p> <p>The financial leadership group, consisting of finance representatives from across the corporation and its institutions, has been appointed to mitigate the risk of inconsistent application of the internal control environment by working with business customers.</p> <p>A number of mitigations have been identified to improve compliance and overall benefits of controls. FLG have been instructed to provide a list and evidence of further in-place actions to be added to the action list below.</p> <p>A significant emphasis is placed on user training and understanding to ensure effective adherence to internal spending and purchasing controls.</p> <p>This risk takes precedence as additional occurrences will adversely affect the ability to achieve a balanced medium-term financial plan.</p> <p>03 Jul 2024</p>		4	31-Dec-2024	
							Reduce	Constant

• Detrimental effects on supplier partnerships and commercial appeal to the market						
--	--	--	--	--	--	--

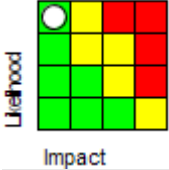
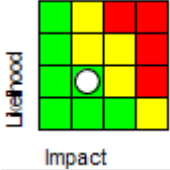

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB003a	Implementing mandatory system training and periodic refresher courses for all users.	New starters onboarded will include system training before login is authorised. Non-compliant users, are to repeat the training course. A budget management academy is being developed to educate budget managers on best practice.	Daniel Peattie	02-Sep-2024	31-Dec-2024
CHB003b	Design and maintain a comprehensive Chamberlain's Integrated Financial Performance Dashboard, seamlessly linking procurement and financial data.	Discussions are being held at the monthly finance leadership group on best practice and accountability. A draft dashboard will be presented to the group in the Autumn. Users continue to receive regular detailed reports on PO compliance. Reviewing reports and adding trends to the dashboard. These reports will encourage accountability at the right level.	Leah Woodlock	02-Sep-2024	31-Oct-2024
CHB003c	Review gateway process and project budget code creation.	Considered as part of project governance review. Discussions have commenced how to capture committee approvals of capital projects to create efficiencies within the process.	Genine Whitehorse	02-Sep-2024	30-Sep-2024
CHB003e	Review of procurement regulations and are explicit around requirements	Ensuring that our processes are sufficiently streamlined reducing the need for workarounds/waivers. A strategic review has commenced and findings and recommendations are expected to be presented to the Projects and Procurement Sub Committee in the Autumn. A working group has been established to understand and embed the new procurement act into our processes and procedures.	Genine Whitehorse	02-Sep-2024	30-Sep-2024
CHB003f	Increase the number of internal audits conducted of processes, regulations and compliance	There is a need for additional resource to conduct and deliver the additional scrutiny on processes and compliance. An audit plan is being developed supported by recruitment to vacant posts.	Matt Lock	02-Sep-2024	31-Dec-2024

CHB003h	Escalation and enforcement of non-compliance activities	<p>Performance issues to be reported and dealt with by line manager, Financial Services Director and Commercial Director.</p> <p>Further non-compliance to be escalated to the Chamberlain.</p> <p>Monthly reviews are taking place at Financial Leadership Group to highlight any areas of concern.</p>	Sonia Virdee; Genine Whitehorn e	03-Jul-2024	31-Dec-2024

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/Risk Approach	Current Risk score change indicator
CHB 001 Chamberlain's department transformation and knowledge transfer Page 42 12-Nov-2021 Caroline Al-Beyerty	<p>Cause: The TOM changes are insufficient or implementation of radical change fails. The impact of the flexible retirement scheme has been taken up by many long term colleagues leaving the corporation in March 2022. The TOM is also creating anxiety which in turn could cause colleagues to find roles elsewhere.</p> <p>Event: Culture change is insufficient. Corporate memory is lost. The Chamberlain's Department is not fit for the future.</p> <p>Effect: Chamberlain's Department fails to deliver its objectives.</p>		4	<p>There are currently extensive vacancies within the commercial, change and portfolio delivery team – a recruitment campaign to fill 13 new roles in the new structure was undertaken over the summer. The campaign successfully recruited into key vacant post and senior positions.</p> <p>The Learning and Engagement Board continues to support and develop staff. A skills matrix assessment has been commissioned for Finance Staff, this is being piloted with the Financial Shared Services team, with the plan to extend to all finance teams within Chamberlain's department.</p> <p>A learning programme is being established for Commercial team members to prepare for the implementation of the procurement act.</p>		4	31-Mar-2025	 Constant
							Reduce	

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB001b	Colleagues are provided with the training they need to fulfil their role.	A CIPFA skills matrix review is underway to independently analyse strengths and areas for improvement for Chamberlain's staff. This is being trialled in June with staff working across Financial Shared Services teams.		03-Jul-2024	31-Mar-2025

		<p>Key workstreams for the board have been identified and are currently being progressed.</p> <p>A programme of learning events has been developed Training sessions have been delivered on AP, particularly around the PO process. A Lunchtime learning session has also been delivered on Excel which was well attended and was well received. A further session is being arranged on the use of Sharepoint.</p> <p>Separate to the above, the Financial Services Division have carried out training sessions to support staffs continued professional development; these sessions have been mandated to support staff with upskilling through the year end close-down process. Training sessions will be programmed into annual forward plans to ensure continued development. In addition, succession planning is now being reviewed to support skill shortages within capital, supported by excellent interim support. Alongside the above the FSD are also launching their Financial Improvement and Transformation strategy (FIT). This links to the Corporate Plan and People Strategy. One of the goals is to imbed best practice and transformation across the organisation.</p>			
CHB001g	Onboarding and training of new staff	<p>An induction programme is being drafted for new starters in the CCPD team.</p> <p>Components will be rolled out across the team where applicable.</p>	Leah Woodlock	02-Sep-2024	30-Sep-2024

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/Risk Approach	Current Risk score change indicator
CHB004 Casual Staff Pensions Entitlement/Enrolments 10-Apr-2024 Caroline Al-Beyerty	Cause: <ul style="list-style-type: none"> Failure to advise casual staff of their entitlement for enrolment in the Pension Scheme. Removal of mechanism in place (issuing of a postponement notice) for every period worked Varying HR processes across the Corporation and its institutions. Event: <ul style="list-style-type: none"> Casual Workers not enrolled into the pension scheme or advised of their eligibility. Postponement notices are not in place to meet Auto Enrolment Obligations (as per the Pensions Regulator). Non-compliance with the pension regulations. Effect: <ul style="list-style-type: none"> Entitlement of enrolment and contributions for current and previous casual employees over the impacted period. Adverse press and increased negative reputation as an employer. Sanction handed down by the Pensions Regulator (this may be a financial penalty) 		4	A Chief Officer working group has been established and continues to meet regularly to ensure progress. The Chamberlain has determined, following consultation with the Comptroller and City Solicitor, that the failure to advise casual staff of their entitlement to join the Local Government Pension Scheme is a breach of the Pensions Regulations. The Chamberlain has written to the Pensions Regulator outlining the employer's proposals for remediation. The Pensions Regulator is satisfied with the remediation approach. The remediation approach has been communicated to casual staff. Take up to join the LGPS has been limited so far.		4	31-Dec-2024	 Decreasing
							Reduce	

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB 004c	Set up a working group and meet regularly to resolve the issues arising.	Working group meets regularly to monitor take up of the remediation approach.		03-Jul-2024	30-Sep-2024

Appendix 1 - Recharges included within this review

The following areas have been considered as part of this review:

Admin Buildings i.e. Occupation and usage of the Guildhall Complex,

Walbrook Wharf i.e. Occupation and usage of Walbrook Wharf office space,

Surveyor's Staff i.e. Surveyor's staff time directly attributable to specific projects,

Digital & IT Services; the provision and maintenance of IT services and digital platforms,

City Procurement; Procurement and Contract Management,

Support Services – made up of several areas including:

- **Chamberlains Department**; Comprising Financial Services Division, Internal Audit, Treasury, VAT and Appraisals, Insurance, Cashiers, Oracle Team, Capital Team, Revenue Collection, Accounts Payable and Receivable, and Payroll, and Project Governance,
- **Town Clerk's Department**; Members/Committee services, Corporate Services and Health & Safety
- **City People Officer**; Human Resources
- **Chief Strategy Officer**; Equality, Diversity and Inclusion
- **Exec Director of Communications**; Communications and external affairs
- **Comptroller and City Solicitor**; Legal service not allocated directly.
- **City Surveyors Department**; cost of services not directly allocated, or project related.

This page is intentionally left blank

Appendix 2 – Summary of options for processing recharges

Option Description	Advantages	Disadvantages
<p>Option 1 - Quarterly recharge of approved Budget</p> <ul style="list-style-type: none"> • Application of revised apportionment methodology, to approved Budget • Posted quarterly to smooth the cashflow impact • No further adjustment would be made for differences arising from over or underspends • Variances would be retained within the Finance Committee budget line. 	<ul style="list-style-type: none"> • Simplifies year end process • Gives certainty to Institutions • Aids cash flow and removes need for 'estimated' cash at year end • Excludes Carry Forwards and Contingency allocations being charged to Institutions • Automated journals to save manual input, can be done monthly or quarterly 	<ul style="list-style-type: none"> • Does not reflect 'true' cost of service provided • Heavy reliance on Original Budgets being accurate early in the budget setting cycle
<p>Option 2 - Approved Budget + Adjustment to actual</p> <ul style="list-style-type: none"> • As above for option 1, but with an additional charge/credit in Q1 for the difference between Budget/Actuals • Posted quarterly to smooth the cashflow impact 	<ul style="list-style-type: none"> • Gives Actual charge gives true cost of service being allocated • Improved cash flow as actual posted quarterly 	<ul style="list-style-type: none"> • Uncertainty for institutions of costs being allocated in the following year • Would require more work in analysing outturn on a quarterly basis rather than once at year end
<p>Option 3 - Q3 Forecast + adjustment for actuals</p> <ul style="list-style-type: none"> • Application of revised apportionment methodology to Q3 forecast, • Posted in p11 • Difference between forecast and actual to be posted in Q1 	<ul style="list-style-type: none"> • Can be done ahead of final accounts work 	<ul style="list-style-type: none"> • Difficult to estimate 4th Quarter spend • Could lead to large variations being posted in following year • Uncertainty for Institutions • High reliance on monitoring

Option Description	Advantages	Disadvantages
<p>Option 4 - Flat % applied to all GA budgets</p> <ul style="list-style-type: none"> • Recharge review provides a weighted average % by area • Application of this fixed % to any of Options 1 – 3 (Budget only, Budget with actual adjustment, Q3 forecast) • % would be reviewed every 3 to 5 years 	<ul style="list-style-type: none"> • Simplify estimate preparation • Simplify posting of actuals, whether based on budget or true cost • Works for static recharge as little movement in basis, i.e. Guildhall Complex • Works well if using individual recharge services 	<ul style="list-style-type: none"> • Does not work where basis of charge is variable, i.e. Staff costs based on time spent on projects • Would not necessarily reduce workload at year end • Any significant change to any individual recharge could have a large impact on all percentages • Oversimplifies numerous operational variables

By virtue of paragraph(s) 3, 4 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3, 4 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3, 4 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank