



## Audit and Risk Management Committee

**Date:** TUESDAY, 4 MARCH 2014

**Time:** 1.45pm

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

**Members:** Alderman Nick Anstee  
Nigel Challis  
Revd Dr Martin Dudley  
Jamie Ingham Clark  
Oliver Lodge  
Alderman Ian Luder  
Jeremy Simons  
Hilary Daniels (External Member)  
Kenneth Ludlam (External Member)  
Caroline Mawhood (External Member)  
Roger Chadwick (Ex-Officio Member)  
Jeremy Mayhew (Ex-Officio Member)  
Hugh Morris (Ex-Officio Member)

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Lunch will be served in the Guildhall Club 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 28 January 2014  

**For Decision**  
(Pages 1 - 10)
4. **OUTSTANDING ACTIONS OF THE COMMITTEE**  
Report of the Town Clerk  

**For Information**  
(Pages 11 - 12)
5. **NEW STRATEGIC RISK SR17 - SAFEGUARDING**  
Report of the Director of Community and Children's Services  

**For Decision**  
(Pages 13 - 24)
6. **STRATEGIC RISK 11 - FAILURE OF ANY DAMS UNDER THE OWNERSHIP OR MANAGEMENT OF THE CITY OF LONDON CORPORATION: HAMPSTEAD HEATH HYDROLOGY; HIGHAMS PARK LAKE**  
Joint report of the City Surveyor and the Director of Open Spaces  

**For Information**  
(Pages 25 - 46)
7. **RISK MANAGEMENT UPDATE**  
Report of the Chamberlain  

**For Decision**  
(Pages 47 - 78)
8. **2014/15 INTERNAL AUDIT PLANNING**  
Report of the Chamberlain  

**For Decision**  
(Pages 79 - 98)
9. **INTERNAL AUDIT UPDATE REPORT**  
Report of the Chamberlain  

**For Information**  
(Pages 99 - 114)

10. **INTERNAL AUDIT RECOMMENDATIONS FOLLOW UP REPORT**  
Report of the Chamberlain  

**For Information**  
(Pages 115 - 126)
11. **INVESTIGATION UPDATE REPORT**  
Report of the Chamberlain  

**For Information**  
(Pages 127 - 136)
12. **ANNUAL LETTER FROM DELOITTE ON THE CERTIFICATION OF GRANTS CLAIMS**  
Report of the External Auditors  

**For Information**  
(Pages 137 - 144)
13. **ANNUAL GOVERNANCE STATEMENT - METHODOLOGY**  
Joint report of the Town Clerk and the Chamberlain  

**For Decision**  
(Pages 145 - 162)
14. **OFFICER SCHEME OF DELEGATION**  
Report of the Town Clerk  

**For Decision**  
(Pages 163 - 230)
15. **COMMITTEE WORK PROGRAMME**  
Report of the Town Clerk  

**For Decision**  
(Pages 231 - 232)
16. **POSITION OF THE DEPUTY CHAIRMAN AND OTHER CONSTITUTIONAL ISSUES**  
Report of the Town Clerk  

**For Decision**  
(Pages 233 - 236)
17. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
18. **ANY OTHER BUSINESS WHICH THE CHAIRMAN CONSIDERS URGENT**
19. **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.

## Part 2 - Non-Public Agenda

20. **STRATEGIC RISK 11 - FAILURE OF ANY DAMS UNDER THE OWNERSHIP OR MANAGEMENT OF THE CITY OF LONDON CORPORATION: HAMPSTEAD HEATH HYDROLOGY; HIGHAMS PARK LAKE**  
Joint report of the City Surveyor and the Director of Open Spaces  
**For Information**  
(Pages 237 - 248)
21. **EAGLE POND RESERVOIR**  
City Surveyor and Director of Open Spaces – *Members are asked please to consider this paper in conjunction with agenda items 6 and 20 - Strategic Risk 11*  
**For Decision**  
(Pages 249 - 254)
22. **PROJECT BE- TRANSFER OF ASSETS**  
Report of the Chamberlain and the Comptroller and City Solicitor  
**For Information**  
(Pages 255 - 272)
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**

# Agenda Item 3

## AUDIT AND RISK MANAGEMENT COMMITTEE

Tuesday, 28 January 2014

Minutes of the meeting of the Audit and Risk Management Committee held at Guildhall on Tuesday, 28 January 2014 at 1.45pm

### Present

#### Members:

Alderman Nick Anstee	Hilary Daniels (External Member)
Nigel Challis	Kenneth Ludlam (External Member)
Jamie Ingham Clark	Caroline Mawhood (External Member)
Jeremy Mayhew	Roger Chadwick (Ex-Officio Member)
Oliver Lodge	
Alderman Ian Luder (In the Chair)	
Jeremy Simons	

#### In Attendance:

Deputy Michael Welbank (Chairman of the Planning and Transportation Committee)

#### Officers:

Chris Bilsland	- Chamberlain
Caroline Al-Beyerty	- Chamberlain's Department
Suzanne Jones	- Chamberlain's Department
Paul Nagle	- Chamberlain's Department
Sabir Ali	- Chamberlain's Department
Simon Murrells	- Assistant Town Clerk
Neil Davies	- Town Clerk's Department
Julie Mayer	- Town Clerk's Department
Michael Cogher	- Comptroller and City Solicitor
Paul Beckett	- Department of the Built Environment
Nick Bennett	- Moore Stephens
Heather Bygrave	- Deloitte
Angus Fish	- Deloitte

It was proposed by Roger Chadwick, seconded by Jeremy Simons and agreed that Alderman Ian Luder take the Chair.

Before commencing the business on the agenda, members stood in silence to remember Robin Eve, who had recently passed away. Mr Eve had served on the Audit and Risk Management Committee since its inception in 2011 and on the Court of Common Council since 1994.

### 1. APOLOGIES

Apologies were received from Dr Martin Dudley and Hugh Morris.

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

There were no declarations.

3. **TO ELECT A CHAIRMAN IN ACCORDANCE WITH STANDING ORDER 29**

The Committee proceeded to elect a Chairman in accordance with Standing Order No 29. The Town Clerk read the list of members eligible to stand and Alderman Nick Anstee, being the only member willing to serve, was duly elected Chairman for the remainder of the ensuing year and took the Chair.

4. **TO ELECT A DEPUTY CHAIRMAN IN ACCORDANCE WITH STANDING ORDER 30**

The Committee proceeded to elect a Deputy Chairman in accordance with Standing Order No 30. Mr Nigel Challis and Mr Ingham expressed a willingness to serve and, following a ballot of 4/3, Mr Challis was duly elected Deputy Chairman for the remainder of the ensuing year.

**LATE CHAIRMAN VOTE OF THANKS:**

**RESOLVED UNANIMOUSLY –**

**THAT**, the members of the Audit and Risk Management Committee wish to record their sincere thanks to

**JEREMY PAUL MAYHEW**

for his excellent work as their Chairman.

As Chairman, he has been deeply committed to ensuring that the City has the highest standards of integrity, transparency and accountability.

During his term of office, as the Committee's first Chairman, he has developed the governance and content of meetings and challenged those areas which required more explanation and action.

He has overseen the appointment of three external members to the Committee; ensuring that the City receives the highest calibre of external scrutiny and, under his chairmanship, the Committee piloted the first independent audit appointment panel; appointing Moore Stephens to the Corporation's non-local authority functions.

He has been supportive of the Head of Audit and Risk Management in promoting the independence of the internal audit function; positioning it at the core of the City's risk, governance and control arrangements. As a result, Internal Audit have been fully supported in increasing the visibility and impact of their work and have improved the timeliness with which senior management responds to audit reports and implements agreed recommendations.

He has also encouraged a wider understanding of the City's strategic risks and championed the improvements in the City's Risk Management arrangements.

Under his Chairmanship, he facilitated the debate on strengthening the accounting standards applied to City's Cash, which resulted in them being prepared under UK Generally Accepted Accountancy Practice (UK GAAP) and the full set of accounts being published.

In thanking him for his enthusiasm, commitment and supportive approach to the City's finance, audit, risk and governance functions, his colleagues hope that his services to the City of London Corporation will long continue and wish him well for the future.

## 5. **MINUTES OF THE PREVIOUS MEETING**

**RESOLVED, that:** the minutes and non-public summary of the meeting held on 11 December 2013 be approved as a correct record, subject to an amendment under 'Declarations of Interests'. Members noted that Mr Ingham Clark was not a member of the Guildhall Club Committee.

## 6. **OUTSTANDING ACTIONS OF THE COMMITTEE**

Members received a report of the Town Clerk and noted those items which would be discharged on today's agenda and updates to some existing ones.

In respect of the emerging Strategic Risks for the Oracle and Agilisys upgrades, the Chamberlain was heard and advised members as follows:

- This project was typically an 'opportunity risk' and would move onto the Strategic Risk Register, if appropriate.
- The Information System Sub Committee had formed a reference group to oversee the governance arrangements supporting the Agilisys contract.
- The Data Centre had moved to a more secure location.
- Oracle's functionality would be fully exploited in order to recoup the capital investment.
- Many organisations were looking at shared services and the City was working with Westminster. Members noted that there was a 'One Oracle' project being led by London Councils.

### **RESOLVED, that:**

1. The following items be discharged from the Outstanding Actions list:

- The Risk Management Improvement Plan
- Emerging Strategic Risks – Agilisys and Oracle upgrades
- Cash Handling and Banking Audit, which had been minuted in the confidential part of this agenda and added to the work plan for a further review in November 2014.
- Internal Audit Satisfaction Review

- Anti-fraud on-line training course, which was subject to an update report on this agenda and would receive a further review in January 2015.
2. The following updates be made to the Outstanding Actions list:
- **International Centre for Financial Regulation**  
Members noted that an individual had been charged and the Committee would receive an update on the outcome of the Court Hearing. In response to questions about due diligence, the Chamberlain confirmed that this was undertaken on all policy and financial contributions, including charitable donations and the City was particularly aware of reputational risk. Members noted that the arresting officer had concluded that none of the foundation partners could have foreseen the fraud.
  - **Peer Review**  
This had been scheduled for the last week of February, to be conducted by the Head of Audit and Risk Management of Croydon Council. The outcome would be reported to the Committee in May 2014.

7. **STRATEGIC RISK REVIEW (SR4) - PLANNING POLICY**

The Committee considered a report of the City Planning Officer, setting out Strategic Risk 4, in respect of Planning Policy. The Chairman welcomed the Chairman of the Planning and Transportation Committee. The Chairman (of the Audit and Risk Management Committee) felt that the risk was being managed well and this was endorsed by the Chairman of the Planning and Transportation Committee, who saw no reason to change the current risk level.

RECEIVED

8. **STRATEGIC RISK REVIEW (SR5) - FLOODING IN THE CITY**

The Committee considered a report of the Director of the Built Environment, setting out Strategic Risk 5, in respect of Planning in the City. During the discussion the following items were raised/noted:

- All planning applications for at risk locations were required to be accompanied by a site-specific flood risk assessment. Existing premises were made aware of the risk, and the measures to improve flood resistance and resilience, by the Corporation's Contingency Planning Group.
- The Draft Local Flood Risk Management Strategy would soon be presented to the Planning and Transportation Committee, before being subject to public consultation. It was likely to be refined and adopted later in 2014.
- Regarding surface water flooding risk in the Fleet Valley and behind the Thames river walls; the Director explained that engineering solutions, such as major new drainage pipes or storage tanks, were either impractical, in such a constrained location, or not cost effective and were



therefore not supported by the Environment Agency. Instead, greater use would be made of sustainable drainage designs, combined with greater emphasis on flood resistance and resilience measures for occupiers at risk. Members felt that engineering solutions should be investigated further and that the effect of the overtopping of the dams at Hampstead Heath should also be considered. The Chairman of the Planning and Transportation Committee acknowledged this request.

**RESOLVED, that:**

1. That engineering solutions, as outlined above, be investigated further by the Planning and Transportation Committee, along with the effect of the overtopping of the dams at Hampstead Heath.
2. That the outcome be reported back to Audit and Risk Management Committee.

**9. RISK MANAGEMENT UPDATE - RISK REGISTER**

The Committee considered a report of the Chamberlain, which provided an update on the Strategic Risk Register and the progress to date on the Risk Management Improvement Plan, which now incorporated the recommendations from the independent review. Members noted that they would soon see evidence of a more sophisticated approach to risk reporting. Officers advised that there had been no significant movement on the Strategic Risk Register since the last meeting of the Committee.

During the discussion, the following matters were raised/noted:

- In respect of SR3 - Financial Stability, a member suggested that this should go to 'green' once the savings had actually been delivered. The Financial Services Director advised that she would report back to the Committee if she had any concerns about this risk.
- City of London Procurement Services was being managed satisfactorily on the Chamberlain's Risk Register.
- The Improvement Plan would be fully implemented by the end of the 2014/15 Financial Year.

RECEIVED

**10. FRAUD AWARENESS TRAINING - UPDATE REPORT**

The Committee considered a report of the Chamberlain, which provided an update on the status of completion of the Fraud Awareness on-line training course. At the Audit and Risk Management Committee on 11th December 2013, members agreed that they expected completion of the Fraud Awareness training, by each Department, to exceed 90% by Friday 17th January 2014. The Chairman insisted that those Chief Officers, who had not achieved at least 90% completion, would

be expected to attend the Audit & Risk Management Committee meeting on 28th January 2014 to explain why.

The Chamberlain advised that he had escalated the areas of non-compliance to the Chief Officers and compliance was now above 90%. The small areas of non-compliance were being closely monitored, to ensure that all those in high risk positions had been targeted. However, members noted that there might always be some legitimate reasons for non-compliance.

**RESOLVED, that:**

The Committee receive an update on Fraud Awareness Training in January 2015, in order to capture the effectiveness of including new members of staff, follow-ups and officers returning to work after maternity/paternity leave.

**11. INTERNAL AUDIT CUSTOMER SATISFACTION REVIEW**

The Committee considered a report of the Chamberlain, which provided an update on the internal audit satisfaction review reported to the September 2013 Audit and Risk Management Committee. Members noted that there had been further Chief Officer engagement meetings during December 2013 and January 2014. Over the last two months, structured customer interviews, led by the Business Support Director had been held with four more Chief Officers and one senior manager. The feedback from Chief Officers and senior managers continued to be positive.

During the discussion the following matters were raised/noted:

- A sufficient number of audits must take place before the Head of Internal Audit could give his annual opinion. Provision of advice and guidance to departments would be managed so that Internal Audit's ability to provide an independent assurance was not compromised. The Head of Internal Audit and Risk Management advised members that his staffing resources were stable for the next 3-4 months.
- Departments must fully utilise their own resources in implementing changes to systems and processes and not be dependent on the Internal Audit Team on any advisory role.
- Participation in the survey had not been delegated to less senior managers.
- The review of the '*green, amber and red*' definitions would involve engagement with Chief Officers, the new Chamberlain and Committee Members.

RECEIVED

**12. CITY OF LONDON CORPORATION - CITY FUND - PLANNING REPORT TO THE AUDIT AND RISK MANAGEMENT COMMITTEE**

The Committee considered the External Auditor's Annual Plan for City Fund. The Financial Services Director had met with both sets of auditors and highlighted the following three risks:

- 1) Transfer of Assets: Project BE.
- 2) Pensions liability on balance sheets was difficult to disaggregate. An estimate would be made, if possible.
- 3) Crossrail (i.e. £200m from City Fund and £50m City's Cash), which was still under negotiation.

The Director also confirmed that she was satisfied with the fees estimate but they were still to be finalised.

RECEIVED

**13. CITY OF LONDON CORPORATION – PENSION SCHEME – PLANNING REPORT TO THE AUDIT AND RISK MANAGEMENT COMMITTEE**

The Committee received the External Auditor's Annual Plan for the Pension Scheme. The External Auditor was invited to comment and advised that disclosures were not monetary adjustments.

RECEIVED

**14. BRIDGE HOUSE ESTATES, CITY'S CASH, CITY'S CASH TRUSTS, THE CORPORATION'S SUNDRY TRUSTS AND OTHER ACCOUNTS**

The Committee considered the External Auditor's Annual Plan for City's Cash. The External Auditor for City's Cash had nothing further to add and both sets of Auditors confirmed that they would be working together, when appropriate.

**RESOLVED, that:**

The Comptroller and City Solicitor's report, on role of CoLC as Trustees of Bridge House Estates, be presented to the next meeting of the Audit and Risk Management Committee for further debate.

**15. DECISIONS TAKEN UNDER DELEGATED AUTHORITY**

The committee considered a report of the Town Clerk setting out the decisions taken under delegated authority since the last meeting, as follows:

**External Members**

The Committee received a report of the Town Clerk and noted an action taken under delegated authority since the last meeting of the Committee. At the meeting on 11 December 2013, members agreed that the terms of the External Members' re-appointments be staggered to 3 and 4 years, with final agreement delegated to the Town Clerk, in consultation with the Chairman and Deputy Chairman of the Audit and Risk Management Committee. Subsequent to the

meeting, the Chairman contacted both members and they agreed that Caroline Mawhood would be appointed for 4 years and Kenneth Ludlam for 3 years.

Further to the formal approval of their re-appointments at the Court of Common Council on 16 January 2013, the Chairman welcomed the Ms Mawhood and Mr Ludlam for their further terms.

RECEIVED

**16. COMMITTEE WORK PROGRAMME**

Members considered a report of the Town Clerk, setting out the Committee's work programme for the following year and noted the additions since the last meeting, which were shown in italics.

In response to questions, members noted that the Committee Effectiveness Review would be based on a repeat of the questionnaire to Members, but the wording would be reviewed in light of the recently updated: (a) practical guidance from CIPFA on Audit Committees; and (b) Audit and Risk Assurance Committee Handbook from HM Treasury. Some questions would remain the same in order to build up a trend analysis.

**RESOLVED, that:**

The Committee Effectiveness Review include the experiences of Chairmen who had attended the Audit and Risk Management Committee, when their Strategic Risks had been presented.

**17. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

There were no questions

**18. ANY OTHER BUSINESS WHICH THE CHAIRMAN CONSIDERS URGENT**

There were no items of urgent business

**19. 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 the Schedule 12A of the Local Government Act.

**Item 19, 20  
Item 23**

**Paras 1 & 2  
Paras 1 & 2**

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

**RESOLVED, that:** the non-public minutes of the meeting held on 11 December 2013 be approved.

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

There were no questions

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

There were no items of urgent business

**23. CONFIDENTIAL MINUTES OF THE PREVIOUS MINUTES**

**RESOLVED, that:** the confidential minutes of the meeting held on 11 December 2013 be approved.

Matter arising

Members noted that, in respect of the Fraud Investigation, the Police had referred the case to the CPS.

**The meeting ended at 3.40pm**

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Chairman

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## AUDIT AND RISK MANAGEMENT COMMITTEE - Outstanding Actions

Item	Action	Officer responsible	Progress updates/target
<b>Internal Audit Recommendations follow-up report</b>	<p>Deputy Town Clerk agreed that the timely implementation of Internal Audit recommendations would be included in Chief Officer appraisals.</p> <ol style="list-style-type: none"> <li>1. For Chief Officer Appraisals, held in April/May each year, the Corporate Performance and Development Team will gather information from Internal Audit relating to the whole of the financial year being reviewed, and provide that to the Town Clerk.</li> <li>2. The Corporate Performance and Development Team also contact Internal Audit prior to every Chief Officer Performance Improvement Meeting (with the Deputy Town Clerk) to gather the most up-to-date information on un-implemented recommendations, and other relevant issues. After each meeting, feedback is provided to Internal Audit.</li> </ol>	Susan Attard/Neil Davies	<ol style="list-style-type: none"> <li>1. Expected to be May 2014</li> <li>2. This procedure is in place for every Chief Officer Performance Improvement Meeting</li> </ol>
<b>International Centre for Financial Regulation</b>	Chamberlain advised Members to await the outcome of the police report, before taking a view about risk assurance implications.	Chris Bilisland	An individual had been charged and the Committee would receive an update on the outcome of the Court Hearing.
<b>Agenda Management</b>	There was a general agreement that the agenda packs for the Committee were rather lengthy. The Chairman suggested that cover reports be self-contained and asked the Chamberlain, Internal Audit and Town Clerk to consider more efficient ways of presenting information to Members.	All to note/action	On-going
<b>Internal Audit Peer Review</b>	Scheduled for the last week of February 2014	Paul Nagle	Outcome to be reported to the Committee in May
<b>Anti-fraud investigations</b>	Show the value of each case and to ensure the outcomes of prosecutions received adequate publicity.	Chris Keesing	To be reflected in next investigation report in March 2014.

## AUDIT AND RISK MANAGEMENT COMMITTEE - Outstanding Actions

Item	Action	Officer responsible	Progress updates/target
<b>Strategic Risk Review (SR5) – Flooding in the City</b>	The engineering solutions be investigated further, by the Planning and Transportation Committee, along with the effect of the overtopping of the dams at Hampstead Heath and the outcome be reported to the Audit and Risk Management Committee	Paul Beckett	Resolution sent to the Planning Committee on 6 February 2014. Planning and Transportation Committee are due to consider a report on flood risk matters on either 25 <sup>th</sup> February or 18 <sup>th</sup> March. This will include the ARM Committees concerns. Consultation on the draft Local Flood Risk Management Strategy will then follow for several months. The Committee will receive an update in June/July.
<b>Committee Effectiveness Review</b>	To include the feedback from Chairmen who have attended the Committee when their strategic risks were considered	Neil Davies	Effectiveness Review to be presented to the Committee in May



<b>Committee(s):</b>	<b>Date(s):</b>
Audit Risk Management Committee	4 March 2014
<b>Subject:</b> New Strategic Risk – SR 17 Safeguarding	<b>Public</b>
<b>Report of:</b> Director of Community and Children’s Services	<b>For Decision</b>
<b>Summary</b>	
<p>This report is for decision by members and seeks approval for adding an additional risk to the Strategic Risk Register - SR 17 Safeguarding, relating to the protection of children and adults at risk, defined as an adult with social care needs, who is or may be at risk of significant harm.</p> <p>Failure to follow the safeguarding policies and the arrangements in place designed to prevent harm to children and adults at risk may result in harm to service users and risks to the City of London’s reputation, possible investigation and a reduction in public confidence in the services provided.</p> <p>The City of London is a strategic partner alongside the London Borough of Hackney in relation to safeguarding and the City and Hackney Safeguarding Children Board (CHSCB) and the City and Hackney Safeguarding Adult Board (CHSAB) monitor the effectiveness of work to safeguard and promote the welfare of children and adults, championing good practice and analysing data to inform service planning. The Director for Community and Children Services and the Assistant Director (AD) People Services sit on both Boards. The AD People Chairs the City specific sub-committees, which meet bi-monthly, for both children and adults and reports on the work of the sub-committees into the main Boards.</p> <p>In April 2013, Community and Children Services Grand Committee established a new Safeguarding Sub Committee for Children and Adults. This sub-committee oversees the City of London’s responsibilities to safeguard children and adults at risk, the sub-committee met for the first time in September 2013. Annual reports on both Children and Adults Safeguarding will be presented to this sub-committee, these reports provide background information regarding the governance arrangements, membership, partnership engagement and performance information in respect of safeguarding activity for Children and Adults. Appendix 1 sets out the current governance arrangements.</p> <p>The number of child protection investigations and adult Safeguarding alerts is very low compared to other local authorities. The City of London aims to be proactive in the response to safeguarding and is seeking to promote a broader understanding of safeguarding. This is reflected in a focus on the prevention of abuse as well as a robust response to incidents of abuse. The importance of strong strategic links with other key partners such as the City of London Police, Education and Health is recognised as essential in order to ensure that all our residents are safeguarded both within the community and in their homes.</p>	

Mitigating actions include the delivery of a safeguarding training programme, some specially commissioned for groups such as governors and teachers. A draft Corporate Safeguarding Policy has been drafted and will be presented to the Chief Officers Group on 19 March 2014 for approval. As part of the new policy it is recommended that safeguarding champions be appointed within departments. A campaign to raise awareness within the City of London to ensure that all staff understand their legal responsibility to protect children, young people and adults at risk and are trained to enable them to detect signs of abuse, will be launched in spring 2014.

The gross risk is currently assessed as red with the likelihood rated as possible, see appendix 1. The control evaluation is rated at amber as more needs to be done to increase awareness of safeguarding across the City of London. This will be addressed by the introduction of the Corporate Safeguarding Policy and the implementation of the associated communication and training plans.

Despite a range of mitigating actions to protect children and adults at risk, they cannot entirely eliminate the risk and the potential impact on individuals, public confidence and the reputation of the City of London and this is reflected in the risk score assigned to this important statutory duty.

### **Recommendation**

Members are asked to approve the addition of new strategic risk SR17 to the Corporate risk register.

## **Main Report**

### **Background**

1. As part of the Children Act 2004, all local authorities were required to establish Local Safeguarding Children Boards to further improve safeguards for children. The Local Safeguarding Children Board is the key statutory partnership which agrees how the relevant organisations in each local area will work together to safeguard and promote the welfare of children, and for ensuring the effectiveness of what they do.
2. The partnership arrangements for safeguarding adults in the City of London have been developed in accordance with statutory guidance "No Secrets" (DOH 2000), and best practice standards developed by the Association of Directors of Social Services (ADASS) "Safeguarding Adults 2005". The City of London works in partnership with Hackney on the City and Hackney Safeguarding Adults Board.
3. Both Boards are independently chaired. The Executive Boards have Sub Committees who are chaired by partner agencies and cover areas such as quality assurance, training and finance.

4. The City of London responds positively to the findings of national enquiries and safeguarding reviews such as the, "Munro Review of Child Protection" and to recommendations arising from quality assurance audits and external inspections of services such as Ofsted Inspections.

### **Current Position**

5. The establishment of a Children and Families team, launched in November 2013, addresses early intervention through to complex needs/troubled families with the same line management as children's social care. It is anticipated that this will strengthen the effort to support families and children who may be at risk
6. The Adults and Children's Social Care teams continue to meet CQC and Ofsted performance targets in respect of children and adults and work has been done to develop a performance framework that places more emphasis onto qualitative data available rather than focusing solely on the quantitative information to measure the effectiveness of safeguarding arrangements across the partnership.
7. A joint safeguarding of adults review with the London Borough of Hackney, was undertaken in November 2013. The review highlighted good practice and there were no City of London specific recommendations that came out of the review. The review outcomes were presented to the City of London Safeguarding Sub-committee on 5 February 2014.
8. The department undertook an Independent Strengths Based Learning Review across children and families in January- this was based on the application of the Ofsted model and also looked at the effectiveness of the Local Safeguarding Children Board arrangements. The results of the review are anticipated before the end of February 2014, the recommendations of the review will be analysed and where appropriate implemented.
9. A dementia strategy has been developed in consultation with the Adults Advisory Group and training is being delivered to raise awareness of Dementia and the strategy via lunch time insight training sessions. The City of London is compliant with requirements following the Winterbourne case review, which addressed safeguarding concerns relating to adults with learning difficulties placed in residential establishments outside their home authorities.
10. As part of the DCCS transformation agenda, the profile of safeguarding will be raised with employees, volunteers, members and contractors working for the City of London via a communication campaign. The aim will be to highlight that the safeguarding of vulnerable members of the community is everyone's business and to clearly set out what the arrangements are for reporting concerns promptly, effectively and appropriately. This campaign will be part of the implementation of the Corporate Safeguarding Policy, if approved, at the Chief Officers Group on 19 March 2014.

11. A Safeguarding in Education Forum was established in 2013 and has engagement from all City of London Schools- this meets on a termly basis and provides updated information regarding national/regional and/or local policy and practice requirements regarding safeguarding in schools.
12. As well as attending the Safeguarding in Education Forum, safeguarding leads from City schools, City of London School, City of London School for Girls, Charterhouse Square School, Sir John Cass Foundation Primary School, Guildhall School of Music & Drama and St Paul's Cathedral Choir School also attend the CHSCB Sub Committee. This provides more generalist advice, support and challenge regarding safeguarding arrangements across partner agencies. Findings of the safeguarding review were shared with members.
13. All City of London Academies are committed to safeguarding and promoting the welfare of children. All staff undergo child protection screening appropriate to the post, including checks with previous employers and enhanced Disclosure and Barring Agency checks to review criminal records. Safeguarding is monitored by the Local Authority in which the school is located (London Boroughs of Hackney, Islington or Southwark).
14. This department has supported the commissioning of bespoke online training for the Guildhall School of Music and Drama and safeguarding training for the Governing Bodies of all City of London Schools which was delivered in December 2013 and to all staff at the City of London School in January 2014. Work has also been undertaken in all private nurseries / early years settings to support their own safeguarding arrangements.
15. As well as working with City of London Schools the department has provided support and advice to departments such as Open Spaces (Highgate Team) and the Museum of London to assist in the development of their own safeguarding procedures. Additionally close links have been developed with the Libraries teams through the provision and delivery of activities such as stay and play sessions for children and families and discussions regarding dementia awareness sessions for older people. Close links exist between the Adults and Children Social Care Teams and the City of London Police and these are supported by the joint training on issues such as the early intervention agenda, safeguarding and child sexual exploitation.

### **Challenges and further action**

16. The owner of this risk is the Director of Community and Children's Services, however every department has a responsibility to ensure that staff are aware of the risk and how they should recognise and respond to safeguarding issues.
17. The key challenge in managing the proposed new strategic risk SR17 is ensuring that there is an increased awareness of the issue across the City of London.

18. Social Care staff are fully trained and have the knowledge to enable them to detect signs of abuse, ill treatment and exploitation. It is essential that this awareness is developed across the organisation as many other departments come into contact with children and adults at risk. Launching the new Safeguarding Policy in spring 2014 via the City of London Intranet together with a series of associated FAQs will begin the process of raising awareness.
19. The appointment of departmental safeguarding champions will assist in the training and monitoring of the policy to ensure that staff and members become aware of their legal responsibility to protect children, young people and adults at risk.
20. Awareness raising sessions will be delivered to safeguarding champions by trained staff from the department of Community and Children's Services. The sessions will be delivered in a range of locations to ensure that staff from departments such as Open Spaces who are based outside the City have access to the awareness raising sessions.

## **Conclusion**

21. Risk of abuse is an ongoing risk and whilst the City of London has taken a series of mitigating actions there is always a degree of uncertainty due to the nature of this risk.
22. The finalisation of the Draft Corporate Safeguarding Policy and a raising awareness campaign will ensure members and staff are aware of their safeguarding responsibilities.

## **Appendices**

- Appendix 1 – Governance Arrangements
- Appendix 2 - Safeguarding Risk Supporting Statement

## **Background Papers:**

Draft Safeguarding Policy

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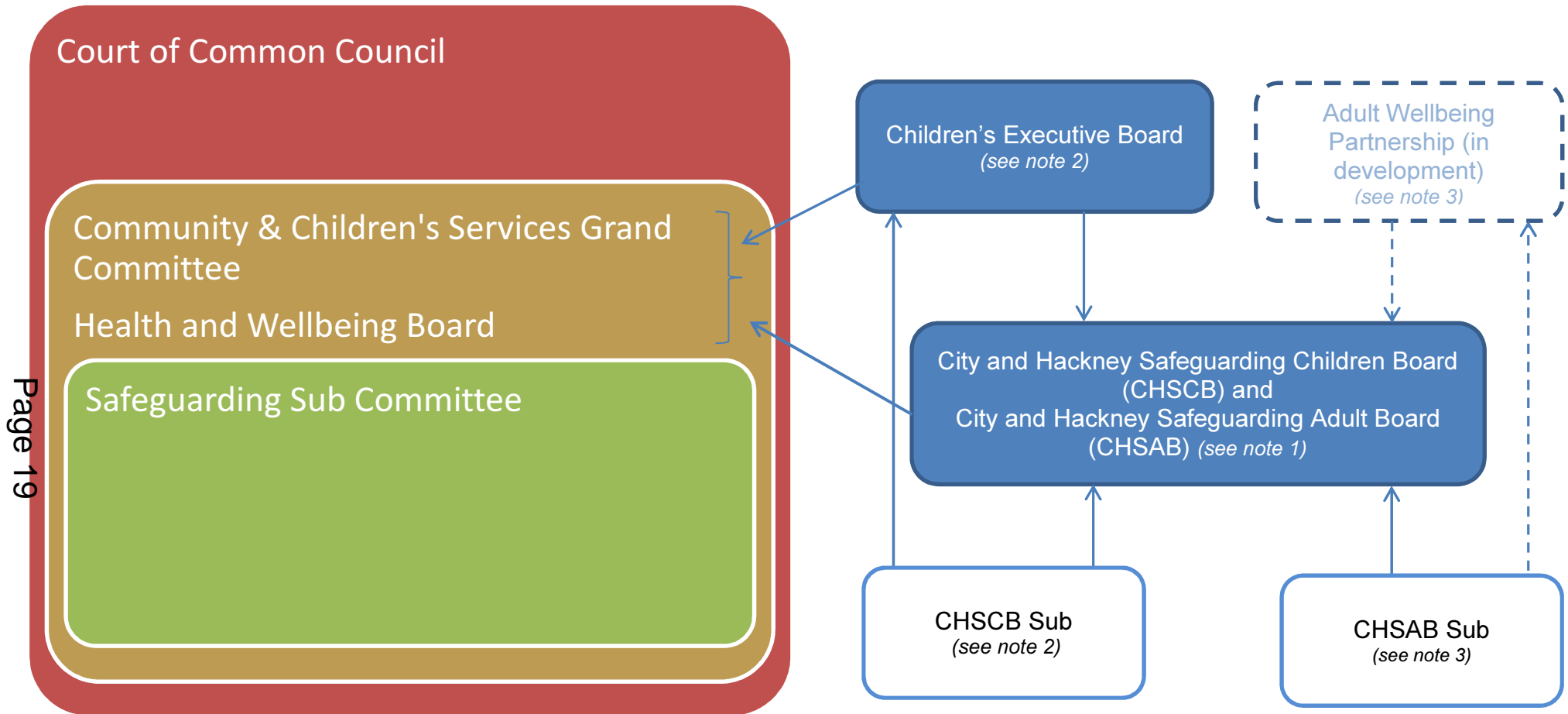
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# Reporting Structures

## Committees of the Corporation

# Appendix 1

## Partnership Boards



**NOTE:-**

- 1) The CHSCB is a statutory partnership chaired independently with representation from DCCS and Rev Dr Martin Dudley and the CHSAB is also chaired independently with representation from DCCS and Prof John Lumley.
- 2) The Children's Executive Board has strategic partnership responsibility for the development and implementation of the Children and Young People Plan (CYPP) and is chaired by the DCCS. The CHSCB sub is the operational group responsible for the safeguarding aspects of the CYPP but serves a dual role as a City-specific sub group of the CHSCB, hence two reporting lines. This is chaired by the AD People.
- 3) Consideration is being given to an Adult Wellbeing Partnership which will likewise have strategic responsibility for the development and implementation of an Adult Wellbeing Strategy. The CHSAB sub currently only has a role as a City-specific sub group of the CHSAB although it is envisaged that this will be responsible for the Adult safeguarding aspects of the Adult Wellbeing Strategy. This will be chaired by the DCCS and will have the same reporting lines into Grand Committee and Health and Wellbeing Board.

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## Risk Supporting Statement: SR17

Risk Owner: Director of Community and Children's Services

<b>Risk</b>	Safeguarding relating to the protection of adults at risk adults and children - risk of failure of city of London Safeguarding Policy and/or practice leading to death, serious injury or harm. <b>Links to: Strategic Aim SR2 and Key Policy Priority KPP2</b>	<b>Gross Risk</b>	<b>R</b>
		<b>Likelihood</b>	<b>Impact</b>
		3	5
<b>Detail</b>	Failure to follow the arrangements in place designed to prevent harm to children and adults at risk could leak to harm to our service users and risk of damage to the City of London's reputation, possible investigation and lack of public confidence in the services provided.		
<b>Issues</b>	<b>Controls</b>		
Some weaknesses have been identified in embedding safeguarding across the City of London and within the schools located within the City. Training with funding provided from the City and Hackney Safeguarding Children Board for governors has commissioned and will be ongoing, the first session has been delivered.	An initial meeting of the safeguarding sub-committee of the Community and Children's Services Committee took place in September 2013 to overview policies and arrangements for safeguarding within the City of London. A Safeguarding Policy is being presented to the Chief Officers Group on 19 March for approval. An awareness raising campaign will be launched in April signposting staff, partners and the public to the safeguarding policy which will be made available on the website with a list of FAQs. Primarily the risk sits with Adults and Children's Services but other departments provide services to children and adults at risk and Community and Children's Services department will be working with departments such as Libraries, Culture and Heritage and Open Spaces to embed safeguarding best practice. Training and support will be provided to safeguarding champions to be appointed from appropriate departments. Social Care is also working with other partners such as health, housing, the City of London Police and the voluntary sector commissioning training and monitoring reports of harm. Social care is meeting on a termly basis with City schools including the Guildhall School of Music & Drama and training for school governors has commenced.		
<b>Summary</b>	Work is ongoing to embed safeguarding issues within the City of London and Schools located in the City. This will be supported by the introduction of the Corporate Safeguarding Policy, when approved, and the implementation of the associated training and communication plans. Annual reports on both Adult and Children's safeguarding have been reported to the Safeguarding sub committee in September to report on progress and to update the cross partnership training planned.	<b>Net Risk</b>	<b>A</b>
		<b>Likelihood</b>	<b>Impact</b>
		1	5
		<b>Control Evaluation</b>	
		<b>A</b>	

## Guidance Notes

The following notes have been prepared to assist users of this document.

Risk Register Headings	Description
Risk No.	Unique reference for the risk.
Risk Details	Description of the risk.
Gross Risk	Assessment of the risk before taking into account any existing mitigating controls, Likelihood and Impact having been assessed against the risk assessment framework.
Risk Owner	Officer responsible for the overall management of specific risks
Control Owner	Officer responsible for coordinating the activity to control the risk
Existing Controls	Controls in place to mitigate the risk.
Net Risk	Assessment of the risk having taken into account the mitigating controls in place.
Risk Status & Direction	Overall status of Red, Amber or Green calculated in accordance with the assessment of Likelihood and Impact, having applied the risk assessment matrix.
Planned Action	Details of further action required to mitigate the risk to an acceptable level.
Control Evaluation	An assessment of the adequacy of controls in place

Ratings	Risk Status	Control Evaluation
R	High risk, requiring constant monitoring and deployment of robust control measures.	Existing controls are not satisfactory
A	Medium risk, requiring at least quarterly monitoring, further mitigation should be considered.	Existing controls require improvement/Mitigating controls identified but not yet implemented fully
G	Low risk, less frequent monitoring, consideration may be given to applying less stringent control measures for efficiency gains.	Robust mitigating controls are in place with positive assurance as to their effectiveness

## Guidance Notes

Likelihood Scores	Description
1 Rare	Robust mitigating controls in place, the risk may occur only in exceptional circumstances, (e.g. not likely to occur within a 10 year period or no more than once across the current portfolio of projects).
2 Unlikely	Adequate mitigating controls in place, the risk may occur in remote circumstances (e.g. risk may occur once within a 7-10 year period or once across a range of similar projects).
3 Possible	Reasonable mitigating controls in place, but may still require improvement. External factors may result in an inability to influence likelihood of occurrence (e.g. risk event could occur at least once over a 4-6 year period or several times across the current portfolio of projects).
4 Likely	Mitigating controls are inadequate to prevent risk from occurring, the risk may have occurred in the past (e.g. risk event could occur at least once over a 2-3 year period or several times across a range of similar projects).
5 Almost Certain	Mitigating controls do not exist or are wholly ineffective to prevent risk from occurring. The risk has occurred recently or on multiple past occasions (e.g. risk event will occur at least once per year or within a project life cycle).

Impact Scores	Description
1 Insignificant	An event where the impact can be easily absorbed without management effort.
2 Minor	Impact can be readily absorbed although some management input or diversion of resources from other activities may be required. The event would not delay or adversely affect a key operation or core business activity.
3 Moderate	An event where the impact cannot be managed under normal operating conditions, requiring some additional resource or Senior Management input or creating a minor delay to an operation or core business activity.
4 Major	Major event or serious problem requiring substantial management/Chief Officer effort and resources to rectify. Would adversely affect or significantly delay an operation and/or core business activity or result in failure to capitalise on a business opportunity.
5 Catastrophic	Critical issue causing severe disruption to the City of London, requiring almost total attention of the Leadership Team/Court of Common Council and significant effort to rectify. An operation or core business activity would not be able to go ahead if this risk materialised.

# Strategic Risk Profile

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		Likelihood				
		Rare (1)	Unlikely (2)	Possible (3)	Likely (4)	Almost Certain (5)
Impact	Catastrophic (5)	Amber	Red	Red	Red	Red
	Major (4)	Amber	Amber	Amber	Red	Red
	Moderate (3)	Green	Amber	Amber	Amber	Red
	Minor (2)	Green	Green	Amber	Amber	Amber
	Insignificant (1)	Green	Green	Green	Green	Amber

Key	Red / High Risk	Amber / Medium Risk	Green / Low Risk
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# Agenda Item 6

<b>Committee(s):</b>	<b>Date(s):</b>
Audit & Risk Management	March 2014
<b>Subject:</b> Strategic Risk 11 - Failure of any dams under the ownership or management of the City of London Corporation Hampstead Heath Hydrology – Highams Park Lake	<b>Public</b>
<b>Report of:</b> City Surveyor and Director of Open Spaces	<b>For Information</b>
<b>Summary</b>  This report is intended to provide an update on progress on both the above projects and to confirm the introduction of a new Strategic Risk covering failure of any dams under the ownership or management of the City of London Corporation  The main body of the report is broken into three main areas  1 New Strategic Risk on dam failure 2 Detailed Risk Registers– Hampstead Heath and Epping Forest 3 Hampstead Heath Project update 4 Highams Park Lake Project update 5 Eagle Pond Project update  <b>Recommendation(s)</b>  1. To note the adoption of a new strategic risk covering the failure of any dam under the ownership or management of the City of London Corporation. 2. To note that detailed risk registers for Hampstead Heath, Higham Park Lake and any other identified dam, will remain and shall contain the details of issues and mitigation planned or taken 3. To note the updates on the three projects 4. To note that moving forward that a single Chief Officer will be named as the risk owner of the dams identified. – Sue Ireland Chief Officer Open Spaces.	

## Main Report

### **1 New Strategic Risk**

#### **Maintaining the City's Reservoirs - -Major flooding caused as a result of pond or reservoir failures**

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 Flood & Water Management Act 2010. "Large Raised Reservoirs" currently refer to those raised bodies of water with a capacity of more than 25,000m<sup>3</sup>.

It is anticipated that the full enactment of the 2010 Act will result in more of the City's raised water bodies being categorised as "high risk" – particularly those in cascade with the water Capacity being reduced from more than 25,000m<sup>3</sup> to 10,000m<sup>3</sup> when the provisions of the 2010 Act are fully brought into force.

Those reservoirs where there is a risk to life in the event of breach, the EA can define them as "high risk" – currently three on Hampstead, two at Epping, -Eagle Pond and Highams Park but not Wanstead are clarified as high risk

The City of London Strategic Flood Risk Assessment 2012 with new surface water modelling, identified 4 areas of risk in the City from upstream run-off (including Hampstead Heath). Epping Forest dams are already subject to a section 10 notice of improvement issued by the panel engineer and works are planned to commence on site in April 2014

It has already been recognised that the chains of ponds on Hampstead Heath are a significant liability under the 1975 Reservoir Act and other legislation. Approval was given by the Court of Common Council on 14 July 2011 for the project to upgrade the pond embankments on the Hampstead and Highgate chains.

If there were to be failure of the pond or reservoir embankments during a major storm, and no warning was given, the number of lives at risk on the Hampstead chain would be in the region of 400 and on the Highgate chain would be around 1000. This would also result in inundation and damage to local properties, roads and the railway lines towards Kings Cross. Detailed analysis has identified that dam crests are not currently able to cope with the level of overtopping expected to occur as a result of such a storm, increasing the risk of erosion and dam failure.

The aims of these projects are to reduce the current risk of pond overtopping, embankment erosion, failure and potential loss of life downstream; ensure compliance with the existing requirements of the Reservoirs Act 1975 together with the additional expected requirements under the Flood and Water Management Act 2010. The Hampstead Heath project will also need to meet the obligations of the Hampstead Heath Act 1871; and improving water quality where necessary.

In support of the new strategic risk a register of supporting information will be compiled which will include the following

- Name of reservoir
- Volume
- Risk to community downstream in the event of breach
- In a chain?
- Categorisation under 1975 / 2010

- Ownership
- Relevant projects
- Mitigation approach
- Links to other assets
- Responsible officers
- Inspection regime
  - Contractor / responsible officer
  - Date of last
  - Date of next
  - Outcome of last inspection

In addition it is intended to clarify who is the Chief Officer responsible for the ownership of the risk. All of the ‘at risk dams and reservoirs are located on land under the ownership, control and management of Open Spaces. The intention is that the Chief Officer for Open Spaces would be the ‘Responsible Officer’.

**The current risk scoring for the new strategic** - Failure of any dams under the ownership or management of the City of London Corporation is as follows

<b>Gross Risk</b>	<b>R</b>
<b>Likelihood</b>	<b>Impact</b>
3	5

The various projects to upgrade pond embankments are progressing, but until such time that these projects are completed (2015/16) there remains a risk that if any of the dams are breached the water normally stored in the ponds will also be released and combine with the flood water – very quickly and in a completely uncontrolled way – with risk to life and property downstream. Day to day management of the ponds and the community welfare aspects of this risk lies with the Director of Open Spaces

<b>Net Risk</b>	<b>R</b>
<b>Likelihood</b>	<b>Impact</b>
3	5
<b>Control Evaluation</b>	
<b>A</b>	

## 2 Detailed Risk Registers– Hampstead Heath and Epping Forest

Whilst the Corporation has introduced a strategic risk covering dam / pond failure it is intended to continue to hold and maintain a detailed risk register for each relevant project and where issue, actions and mitigation actions including the following points.

- Monitoring of dam condition and safety: Regulatory inspection regime
- Emergency plans and warning systems: Liaison with Lead Local Flood Authorities
- Changing regulatory regime
- Shared ownership
- Stakeholders and communication
- Register of supporting information for each identified dam / chain
- Identifying required works, budget availability, project progression

### **3 Update on Hampstead Heath Dams Project**

It was agreed that the Audit & Risk Management Committee would receive updates on Strategic Risk 11 and the progression of the Hampstead Heath Ponds Project every 9 months

#### **3.1 Specialist surveys:**

The CoL has engaged specialist companies to undertake, Aquatic, Terrestrial, Water Quality and Archaeological studies. Atkins has specified the work and is managing the activities.

#### **3.2 Design**

Capita has been appointed as Project Manager for the Ponds Project with specialist consultants Atkins appointed to undertake a review of the current risk of flooding based on storm predictions. In addition a Strategic Landscape Architect has been appointed to assist the project and provide further advice to stakeholders.

Atkins have produced a short list of options for formal non-statutory consultation with the public and stakeholders with the intent of selecting a preferred option which will form the basis of a planning application to be submitted by the end of June 2014 and subject to consents, site works to commence during April 2015. Atkins engineering options information included various conceptual sketches, hydrographs, cross sections and 3D visuals.

#### **3.3 Procurement**

Capita has been appointed as Project Manager and Cost Consultant for the Ponds Project with specialist consultants Atkins appointed as Designers. These appointments have been made along with placement of orders for the various survey works.

Wider non-statutory public consultation commenced late November 2013 and is programmed to be complete by February 2014. The Contractor appointment is required from this point to provide detailed technical design input into the 'preferred' option and to also develop the Construction Environmental Management Plan as it forms part of the planning submission. A tender report was submitted and approved by HHMC committee on January 27<sup>th</sup> 2014 recommending the appointment of BAM Nuttall as contractor for the pre-construction phase of the Hampstead Heath Ponds Project.



### 3.4 Project Timetable

Members have been keen to ensure that the project progresses with “all deliberate speed”, as advised by Counsel. The current timetable is agreed by the Project Board and HHMC.

The agreed programme allows for an extended period for non-statutory consultation with the public and stakeholders to February 2014. Once complete, the intention is to submit a formal planning application in June 2014. During this period the appointed contractor will have time to input into the design development and undertake surveys and investigations required by the design team. This includes organising ground investigations.

The timetable remains challenging and has no ‘programme contingency’ and it is possible it will need further revision as some of the “unknowns” are identified. Atkins have produced a detailed project programme which aligns with these key dates.

The risk of a Judicial Review application remains and if this were to happen it could impact upon the timetable for the project. Similarly, the planning process or conditions onsite may also impact upon the project timetable.

#### Project Timetable (Under review)

	<b>Updated Programme January 2014</b>
Shortlist of four design options presented to CoL for consideration and for formal consultation with the Heath Management Committee and other appropriate Committees / Stakeholders.	<b>July 2013 – October 2013</b>
Wider non-statutory Public consultation on short listed four options	<b>November 2013 – February 2014</b>
Preferred Option agreement by CoL and Heath Management Committee and other appropriate Committees / Stakeholders	<b>March 2014</b>
Preparation of planning application	<b>March 2014 – June 2014</b>
Submission of Detailed Planning Application to Camden Council	<b>June 2014</b>
Estimated Determination of Detailed Planning Application	<b>November / December 2014</b>
Judicial Review Challenge period	<b>Dec 2014 – Feb 2015</b>
Commencement of Works on Site (Phasing to be agreed)	<b>April 2015</b>
Completion of Works	<b>October 2016</b>

Dr Andy Hughes, the Reservoir Supervising Engineer (Panel Engineer) has been consulted on the changes to the programme. Dr Hughes understands that the project will not succeed unless stakeholders feel that they have been listened to and are involved in the project and has agreed to the current programme.

### **3.5 Implementation of the Emergency Action Plan**

Officers continue to engage with officers at Camden and the Metropolitan Police. The Superintendent of Hampstead Heath facilitated a workshop between all three organisations. In addition to this a table top event involving Hampstead Heath, City Surveyor's and the Emergency response contractor took place in March 2013.

The City is responsible for mitigation measures on the Heath whereas Camden is responsible for "warning and informing" as Lead Flood Authority, and Camden together with the Metropolitan Police are the Local Responders who implement Camden's off-site emergency plan.

### **3.6 Potential for Judicial review and other Legal challenges**

The possibility of a Judicial Review application remains. Based on previous statements, it is likely that this would focus on the relationship between Reservoirs Act 1975 and the Hampstead Heath Act 1871, and the assessment of risk / appropriate safety standards under national industry guidelines on which the project is based. It is not clear when such a challenge might materialised, this may be a judgement based on the final designs and whether they are considered acceptable in terms of their impact on the Heath landscape. Any planning decision could also be the subject of further challenge.

### **3.7 Stakeholder engagement**

The Ponds Project Stakeholder Group continues to meet monthly. While there continues to be constructive dialogue, officers are aware that there are two distinct schools of thought locally – those most concerned with the perceived negative impact of the project on the Heath and those concerned with the potential for flooding downstream. Until recently those expressing environmental concerns have been most prominent and have been highlighted in the local media. Officers are now aware of a growing concern about flood risk downstream (not solely related to the Hampstead Heath ponds) and it appears that there has been an increase in activity in support of flood mitigation measures.

The fact that the project is designed to prevent a catastrophic dam breach and an associated sudden influx of water but is unlikely to prevent flooding generally is of some concern to residents downstream. It is important to note that while the impact of flooding associated with the dams and ponds is of particular significance in parts of Camden, residents are affected by a number of flooding issues including surface water flooding associated with insufficient sewer capacity.

The Design Team have made it clear to stakeholders that the Ponds Project will not exacerbate the issues of surface water flooding downstream, and that the attenuation of water in the upper parts of the catchment may even assist with smaller rainfall events.

### **3.8 Resources**

The current estimated project costs are within the £18,139m provision (including 20% tolerance)

### **3.9 Adjoining Owners**

A report on adjoining owners was submitted and approved by HHMC committee on January 27th 2014

The above report was agreed by Policy and Resources on 20th February 2014. The report deals with both a funding strategy and reputation issue.

### **3.10 Corporate & Strategic Implications**

The works support the strategic aim 'To provide valued services to London and the nation'. The scheme will improve community facilities, conserve/enhance landscape and biodiversity and contribute to a reduction in water pollution whilst meeting the City Corporation's legal obligations. The risk of any dam breach and serious downstream flooding of communities (and consequent harm to the City's reputation) is mitigated.

### **3.11 Implications**

The risk of embankment failure at Hampstead Heath is assessed as a high risk on the City of London Corporations Strategic Risk Register. In addition to the current measures to mitigate risks the potential threat of legal challenge could still potentially delay the project.

### **3.12 Conclusion**

The design process is continuing, following the Design Flood Assessment approval by the Hampstead Heath, Queen's Park and Highgate Wood Committee in May 2013. The revised project timetable provides stakeholders time to consider technical documents which will assist the development and agreement of the design.

The ponds project has continued at "all deliberate speed".

## **4 Update on Higham Park Dams Project**

As advised in previous reports we have undertaken detailed surveys and flood analysis at Highams Park Lake.

These have confirmed the complicated hydrology during extreme flood events where flows initially spill from the Reservoir into the River Ching and then as this reaches capacity back in to the reservoir and overtop the Dam.

On the advice of our Supervising Engineer and Inspecting Engineer a further S.10 Inspection was undertaken which confirms the analysis and that the Dam is a Category A dam with Likely Loss of Life (LLoL) in the downstream community. The

Inspecting Engineer has recommended works in the interest of safety including reinforcing the dam.

It should be noted that the Reservoir is part of a Repton designed landscape for Highams House and whilst this has not been listed or protected in any way severe alterations to the Dam resulting in changes to the landscape may excite opposition to the project and persuade authorities to list the Reservoir. The design will therefore need to be sensitive to the environment and compliant with requirements of the Environmental Impact Assessment.

Following an inspection in April 2011 of Highams Park Lake under section 10 of the Reservoirs Act (1975), the appointed Panel Engineer reported that works would be necessary to ensure that the dam which impounds the lake can safely withstand the passage of design flood events. The Panel Engineer's report also required that these works must be commenced within 3 years of the inspection, in order to avoid potential enforcement by the Environment Agency.

#### **4.1 Specialist surveys:**

The CoL has engaged specialist companies to undertake topographic, CCTV and bathymetric surveys, archaeological desktop studies, environmental desktop studies and phase 1 habitat surveys. Ground investigations (including lake silt sampling and testing) have been scoped and are in the process of being procured.

#### **4.2 Design**

Royal Haskoning DHV we appointed in the role of Lead Consultant for the project in October 2013 and have commenced survey work and options design.

The statutory nature of this project and approval requirements means there are limited options and the "do nothing" alternative is not acceptable. The three options considered were

**Removal of the Dam** – Whilst this option will reduce the risk of flooding and the Likely Loss of Life as a result of a dam Breach, it would increase the risk of fluvial flooding with the reduction in storage capacity.

#### **Reinforcement of the Dam Without Scout Hut**

#### **Reinforcement of Dam With Scout Hut**

This option is now the preferred option and will require an engineered emergency spillway on half the dam. Due to the conditions of flow this is likely to be constructed in reinforced grass/subsoil or, in the extreme, concrete that is then overlain with topsoil and grass to maintain the natural aspect.

#### **4.3 Procurement**

Royal Haskoning DHV has been appointed in the role of Lead Consultant for the project. Procurement for the contractor has been undertaken and Balfour Beatty has been appointed as preferred contractor at the end of January 2014.

#### 4.4 Project Timetable

	<b>Updated Programme January 2014</b>
Outline Design complete	<b>Feb 2014</b>
Submit Planning Application	<b>8<sup>th</sup> Feb 2014</b>
Planning consent expected	<b>April 1<sup>st</sup> 2014</b>
Detailed Design	<b>March 2014</b>
Advance Site Works	<b>April- May 2014</b>
Main Site Works	<b>June 2014 – Sept 2014</b>
Landscaping Works	<b>Sept 2014 – Nov 2014</b>
Completion	<b>Nov 2014</b>

The Environment Agency has been advised on progress of the project and the planned programme and has no comments at this stage.

#### 4.5 Implementation of the Emergency Action Plan (EAP)

The EAP is in place and will be adopted and updated as the project progresses. Once the principle contractor has been appointed the responsibility for the management of the EAP move to contractor

#### 4.6 Potential for Judicial review and other Legal challenges

The potential for a JR may be reduced by the preferred option, as this retains the Scout Hut – a previously sensitive issue locally and with residents

#### 4.7 Stakeholder engagement

A local drop-in session was arranged in December 2013 and attended by local residents and other interested parties (Scouts, residents groups). Public consultation for the outline design is planned for February 2014

Consultation has already commenced with English Heritage, Environment Agency, Natural England and London Borough of Waltham Forest (LBWF). It has been confirmed by LBWF Planners that an Environmental Impact Assessment (EIA) will not be required for the project.

We are currently seeking confirmation from LBWF whether the works can actually be carried out under Permitted Development i.e. without the need for a full planning application.

#### **4.8 Resources**

The current estimated project costs are within the £1,865m provision (including £150K risk)

#### **4.9 Corporate & Strategic Implications**

This reservoir safety project fits the following three categories:-

1. Health and Safety
2. Statutory (Asset enhancement / improvement)

The works support the strategic aim 'To provide valued services to London and the nation'. The scheme will improve community facilities, conserve/enhance landscape and biodiversity and contribute to a reduction in water pollution whilst meeting the City Corporation's legal obligations. The risk of any dam breach and serious downstream flooding of communities (and consequent harm to the City's reputation) is mitigated.

#### **4.10 Implications**

The risk of embankment failure at Highams Park is assessed as a high risk on the City of London Corporations Strategic Risk Register.

#### **4.11 Conclusion**

The design process is continuing, following the Design Flood Assessment approval Highgate Wood Committee in May 2013 and advanced /enabling works will commence in advance of the April 2014 EA deadline.

#### **5.0 Eagle Pond Update**

A separate paper is being submitted to the committee for inclusion of Eagle Pond on the risk register

#### **Appendices**

- Appendix 1 New Strategic Risk Register
- Appendix 2 Risk registers for Hampstead Heath and Highams Park Lake
- 

#### **Background Papers:**

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**Risk Supporting Statement: SR11**

**Risk Owner: Director of Open Spaces / City Surveyor**

<b>Risk</b>	Major flooding caused as a result of pond embankment failure at Hampstead Heath.	<b>Gross Risk</b>	<b>R</b>
	<b>Links to: Strategic Aim SA3 and Key Policy Priority KPP4</b>	<b>Likelihood</b>	<b>Impact</b>
		3	5
<b>Detail</b>	<p>If there were to be failure of the pond embankments during a major storm, and no warning was given, the number of lives at risk on the Hampstead chain would be in the region of 400 and on the Highgate chain would be around 1000. This would also result in inundation and damage to local properties, roads and the railway lines towards Kings Cross. Detailed analysis has identified that dam crests are not currently able to cope with the level of overtopping expected to occur as a result of such a storm, increasing the risk of erosion and dam failure. The City of London Strategic Flood Risk Assessment 2012 with new surface water modelling identified 4 areas of risk in the City from upstream run-off (including Hampstead Heath).</p>		
<b>Issues</b>	<b>Controls</b>		
* Insufficient warning given of flooding	* Telemetry system installed and managed by the City Surveyor as an integral part of the on-site Emergency Action Plan for reservoir dam incidents enabling early warning where pre-determined water levels at key ponds in both the Hampstead and Highgate chains of ponds are breached. Successful testing of this with the emergency plan and Hampstead staff has happened. <b>(City Surveyor/Director of Open Spaces)</b>		
* Inadequate response to dam overtopping	* Emergency Action Plan for on-site response is in place and Camden have an off-site plan in place Liaison with Camden Council's emergency planners is on going, to work through issues raised by Emergency Services and to appraise them of revisions to our work plan as it develops. <b>(City Surveyor/Director of Open Spaces)</b>		

\* Sensitivities of the local community regarding the natural aspect of the Heath

\* The City continues to undertake extensive consultation with local stakeholders about why this public safety project is required. The established Ponds Project Stakeholder Group continues to meet regularly to enable key groups to contribute to the detailed design of the scheme working with the Strategic Landscape Architect appointed to champion the landscape. Both the statutory Consultative and Management Committees have met regularly to develop their understanding of the project and responded to documents provided by the design team. **(City Surveyor)**  
\* When the preferred design options are developed, wider public consultation may produce new issues, not yet anticipated by the Project Board **(Director of Open Spaces)**  
There remains a potential risk for Judicial Review. This is most likely to arise in relation to the City's need to adhere to current Guidance that sets standards for dams that is opposed by certain Groups/individuals.



\* Non delivery of project to upgrade pond embankments (includes slippage from agreed timetable and budget)

\* Responsibilities and implications for adjacent landowners

\* The City Surveyor's Department has appointed a specialist consultants (Atkins) to undertake a review of the current risk of flooding based on storm predictions and based upon that assessment they are preparing a number of options to mitigate this risk for consideration by the CoL. The final agreed option will form the basis of a planning application planned for June 2014.

The revised programme of activities and actions have been agreed by members and supported by the independent Panel Engineer which will allow formal consultation with the public and stakeholders with intent of submitting a formal planning application by June 2014 and subject to consents, site works to commence early 2015.

Project approved by CoL and progressing to Gateway 5  
**(City Surveyor)**

\* Discussion with adjacent landowners has commenced, regarding their liabilities and seeking to clarify responsibilities. A report will be presented, once negotiations have progressed. **(City Surveyor)**

**Summary**

The project to upgrade the pond embankments is progressing, but until such time that this project is completed (2015/16) there remains a risk if the dams are breached the water normally stored in the ponds will also be released and combine with the flood water – very quickly and in a completely uncontrolled way – with risk to life and property downstream. Responsibility for the delivery of this project rests with the City Surveyor and in relation to the City's reputation, day to day management of the ponds and the community welfare aspects of this risk lies with the Director of Open Spaces.

<b>Net Risk</b>	<b>R</b>
<b>Likelihood</b>	<b>Impact</b>
3	5
<b>Control Evaluation</b>	
<b>A</b>	

## Guidance Notes

The following notes have been prepared to assist users of this document.

<b>Risk Register Headings</b>	<b>Description</b>
<b>Risk No.</b>	Unique reference for the risk.
<b>Risk Details</b>	Description of the risk.
<b>Gross Risk</b>	Assessment of the risk before taking into account any existing mitigating controls, Likelihood and Impact having been assessed against the risk assessment framework.
<b>Risk Owner</b>	Officer responsible for the overall management of specific risks
<b>Control Owner</b>	Officer responsible for coordinating the activity to control the risk
<b>Existing Controls</b>	Controls in place to mitigate the risk.
<b>Net Risk</b>	Assessment of the risk having taken into account the mitigating controls in place.
<b>Risk Status &amp; Direction</b>	Overall status of Red, Amber or Green calculated in accordance with the assessment of Likelihood and Impact, having applied the risk assessment matrix.
<b>Planned Action</b>	Details of further action required to mitigate the risk to an acceptable level.
<b>Control Evaluation</b>	An assessment of the adequacy of controls in place

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<b>Ratings</b>	<b>Risk Status</b>	<b>Control Evaluation</b>
<b>R</b>	High risk, requiring constant monitoring and deployment of robust control measures.	Existing controls are not satisfactory
<b>A</b>	Medium risk, requiring at least quarterly monitoring, further mitigation should be considered.	Existing controls require improvement/Mitigating controls identified but not yet implemented fully
<b>G</b>	Low risk, less frequent monitoring, consideration may be given to applying less stringent control measures for efficiency gains.	Robust mitigating controls are in place with positive assurance as to their effectiveness



## Guidance Notes

Likelihood Scores	Description
1 Rare	Robust mitigating controls in place, the risk may occur only in exceptional circumstances, (e.g. not likely to occur within a 10 year period or no more than once across the current portfolio of projects).
2 Unlikely	Adequate mitigating controls in place, the risk may occur in remote circumstances (e.g. risk may occur once within a 7-10 year period or once across a range of similar projects).
3 Possible	Reasonable mitigating controls in place, but may still require improvement. External factors may result in an inability to influence likelihood of occurrence (e.g. risk event could occur at least once over a 4-6 year period or several times across the current portfolio of projects).
4 Likely	Mitigating controls are inadequate to prevent risk from occurring, the risk may have occurred in the past (e.g. risk event could occur at least once over a 2-3 year period or several times across a range of similar projects).
5 Almost Certain	Mitigating controls do not exist or are wholly ineffective to prevent risk from occurring. The risk has occurred recently or on multiple past occasions (e.g. risk event will occur at least once per year or within a project life cycle).

Impact Scores	Description
1 Insignificant	An event where the impact can be easily absorbed without management effort.
2 Minor	Impact can be readily absorbed although some management input or diversion of resources from other activities may be required. The event would not delay or adversely affect a key operation or core business activity.
3 Moderate	An event where the impact cannot be managed under normal operating conditions, requiring some additional resource or Senior Management input or creating a minor delay to an operation or core business activity.
4 Major	Major event or serious problem requiring substantial management/Chief Officer effort and resources to rectify. Would adversely affect or significantly delay an operation and/or core business activity or result in failure to capitalise on a business opportunity.
5 Catastrophic	Critical issue causing severe disruption to the City of London, requiring almost total attention of the Leadership Team/Court of Common Council and significant effort to rectify. An operation or core business activity would not be able to go ahead if this risk materialised.

**Risk Supporting Statement: SR11**

**Risk Owner: Director of Open Spaces / City Surveyor**

<b>Risk</b>	Major flooding caused as a result of pond or reservoir failures  <b>Links to: Strategic Aim SA3 and Key Policy Priority KPP4</b>	<b>Gross Risk</b>	<b>R</b>
		<b>Likelihood</b>	<b>Impact</b>
		3	5

<b>Detail</b>	<p>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 Flood &amp; Water Management Act 2010. “Large Raised Reservoirs” currently this refers to those raised bodies of water with a capacity of more than 25,000m3. It is anticipated that this will be reduced to 10,000m3 when the provisions of the 2010 Act are fully brought into force. Those reservoirs where there is a risk to life in the event of breach, the EA can define them as “high risk” – currently 3 on Hampstead and two at Epping Eagle Pond and Highams Park but not Wanstead. It is anticipated that the full enactment of the 2010 Act will result in more of the City’s raised water bodies being categorised as “high risk” – particularly those in cascade. The City of London Strategic Flood Risk Assessment 2012 with new surface water modelling identified 4 areas of risk in the City from upstream run-off (including Hampstead Heath). Epping Forest dams are already subject to a section 10 notice of improvement issued by the panel engineer and works are planned to commence on site in April 2014.</p>
---------------	--

<b>Issues</b>	<b>Controls</b>
* Insufficient warning given of flooding	* Telemetry system installed and managed by the City Surveyor as an integral part of the on-site Emergency Action Plan for reservoir dam incidents enabling early warning where pre-determined water levels at key ponds in both the Hampstead and Highgate chains of ponds are breached. <b>(City Surveyor/Director of Open Spaces)</b>
* Inadequate response to dam overtopping	* Emergency Action Plan for on-site and off site response is in place with Camden and Waltham Forest <b>(City Surveyor/Director of Open Spaces)</b>
* Sensitivities of the local community regarding the natural aspect of the Heath	* The City continues to undertake extensive consultation with local stakeholders about why these public safety projects are required. <b>(City Surveyor)</b> * When the preferred design options are developed, wider public consultation may produce new issues, not yet anticipated by the Project Board <b>(Director of Open Spaces)</b> There remains a potential risk for Judicial Review. This is most likely to arise in relation to the City’s need to adhere to current Guidance that sets standards for dams and reservoirs that is opposed by certain Groups/individuals.

\* Non delivery of project to upgrade pond embankments (includes slippage from agreed timetable and budget)

\* Responsibilities and implications for adjacent landowners

\* The City has appointed a specialist consultants (Atkins) to undertake a review of the current risk of flooding based on storm predictions and based upon that assessment they are preparing a number of options to mitigate this risk for consideration by the CoL. The final agreed option will form the basis of a planning application planned for June 2014. with a planed start on site The appointed of contracts for Epping Forrest will take place in January 2014 to allow a start on site in April 2014. **(City Surveyor)**

To be reviewed against each identified project

**Summary**

The projects to upgrade the pond and reservoir embankments is progressing, but until such time the projects completed (2015/16) there remains a risk if the dams are breached the water normally stored in the ponds will also be released and combine with the flood water – very quickly and in a completely uncontrolled way – with risk to life and property downstream. Day to day management of the ponds and the community welfare aspects of this risk lies with the Director of Open Spaces.

<b>Net Risk</b>	<b>R</b>
<b>Likelihood</b>	<b>Impact</b>
3	5
<b>Control Evaluation</b>	
<b>A</b>	

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Control Evaluation	An assessment of the adequacy of controls in place

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Ratings	Risk Status	Control Evaluation
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G	Low risk, less frequent monitoring, consideration may be given to applying less stringent control measures for efficiency gains.	Robust mitigating controls are in place with positive assurance as to their effectiveness





## Guidance Notes

Likelihood Scores	Description
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5 Catastrophic	Critical issue causing severe disruption to the City of London, requiring almost total attention of the Leadership Team/Court of Common Council and significant effort to rectify. An operation or core business activity would not be able to go ahead if this risk materialised.

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# Agenda Item 7

<b>Committee:</b>	<b>Date:</b>
Audit and Risk Management Committee	4 <sup>th</sup> March 2014
<b>Subject:</b> Risk Management Update	<b>Public</b>
<b>Report of:</b> Chamberlain	<b>For decision</b>
<b>Summary</b> <p>This report presents the Audit and Risk Management Committee with a draft Risk Management Strategy, a Risk Management Policy and recommendations for the Strategic Risk Register following the risk workshop held with the Chief Officers Group on 4<sup>th</sup> December 2013.</p> <p>In line with the Cabinet Office's 'Management of Risk (M_O_R)' principles a Risk Management Policy and a Risk Management Strategy has been drafted to communicate how risk management will be used and implemented throughout the organisation. Once approved, the Risk Management Strategy will be a public document containing guidance on how to define risks, the new 4x4 risk matrix, and the process by which risks will be escalated to the Audit and Risk Management Committee. The Risk Management Strategy will be brought to this Committee in May 2014 for approval. At this meeting, approval is sought for the Risk Management Policy Statement (Appendix 1) and comments on the draft Strategy are invited so that they can be incorporated in the final version for May 2014.</p> <p>Following the Chief Officers risk workshop and approval at the Summit Group meeting, Members are asked to approve the recommendations for the Strategic Risk Register. These include the creation of a Workforce planning risk, removal of three risks (SR4: Planning Policy, SR5: Flooding in the City and SR6: Project Risk) the merger of SR3 (Financial Stability) with SR14 (Longer Term Financial Uncertainty) and SR1 (Terrorism) with SR14 (Public order and protest) and rephrasing of SR16 (Data Protection) in to a wider Information Security risk.</p> <p>A revised timetable for the cyclical review of risks has been drafted based on the revised Strategic Risk Register. As such, and in accordance with the rolling review of risk, two strategic risks are considered in detail at this Committee. These are SR11: Pond Embankment Failures and the new Strategic SR17: Safeguarding Risk.</p> <b>Recommendations</b> Members are asked to:	

- review and approve the Draft Risk Management Policy Statement (Appendix 1);
- comment the Draft Risk Management Strategy (Appendix 2);
- approve the changes to the Strategic Risk Register following the Chief Officers Workshop (Para 9); and
- note the updated cyclical review of Strategic Risks (Para 11).

## **Main Report**

### **Background**

1. As part of the risk management improvement plan the Risk Management Handbook was reviewed. The risk management handbook will be renamed the Risk Management Strategy, falling in line with the terminology used commonly in other organisations as well as the Cabinet Office's Management of Risk principles. This also complies with the terminology used within the Terms of Reference for the Audit and Risk Management Committee.

### **Risk Management Policy (Appendix 1)**

2. The risk management policy is a signed statement of intent for risk management. It has been drafted to fit in line with the requirement of the Management of Risk (M\_O\_R) principles.
3. Its purpose is to communicate how risk management will be implemented throughout the organisation to support the realisation of our objectives and includes a brief statement on our appetite for risk.
4. Members are asked to review and approve this statement, which will be included within the Risk Management Strategy.

### **Risk Management Strategy (Appendix 2)**

5. The Risk Management Strategy builds on the previous risk management handbook providing guidance on how risk management is used and how it will operate within the Corporation. Development of this document also fits in line with the M\_O\_R principles.
6. The Strategy has been developed in consultation with the officers who form the Risk Management Group and has been reviewed by the Summit Group, which is chaired by the Town Clerk, to ensure wide engagement and ownership.
7. The Strategy contains guidance on how to define risks, the new 4x4 Threats and Opportunity risk matrices and also the escalation route for the Corporate Risk Register, which will be the new name for the Strategic Risk register. The scoring guidance, which will be attached as an appendix to the Strategy, is under review and will be attached with the final version of the Strategy.

8. The Risk Management Strategy is intended to be a public document and will be made available on our internet after the final version is approved by the Committee in May.

### **Chief Officers risk workshop**

9. A workshop to refresh the Strategic Risk Register took place on 4<sup>th</sup> December 2013 with the Chief Officers Group. Key outcomes of the workshop have been reviewed and the recommendations have been noted below for approval:
  - i. To create a new Strategic Risk 17 relating to the protection of children and adults at risk, defined as an adult with social care needs, who is or may be at risk of significant harm. This risk is being reported at this Committee for deep dive review.
  - ii. To create a new Strategic risk for Workforce planning. The Workforce Planning risk is proposed to make reference to the ageing workforce and the risks posed to new ways of working.
  - iii. To remove SR4: Planning Policy, SR5: Flooding in the City and SR6: Project risk, moving them into their respective departmental registers. None of these risks were mentioned as priority areas of focus for the Chief Officers.
  - iv. To merge the two financial risks, SR3 (Financial Stability) and SR14 (Longer Term Financial Uncertainty) creating a more holistic, overarching finance risk.
  - v. To merge SR1 (Terrorism) and SR14 (Public order and protest) in to a single Resilience related risk.
  - vi. To rephrase the SR16 (Data Protection) to encapsulate the wider Information Security/Cyber Risk area.
10. Members are asked to approve these recommendations, following which a revised Strategic (Corporate) Risk Register will be provided at the next Audit and Risk Management Committee meeting in May.

## Cyclical Review of Strategic Risks

11. A structured approach to reviewing the City's strategic risks has been adopted, in order to promote full coverage and review. Based on the recommendations for the Strategic Risk Register the schedule of reviews for the Audit and Risk Management Committee has been updated for 2014, shown below:

<b>Forthcoming reviews</b>	<b>Date</b>	<b>Committee Responsible</b>
SR17 Safeguarding	4 <sup>th</sup> Mar 2014	Community & Children's Services
SR11 Pond Embankment Failure	4 <sup>th</sup> Mar 2014	Hampstead Heath/Open Spaces
SR2 Supporting the Business City	13 <sup>th</sup> May 2014	Policy & Resources
SR16 Information Security	13 <sup>th</sup> May 2014	Finance
SR9 Health and Safety	9 <sup>th</sup> Sep 2014	Establishment
SR18 Workforce Planning Risk	9 <sup>th</sup> Sep 2014	Establishment
SR8 Reputation Risk	4 <sup>th</sup> Nov 2014	Policy & Resources
SR10 Adverse Political Developments	4 <sup>th</sup> Nov 2014	Policy & Resources
SR3 Financial Stability and Viability	8 <sup>th</sup> Dec 2014	Finance
SR1 Resilience Risk	TBC Jan 2015	Policy & Resources
SR11 Pond Embankment Failure	TBC Jan 2015	Hampstead Heath/Open Spaces

## Conclusion

12. The Strategic Risk Register continues to be reviewed actively and updated by risk owners, in line with the requirements stipulated by the Risk Management Handbook. Work is continuing to enhance further the effectiveness of managing and reporting risks throughout the organisation.

## Appendices

- Appendix 1 – Risk Management Policy Statement
- Appendix 2 – Risk Management Strategy

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## **CITY OF LONDON CORPORATION'S** **RISK MANAGEMENT POLICY STATEMENT**

**THE CITY OF LONDON CORPORATION (COL) RECOGNISES AND ACCEPTS ITS RESPONSIBILITY<sup>1</sup> TO MANAGE RISKS EFFECTIVELY IN A STRUCTURED MANNER IN ORDER TO ACHIEVE ITS OBJECTIVES AND ENHANCE THE VALUE OF SERVICES PROVIDED TO THE COMMUNITY.**

**In pursuit of this policy COL has adopted a risk management strategy that captures the following key objectives:**

- Enables corporate, strategic and programme objectives to be achieved in the optimum way and to control risks and maximise opportunities which may impact on COL's success;
- COL recognises its responsibility to manage risks and support a structured and focused approach that includes risk taking in support of innovation to add value to service delivery.
- Risk management is seen as an integral element of the Corporation culture;

**These key objectives will be achieved by:**

- Establishing clear roles, responsibilities and reporting lines for risks at all levels;
- Ensuring that Members, Chief Officer's, external regulators and the public at large can obtain necessary assurance that the Corporation is mitigating the risks of not achieving key priorities and managing opportunities to deliver more value to the community, and is thus complying with good corporate governance;
- Complying with relevant statutory requirements, e.g. the Bribery Act 2010, the Health and Safety Act, and more;
- Providing opportunities for shared learning on risk management across the Corporation and its strategic partners;
- Monitoring arrangements on an on-going basis.

### **APPETITE FOR RISK**

**City of London Corporation seeks to minimise unnecessary risk and manage residual risk to a level commensurate with its status as a public body. However, the City of London Corporation will positively decide to take risks in pursuit of its strategic aims where it has sufficient assurances that:**

- The risks have been properly identified and assessed;**
- The risks will be appropriately managed, including the taking of appropriate actions and the regular review of risk(s);**
- The potential benefits accruing to the City of London Corporation justify the level of risk to be taken.**

APPROVED BY:

Alderman Nick Anstee (Chairman of the  
Audit and Risk Management Committee)

John Barradell (Town Clerk and Chief  
Executive)

<sup>1</sup> Accounts and Audit Regulations 2011





# City of London Corporation

## Risk Management Strategy

Version 2.0



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## Version History

This strategy builds on and replaces earlier versions of the risk management handbook and is intended to be a high level document that provides a framework to support the City Corporations statutory responsibility for managing risk.

It also allows the City to further strengthen and improve its approach to risk management enhancing its ability to deliver its corporate aims and objectives successfully.

The risk management strategy sets out key objectives across a three year rolling period but will be reviewed annually to ensure it remains fit for purpose.

### Version control:

Version Number	Comments
1.0	- Risk Management Handbook created
1.1	- Document now includes version number instead of date approved. - Change in Town Clerk (Page 2) - New risk register template included (Appendix 5) - Added definitions for Gross risk and Net risk (Page 20)
1.2	- Forward approved by Town Clerk and Chief Executive
2.0	- Refreshed Risk Management Handbook and renamed as Risk Management Strategy

# **CITY OF LONDON CORPORATION'S** **RISK MANAGEMENT POLICY STATEMENT**



**THE CITY OF LONDON CORPORATION (COL) RECOGNISES AND ACCEPTS ITS RESPONSIBILITY<sup>1</sup> TO MANAGE RISKS EFFECTIVELY IN A STRUCTURED MANNER IN ORDER TO ACHIEVE ITS OBJECTIVES AND ENHANCE THE VALUE OF SERVICES PROVIDED TO THE COMMUNITY.**

**In pursuit of this policy COL has adopted a risk management strategy that captures the following key objectives:**

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- Risk management is seen as an integral element of the Corporation culture;

**These key objectives will be achieved by:**

- Establishing clear roles, responsibilities and reporting lines for risks at all levels;
- Ensuring that Members, Chief Officer's, external regulators and the public at large can obtain necessary assurance that the Corporation is mitigating the risks of not achieving key priorities and managing opportunities to deliver more value to the community, and is thus complying with good corporate governance;
- Complying with relevant statutory requirements, e.g. the Anti-Bribery Act 2010, the Health and Safety Act, and more;
- Providing opportunities for shared learning on risk management across the Corporation and its strategic partners;
- Monitoring arrangements on an on-going basis.

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- The risks have been properly identified and assessed;**
- The risks will be appropriately managed, including the taking of appropriate actions and the regular review of risk(s);**
- The potential benefits accruing to the City justify the level of risk to be taken.**

APPROVED BY:

John Barradell (Town Clerk)

Alderman Nick Anstee (Chairman of the Audit  
and Risk Management Committee)

<sup>1</sup> Accounts and Audit Regulations 2011

## Chapter 1: Introduction

In a rapidly changing environment, with the effects of reduced public funding, the changing demographics and the continual demand on services, the City of London Corporation is faced with an unprecedented challenge to deliver its statutory obligations, provide high quality services, as well as manage the associated social and financial implications.

The interlocking challenges faced from budget pressures, supplier failures, security issues, and so on, has created a complex matrix of risks, all requiring some level of management.

Amongst these challenges however opportunity can also be created for those who are best placed to embrace, innovate, collaborate and manage new risks.

This strategy has been developed to provide guidance on the City's approach to managing both opportunities and threats within the business environment, and through adoption will help to create an environment which meets the needs of the City's citizens, partners and other key stakeholders.

Aligned with this we will aim to be an exemplar of good practice and we will continue to meet our statutory responsibility to have in place satisfactory arrangements for managing risks, as laid out under regulation 4 of the Accounts and Audit Regulations 2011:

**“The relevant body is responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk.”**

Only by active management of risks will the City of London Corporation be able to meet its strategic objectives which in turn will enhance the value of services provided to the City.

## What is risk and risk management?

The word 'risk' is a very common term used in everyday language and will be referred to by many professions from both the public and private sector. It is a concept which has grown from being used to describe a narrow field of risks which are to be avoided, to a wider, more holistic focussed world where importance is placed on how to manage risk rather than avoiding it.

The following definition<sup>1</sup> for risk has been adopted by the City of London Corporation:

***“The effect of uncertainty on objectives”***

Risk management is a business discipline that every working sector uses to achieve objectives in an efficient, effective and timely manner. Our risk management definition is<sup>1</sup>:

***“The systematic application of principles, approach and processes to the tasks of identifying and assessing risks, and then planning and implementing risk responses”***

Risk Management is a business tool designed to provide a methodical approach to addressing risk. It is about:

- Identifying the objectives and what can go wrong;
- Acting to avoid it going wrong or to minimise the impact if it does;
- Giving rise to opportunities and reducing threats to the organisation

1. OGC Management of Risk

## **Purpose of this strategy**

The City of London Corporation is a complex organisation, comprising a number of departments with very diverse operations. By adhering to this strategy, the City of London Corporation will be better placed to meet all its objectives in an efficient, effective and timely manner.

Every risk is linked to a business objective and this strategy will help enforce a proactive stance to managing these risks, ensuring that less time is spent reacting to situations and more time is spent taking advantage of opportunities.

Listed below are some of the benefits of successfully implementing this strategy:

- Ability to satisfy statutory requirements (under the Local Government Act 1999), government regulations (e.g. Corporate Manslaughter Act, Health and Safety at Work Act, and more) and compliance related matters (e.g. financial and contractual regulations, Bribery Act 2010, and more);
- Protecting and enhancing the City of London Corporation's reputation;
- Better management and partnership working with city partners, improving safeguards against financial loss and reducing chances of organisational failure;
- Increased innovation, value for money and visual improvements in service delivery;
- Improved ability to justify decisions being taken and reduced risk of mistakes, reducing complaints and improving customer satisfaction;
- Ensuring teams achieve goals and objectives, and increasing their competitiveness (against other organisations);
- Improved assurance levels arising from audit and external inspections, providing confidence to customers and investors that risks are being controlled;
- Effective resilience to changing environmental conditions, to protect key services.

## Chapter 2: Managing risks

### Why manage risks

Effective risk management is an on-going process with no overall end date as new risks (threats and opportunities) arise all the time.

The Corporation is fully committed to developing a culture where risk is appropriately and effectively managed for which the following benefits will be achieved:

- An increased focus on what needs to be done (and not done) to meet objectives;
- More effective allocation of resources reducing incidences of mistakes and providing greater control of costs – demonstrating value for money;
- Common understanding of risk management across major projects and partners;
- Greater transparency in decision making and enhanced ability to justify actions taken;
- Improved resilience against sudden changes in the environment, including natural disasters and risks related to supplier failures;
- Reduction of the Corporation's insurance costs, in turn protecting the public purse;
- Improved safety for staff, partners and residents; and
- Minimised losses due to error or fraud across the Corporation.



## Roles and Responsibilities

The City Corporation considers risk management to be an intrinsic part of the Corporation's system of corporate governance. It is recognised that for this to be effective it is vital that everybody within the Corporation understands the role they play in effective management of risk.

<b>Tier</b>	<b>Responsibility</b>
Court of Common Council	Overall accountability for risk management.
Audit and Risk Management Committee	Providing assurance to the Court on the effectiveness of the risk management framework and its application. The Chairman is the Member 'Risk Champion'.
Service Committees	Oversee the significant risks faced by Departments in the delivery of their service responsibilities.
Chief Officers' Group	Collective responsibility for management of Corporate risks.
Chief Officers' Summit Group	Promoting, steering and monitoring risk management for the Corporation. The Chief Officers' Summit Group oversee the strategic elements of risk management.
Business Support Director	Officer 'Risk Champion', promoting risk management and leading Senior Management engagement. The Business Support Director is the Chairman to the Risk Management Group and also attends the Audit and Risk Management Committee.
Risk Management Group	Promoting and embedding risk management, with key outcomes reported to the Chief Officers' Summit Group. The Risk Management Group oversees the operational elements of risk management.
Head of Audit and Risk Management	Deputy Chairman of the Risk Management Group and provides assurance to the effectiveness of the internal control environment.
Risk and Assurance Manager	Provides risk management support and advice to the Corporation. Also responsible for promoting the consistent use of risk management, developing the risk framework and facilitation of the City of London's Corporate Risk Register.

Tier	Responsibility
Individual Chief Officers	Accountable for effective risk management within their department, reporting to their relevant service Committee(s) – this responsibility cannot be delegated.
Risk Owner	The person that is accountable for the overall management of the risk, including bidding for resources to control the risk.
Control Owner	The person that has accountability for a particular task to control an aspect of the risk, either the Cause or the Effect. The role is accountable to the Risk Owner.
Departmental Risk Coordinators	Promoting and facilitating the implementation of risk management within their department.
Service/ Project Managers	Accountable for effective management of risk within their areas of responsibility.
Employees	Maintaining an awareness and understanding of key risks and management of these in day-to-day activities.

Outcomes of this strategy will be achieved by working closely with many key departments such as Health and Safety, Insurance, Corporate Performance and Development, Project Management, and more.

The ultimate responsibility for risk management lies with the Court of Common Council and the Town Clerk, however, it must be stressed that **risk management is the responsibility of everyone working in, for and with the City of London Corporation.**

## **Chapter 3: The risk management process**

Essentially risk management is the process by which risks are identified, evaluated, controlled and monitored at regular intervals. It is about managing resources wisely, evaluating courses of action to support decision-making, protecting clients from harm, safeguarding assets and the environment and protecting the Corporation's public image.

Whenever an activity takes place, there will be an outcome that will either lead to a success or failure. In undertaking the activity there will be a number of factors which needs to be right to determine whether the activity is a success or not, or to put it the other way round, there are a number of risk factors which, if they are not managed properly, will result in failure rather than success.

Risk Management is a business planning tool designed to provide a methodical way for addressing risks. It is about:

- Identifying the objectives and what can go wrong
- Acting to avoid it going wrong or to minimise the impact if it does
- Realising opportunities and reducing threats.

## The risk management cycle

The risk management process is broken down into five steps illustrated below:

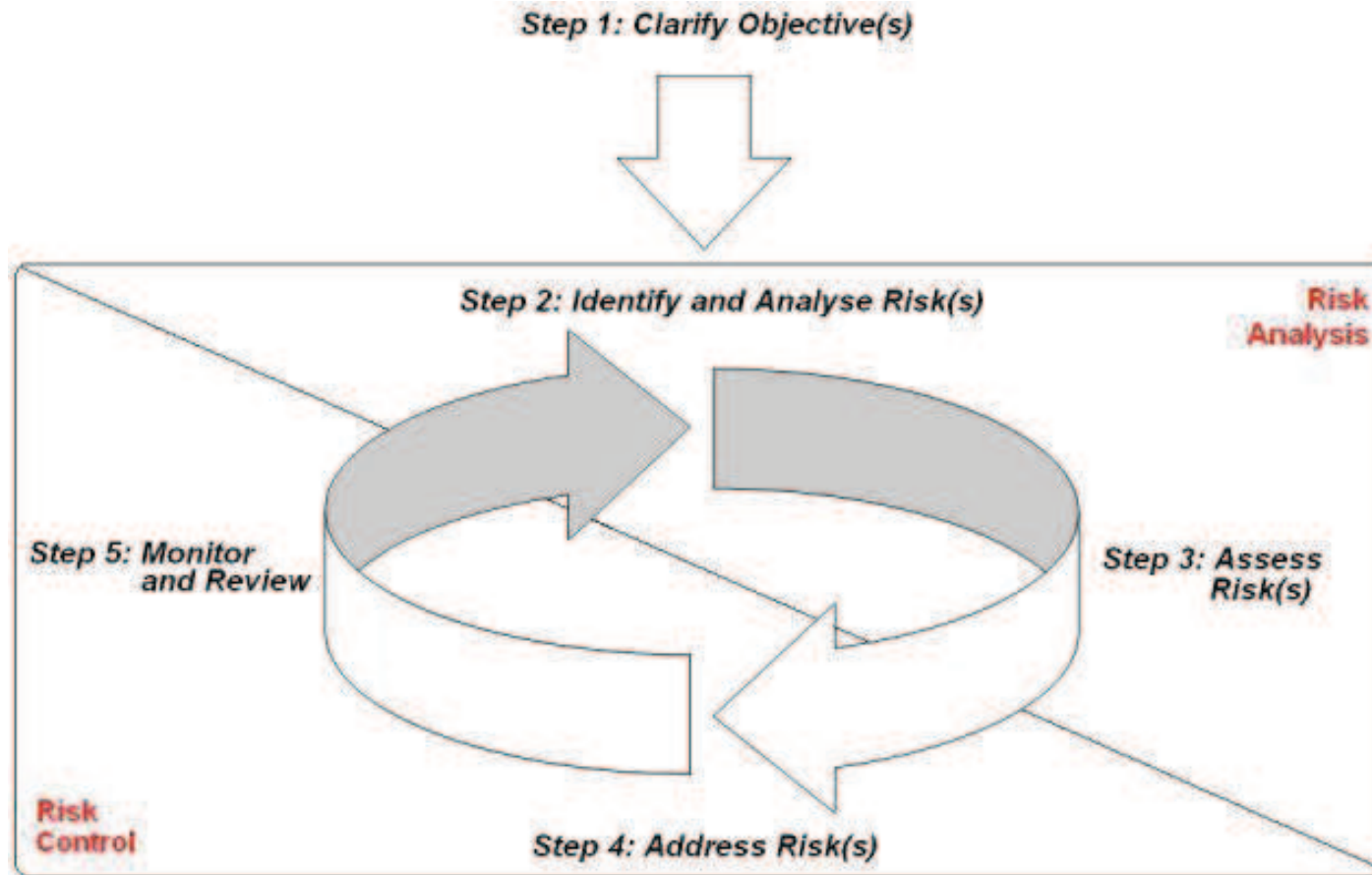


Figure 1: City of London's risk management cycle

## **Step 1: Clarify Objectives**

It is difficult to think about risks in isolation, so the first step is to be clear about the objectives and key deliverables. This part of the process requires information about the (planned) activity.

This will include an understanding of:

- The corporate/departmental/project objectives;
- The scope of the activity;
- The assumptions that have been made;
- The list of stakeholders; and
- How the activity sits within the corporate/departmental/project structure.

### ***This includes:***

- Making sure that everyone is clear about the relationship between the services and its wider environment;
- Identifying internal and external stakeholders;
- Understanding the Corporation and its capabilities, as well as its objectives and strategies that are in place to achieve them.

## **Step 2: Identify and Analyse risks**

The aim of this step is to identify the risks to the (planned) activity that may affect the achievement of the objective(s), which can either be positive or negative.

Consultation is required from different levels of management and staff members, and sometimes customers and stakeholders, asking the following questions:

- What might prevent the achievement of the stated objectives?
- Has it gone wrong before?
- Who should own this risk?
- When should we start managing this risk? I.e. when is the risk likely to materialise?

It is widely recommended to identify risks through workshops and training sessions. However, there are many other methods which can be used such as questionnaires, a Strengths - Weaknesses - Opportunities and Threats analysis, brainstorming sessions, and more.

During the identification stage the following information needs to be gathered:

- The description of the risk, in terms of Cause → Risk → Effect;
- The nature of the risk – for example, political, financial, reputation, and more; and
- The name of the individual taking responsibility for the risk (i.e. the risk owner).

## **Risk Ownership**

Having identified and defined the risks, it is essential that someone "owns" them (i.e. the risk owner). This is not the same as being responsible for carrying out the tasks or actions for the risk (i.e. the control owner). This is a critical part of the step as without a named individual it is unlikely that the risk will be managed.

It is important that the risk owner, where possible, be:

- A person who has the ability to influence the outcome of the event, one way or another;
- A person who can be accountable for the delivery in the area where the risk would have an effect;
- A person who can take charge and lead nominated control owners.

From a departmental viewpoint, the risk owner should be a member of the department's management team.

### Step 3: Assess Risks (4x4)

Every risk should be assessed to help determine how much attention is given to the particular event. This is done by ranking the risks with a set of scores determined by their individual likelihood (or probability) and impact (or severity) rating.

The City of London Corporation uses a 4 point scale and the multiple of the likelihood and impact gives us the risk score, which is used to determine the risk profile.

The risk score is placed on the Risk matrix and is used to help prioritise risks and assist risk owners in the actions they need to take to either reduce the score (for threats) or increase the score (for opportunities).

Chapter 4 highlights how the risk scores are also used for reporting purposes using red/amber/green for threats and gold/silver/bronze for opportunities.

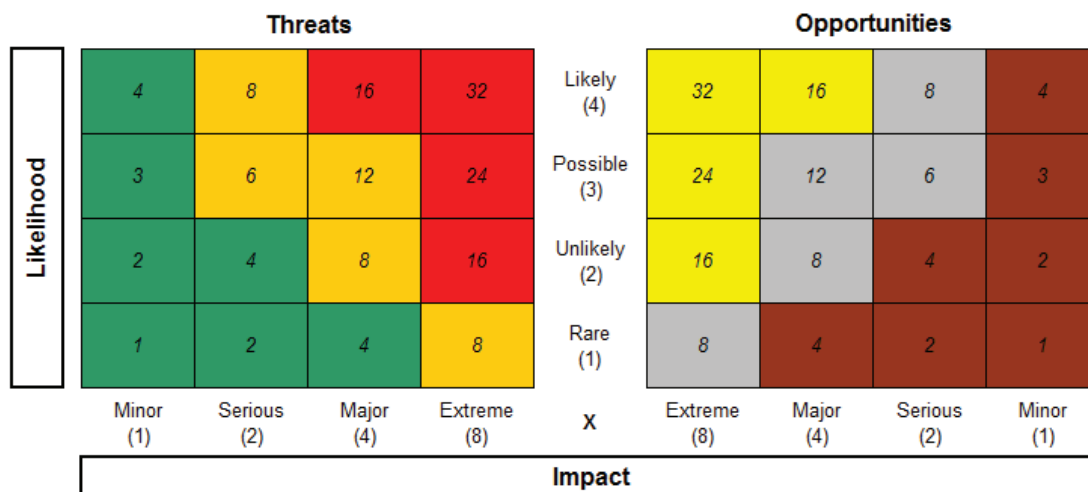


Figure 2: City's risk matrices



## Step 4: Address Risks

Without this step, risk management would be no more than a bureaucratic process. Addressing risk involves taking practical steps to manage and control it.

Not all risks need to be dealt with in the same way. The common risk response outlined below should help in considering the range of options available when responding to risks.

Importantly, when agreeing actions to control risk, consideration is required on whether the actions themselves introduce new risks

### Threat responses

When managing threats, the controls that are put in place should help to effectively reduce the risk to a manageable level. There are four approaches that can be taken when deciding on how to manage threats:

- **Accept:** An informed decision to accept the likelihood and impact of a particular risk. For example, the ability to do anything about a risk may be limited, or the cost of taking any action may be disproportionate to the potential benefit;
- **Avoid:** An informed decision not to become involved in a risk situation. This can be challenging as the City of London Corporation may not be able to avoid risks associated with its statutory functions;
- **Transfer:** Shifting part of the responsibility or burden for the loss to another party, e.g. through outsourcing;
- **Reduce:** A selective application of management actions, by applying internal control to reduce either the likelihood or the impact, or both, designed to contain risk to accept levels, e.g. mitigation action, contingency planning and more.

## **Opportunity responses**

Managing opportunities is aimed at improving one or more objectives in such a way that the cost and implications of the response actions improve or enhance the overall outcome. There are three approaches which can be taken when deciding on how to manage opportunities:

- **Ignore:** Choosing to ignore the opportunity if the resource cost of seizing it cannot be justified. A basic cost benefit analysis could be done to determine if the opportunity is worth pursuing;
- **Exploit:** Identifying and seizing multiple benefits. Refers to changing an activity's scope, supplier or specification to achieve a beneficial outcome without changing the objectives or specification;
- **Share:** application of pain/gain formula where both parties share the gain (with pre-agreed limits) if the cost is less or share the pain if cost exceeds. By description, this method of treatment can also be used for threats, e.g. partnership arrangements.

## **Choosing whether to eliminate or innovate**

Innovation by its very nature involves taking risks, and as a consequence, places greater demand on all of us to ensure that those risks are well managed.

One of the key aims of risk management is to ensure that the process supports innovation, not by preventing it - but rather helping to take well thought through risks that maximise the opportunities of success.

***Good risk management is about being "risk aware" not "risk averse"!***

## Step 5: Monitor and Review

Once risks have been identified and appropriate controls and action plans put in place to manage them, it is essential to routinely monitor their status. Risks change, due to many factors, and it is essential that they are periodically reviewed to capture any new events which may affect the delivery of our objectives.

The City of London Corporation uses a risk management system to help risk owners to record, manage and monitor risks. The system also has a built in tool to allow users to produce various reports for analysis, including risk registers.

Each manager will have access, and is responsible for, their risk data. Automated e-mail reminders are sent from the risk system to remind risk and control owners to review and update their tasks, in order for the risk data for the Corporation remains up to date at all times.

As a guide, risks should be reviewed in management meetings using the following criteria:

Risk Type	Standard Review	Programmes, projects and partnerships
Red Threats	1-3 months	Monthly
Gold Opportunities		
Amber Threats	3 months	Monthly
Silver Opportunities		
Green Threats	6 months	Quarterly
Bronze Opportunities		

**Note:** At least annually, each risk register should be reviewed in its entirety.

## **Chapter 4: Reporting risks**

### **Reporting framework**

It is essential that risk management is used as a tool to assist good management and to provide assurances to relevant officers and Members that adequate measures have been taken to manage risk.

Escalation of risks ensures that managers have a clearer picture on risks or potential issues facing service areas. This helps in the overall decision making process by allowing senior staff to allocate resources or review areas of concern.

Figure 3 illustrates the reviewing and reporting framework to support this escalation and assurance process.

### **Role of Audit and Risk Management Committee**

As set out in its formal terms of reference, the Audit and Risk Management Committee is responsible for setting and approval, as well as monitoring and oversight of the City Corporation's risk management strategy and for ensuring that the framework in place is fit for purpose. It is through this Committee that the Court of Common Council discharges its responsibility for obtaining assurance that those risks faced by the Corporation are being appropriately managed.

### **Role of Other Committees and Departments**

It is the role of each Service Committee and Department to maintain and act on its own risks, working closely with the Risk and Assurance Manager if need be. The criteria for escalating risks should be agreed by the relevant Service Committee and Chief Officer.

The Audit and Risk Management Committee will concentrate on monitoring the Corporate Risks faced by the City Corporation, and the measures taken to control the risk. The Audit and Risk Management Committee will also seek assurance regarding the effective operation of this framework at Committee level.

# Review and Reporting Framework

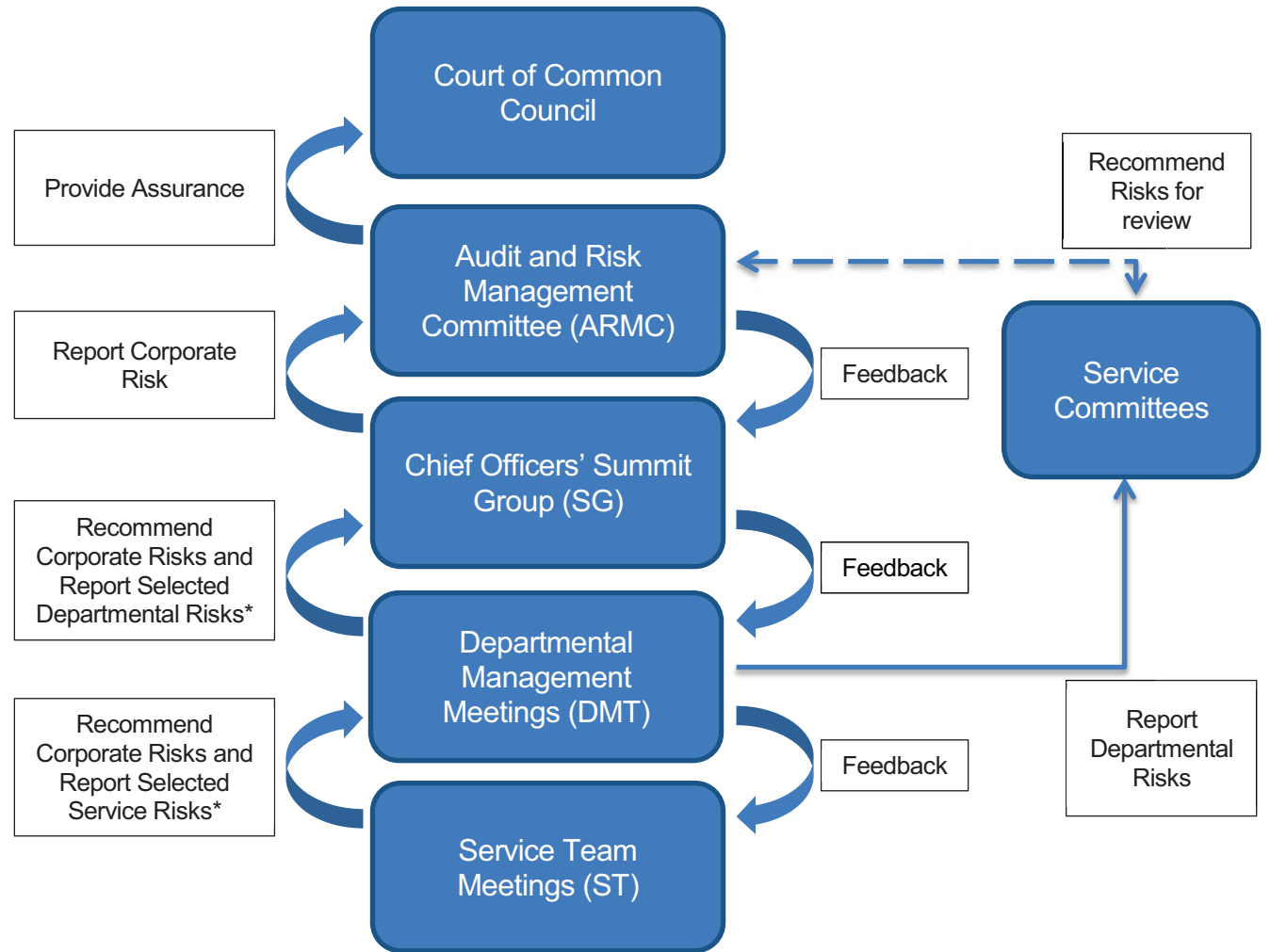
Risks will be escalated using a bottom up process depending on the risk score (i.e. Risk tolerance).

Corporate Reviews will be undertaken either every two or three months.

Departmental Reviews should be adapted to suit the structure of each respective department, although as minimum should be done Quarterly.

Annual review of all risks should be undertaken as a minimum.

Reporting Criteria		
Corporate reviews	ARMC	Approve Corporate risks
	SG	Review Corporate risks and review all Departmental risks of score 24 or more.
Departmental Reviews	DMT's	Identify Corporate/Departmental risks and review all Service Teams risks of score 16 or more
	ST's	Identify Corporate/Departmental risks and review all Service risks of score 6 or more
	Team meetings /121's	Identify potential Corporate/Departmental risks and review all current risks



\*exception basis

## Risk Registers

Below lists these key reports along with their escalation criteria (based on risk score).

Corporate Risk Register	The Corporate Risk Register is used to highlight and assure Members that key risks are being effectively managed. These risks are extracted from various areas of the Corporations risk registers as directed by the Members and approved by the Town Clerk and Chief Officers.
Top Risk Register	This register flows out from the Departmental risk registers and is challenged and moderated quarterly by the Chief Officers Summit Group (SG).  Risks which are escalated here are those with a risk score of 24 or more.
Departmental risk register	This register flows out from the Service risk registers and is challenged and moderated quarterly by the Departmental Management Teams (DMT's).  Risks which are escalated here are those with a risk score of 16 and above.
Service risk register	This register flows out from the Service area/Team risk registers and is challenged and moderated quarterly by the Service Team Meetings (SMT's)  Risks which are escalated here are those with risk score of 6 and above.
Programme and Project risk registers	Where it is considered appropriate, major partnerships, programmes and projects will produce and maintain their own risk registers. Risk to the programme/project should be managed through the corporate Project framework.

## Challenging environment

There is a strong support framework in the City Corporation to challenge risks and to provide assistance to departments. Below lists some of the key groups which assist with this:

<p>Audit and Risk Management Committee</p>	<p>On a periodic cycle each Corporate risk is challenged by Members of the Audit and Risk Management Committee. These sessions allow Chief Officers to demonstrate how risks are being managed and allow Elected Members to directly question on any areas of interest.</p>
<p>Chief Officers' Summit Group</p>	<p>Each quarter the Chief Officers' Summit Group review all the top risks for the Corporation (of score 24 and above) and challenge and moderate as necessary. Corporate risks are escalated by the Departmental Management Teams and upon approval are escalated to the Audit and Risk management Committee.</p>
<p>Departmental Risk Coordinators</p>	<p>The risk coordinators provide advice and guidance on the application of the Risk Management Strategy, working closely with the Risk and Assurance Manager. They are the first point of call for risk related matters for their department providing operational support.</p> <p>The Risk Coordinators meet on a 6 monthly basis contain representatives from the City of London Police, Internal Audit, Health and Safety, Emergency Planning, Performance and Insurance.</p>

## Glossary of Key Terms

Consistent understanding and application of language provides a sound basis for embedding risk management. To promote this consistency, the following key terms are defined below:

Term	Definition
Cause	<p>Definite events or sets of circumstances which exist in the department, programme/project, partnership or their environments, and which give rise to uncertainty.</p> <p>Causes themselves are not uncertain since they are facts or requirements.</p>
Control Evaluation	A measure to determine how effective the controls are.
Control Owner	The person that has accountability for a particular task to control an aspect of the risk, either the Cause or the Effect. The role is accountable to the Risk Owner.
Controls	Measures taken to control the impact or likelihood of risks to an acceptable level.
Corporate risk	<p>Strategic or Operational risks reported to the Audit and Risk Management Committee for assurance purposes.</p> <p>One or more of the following criteria must apply:</p> <ul style="list-style-type: none"> <li>▪ The risk relates directly to one or more of the Strategic Aims or Key Policy Priorities.</li> <li>▪ A risk that has significant impact on multiple operations if realised.</li> <li>▪ There are concerns over the adequacy of departmental arrangements for managing a specific risk.</li> </ul> <p>Corporate risks can also be those requested by the Audit and Risk Management Committee specifically.</p>
Current / Net risk	The re-assessed level of risk taking in to account the existing controls.
Effect	<p>Unplanned variations from objectives, either positive or negative, which would arise as a result of risks occurring.</p> <p>Effects are contingent events, unplanned potential future variations which will not occur unless risks happen.</p>
Operational Risk	Risks arising from or relating to the execution of day-to-day operations and service delivery.



<b>Term</b>	<b>Definition</b>
Original / Gross risk	The assessed level of risk on the basis that no mitigating controls are in place.
Risk	The effect of uncertainty on objectives.
Risk Management	The systematic application of policies, procedures and practices to the tasks of identification, evaluation, and mitigation of issues that threaten the achievement of defined objectives.
Risk Owner	The person that is accountable for the overall management of the risk, including bidding for resources to control the risk.
Strategic risk	Risks arising from or relating to long term departmental objectives.
Target risk	The level at which the risk will be deemed as acceptable.

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# Agenda Item 8

<b>Committee:</b>	<b>Date:</b>
Audit & Risk Management Committee	4 <sup>th</sup> March 2014
<b>Subject:</b> 2014/15 Internal Audit Planning	<b>Public</b>
<b>Report of:</b> Chamberlain	<b>For Decision</b>

## Summary

The Head of Internal Audit is required by the Public Sector Internal Audit Standard to establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals. The risk-based plan must take into account the requirement to produce an annual independent internal audit opinion on the design and effectiveness of the City's governance, internal control and risk management environment.

The purpose of this report is to present the Annual Audit Plan for 2014/15. A strategic overview of the 2014/15 plan was discussed by the Committee at its October 2013 meeting following which detailed consultation meetings have been held with Chief Officers over the Autumn to inform the development of more detailed plans.

To ensure risk based audit plans are developed in an effective way, there is a 5 year Strategic Plan which provides the basis for the Annual Audit Plan. This internal audit role is a central element of the City's Corporate Governance framework, as the internal audit work and Head of Internal Audit opinion is a key input to the published Annual Governance Statement and focus for the work of the Audit & Risk Management Committee.

The internal audit function is continually aiming to focus its activities and approach according to the assurance requirements of the City. This has entailed an increased focus on VFM and efficiency, and working much closer with senior management so its work is more focused on those areas where internal audit can provide added value to the organisation. To support this focus, internal audit has responsibility for the corporate risk management support function and supports the efficiency and performance review work of the officer Efficiency Board and member Efficiency & Performance Sub-Committee (EPSC).

The combining of the internal audit function and the corporate risk management support role is assisting the City of London in developing a more integrated risk and assurance management approach with clearer linking of internal audit and other assurance activity to the key strategic and departmental risks faced by senior management.

Internal audit is developing the use of assurance mapping techniques to provide a holistic overview of assurance coverage of key risks and controls. This will assist in the focusing of internal audit activity, by developing a clearer picture of the scope of other assurance activities, particularly that undertaken by external inspectors or management review activities. It is intended to roll these exercises out to larger Departments in 2014/15.

Following feedback from the Chief Officer customer satisfaction review in the Summer, Internal Audit will be sharing and promulgating more widely, thematic risk and control issues arising from routine audit and investigation work. This thematic reporting will be progressed and refined in 2014/15 to become a regular feature of internal audit work.

The indicative allocation of internal audit resources by audit theme and Department is set out in Appendix 2 of this report. Appendix 3 provides information on Departmental spend and income with commentary on factors which impact on the audit resources allocation. Appendix 4 provides information on the Audit Risk Assessment Methodology.

Areas of focus within internal audit cyclical risk based work are:-

- Financial Management
- Operations Systems
- Corporate Governance & Performance
- Information Systems and Governance
- Efficiency and VFM
- Contracts, Procurement and Projects
- Compliance

This report sets out the resource availability and proposed deployment of audit resources for the anticipated 3492 days available from the 15.6 Full Time Equivalents (FTE) in the internal audit section. These allocations are broadly the same as in previous years, although the provision for carry forward work from the previous year's plans has been increased to a more realistic level (275 days), compared to last year's inadequate allocation of 180 days. A contingency provision of 170 days has also been included.

An allocation of 140 days for dedicated VFM and efficiency work has been provided for within this plan. There is the possibility that additional audit resource will be requested to support more detailed analysis of service based reviews. This will be considered in-year with the new Chamberlain, in light of progress with the service based reviews and progress in delivering the higher

priority work within the 2014/15 audit plan.

Recommendation

**The Audit and Risk Management Committee agree the 2014/15 Audit Plan.**

## **Main Report**

### **The role of internal audit**

1. Internal auditing is an independent, objective assurance and consulting (advisory) activity designed to add value and improve an organisation's operations. It helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
2. The Internal Audit section reviews the operations of all services the City provides, and also supplies the internal audit service to the Museum of London and London Councils under a SLA. It does so in accordance with it's the Audit Charter which reflect statutory and professional requirements. Implementation of the audit plan helps the City of London maintain "a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk" (Accounts and Audit Regulations 2011). Proper practices are defined in the new Public Sector Internal Audit Standards which is the professional basis for the operation of the Internal Audit section.
3. Internal audit adds value and improves the City's operations by promoting a robust control environment, best practice in governance and risk management as well as making recommendations for improvements in operating efficiencies. To achieve this, the Internal Audit section engages with the City's Corporate and Departmental change programmes, providing expert independent and objective input to emerging issues.

### **Internal Audit Planning Process**

4. The Head of Internal Audit is required by the Public Sector Internal Audit Standard to establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals. The risk-based plan must take into account the requirement to produce an annual independent internal audit opinion on the design and effectiveness of the City's governance, internal control and risk management environment.
5. Annually, internal audit conducts a comprehensive risk-based audit planning process to ensure that all areas of the City of London's operations (and external partners, where appropriate) are provided with an appropriate and structured internal audit service to assist in the continuous improvement process.
6. The result of this process is an updated 5 year Audit Strategic Plan 2014-19 which provides the starting basis for the Annual operational audit plan. Whilst many other organisations adopt a 3 year rolling strategic plan, a 5 year plan is

still considered most appropriate for the City of London, reflecting a desire for a cyclical coverage of all the main auditable areas of the City's diverse operations.

7. The principles of risk management are applied throughout the planning process in that the allocation of resources to each audit is considered against the assessed likelihood, frequency and impact of individual risks. The internal audit risk assessment methodology as set out in **Appendix 4** was reviewed last year so that it is aligned to the risk management handbook assessment criteria and takes into account financial materiality, reputational risk, current control effectiveness, whether there have been structural, process or system changes and the risk of loss, fraud or abuse of powers.
8. The Internal audit risk assessment which drives the allocation of resources is undertaken at a detailed system level rather than at departmental level. This is because it is necessary to assess the wide variety of risks and systems that exist with each Department to ensure an appropriate coverage. **Appendix 3** provides an analysis of the audit days allocation by Department with details of expenditure, income and staffing budgets along with a brief commentary on the factors which drive the audit coverage in each department, of which the level of expenditure and income is only one factor.
9. Whilst the strategic and annual audit plans are initially compiled using risk to assess the areas needing coverage, Chief Officer views are being sought on the focus and scope of audit activity so planned work is more focused on those areas, where internal audit can provide added value to the organisation.
10. Reference is made to Department risk registers in developing the audit plans. It is now possible to place increased reliance on these risk registers in informing risk assessments for audit planning purposes.
11. Linkages to the Strategic Risk Register are highlighted within each theme of audit coverage explained later in this report.
12. External Audit (City Fund and non-City Fund auditors) have been consulted on the content of the 2014/15 operational internal audit plan and a number of financial control areas of planned internal audit work are expected to be of particular interest to them in arriving at their own audit opinion on the published financial statements of the City.
13. Resource assumptions are based upon an audit section complement of 15.6 FTEs consisting of one Head of Audit & Risk Management, four Audit Managers, one Risk & Assurance Manager, eight auditors and two fraud investigators, with an additional temporary senior auditor being retained for the first quarter of the financial year to assist with the completion of the carry forward work for the 2013/14 audit plan.
14. The assumptions behind this resource analysis are set out in **Appendix 1**. A reasonable level of staff turnover is now being experienced by the internal audit section. Succession planning particularly for specialist IS and Contract and procurement auditors remain a key consideration. Should vacancies arise then, it is intended to use the allocated internal audit budget to purchase additional audit resources to deliver the audit plan. A more realistic provision for carry forward work of 275 days (180 days in 2013/14) has been made, recognising that this provision has been underestimated in previous years.

## Allocation of Internal Audit Resources

15. The overall allocation of time from the estimated 3492 days available is as follows, with further detail of the indicative audit review coverage set out in **Appendix 2**. Members will observe that **Appendix 2** analyses internal audit coverage by both audit theme (e.g. Compliance, Financial Management, Operational Systems) and Departments, giving the indicative % allocation of resources allocated in each case.

<b>Internal Audit Work allocations</b>	<b>Days</b>	<b>%</b>
<ul style="list-style-type: none"> <li>- Main Audit Review Work (further indicative analysis by Department and Theme in Appendix 2)</li> <li>- new review work – (1208 days, including 100 days allocated for Efficiency Work)</li> <li>- completion of 2013/14 audit plan – (275 days)</li> <li>- Follow-up of audit recommendations – (139 days)</li> <li>- Museum of London &amp; London Council SLA – (88 days)</li> <li>- Honorary Audits and Examination (e.g. Guildhall Club Accounts) – (9 days)</li> <li>- contingency (170 days)</li> </ul>	1,889	54%
Corporate Risk Management support	142	4.1%
Anti-Fraud & Corruption - investigations and pro-active prevention and policy development	423	12.1%
Advice & Guidance - on risk & controls	155	4.4%
Efficiency Board/EPSC Support	40	1.1%
Audit Planning & Reporting – engagement with senior management, External Audit and detailed update reporting to Members	114	3.3%
Member Committee Support – attendance and support to Audit & Risk Management Committee, and six other Risk/Audit focused committees	71	2%
Audit Development – includes further development in use of audit automation and new audit techniques, external networking	127	3.6%
Training	136	3.9%
Staff contractual absences	126	3.6%
Admin Support - staff monitoring/meetings/time recording, audit software maintenance	269	7.7%
<b>Total</b>	<b>3,492</b>	

16. These allocations between direct audit work, business support activities and Audit Team management and development are similar to last year. One of the main differences is including a more realistic allocation of 275 days for carry forward work compared to the 180 days allocated last year. This represents the best estimate possible of carry forward days, 6 weeks prior to the end of the financial year based on the work done to date.
17. Detailed internal audit planning for 2014/15 commenced in October through a risk review of the audit universe and audit planning consultation with Chief Officers in order to produce an updated 5 year Audit Strategy and Audit plan for the 2014/19 period.
18. Current and future audit plans are regularly reviewed in year with changes made as a result of emerging risks and requests for assurance work or audit support from senior management or Members.
19. An allocation of 100 days for dedicated audit review work on efficiency and VFM matters and 40 days for direct support work to the Efficiency Board and Efficiency and Performance Sub-Committee has been provided for within this plan. It is anticipated that the major part of this resource allocation will be used to support the service review programme. Within the context of the pressing need for services to identify and reduce net spending or increase income, there is the possibility that additional audit resource will be requested to support more detailed analysis of service based reviews. This will be considered in-year with the new Chamberlain, in light of progress with the service based reviews and progress in delivering the higher priority work within the 2014/15 audit plan.
20. Changes to audit plans are reported to the Audit & Risk Management Committee via the regular internal audit update report. The forward audit work programmes will be reviewed on a quarterly basis.

### **Assurance Mapping**

21. Internal audit has been piloting the use of assurance mapping techniques with the City of London Police in 2013/14 to provide a holistic overview of assurance coverage of key risks and controls. This will assist in the focusing of internal audit activity, by developing a clearer picture of the scope of other assurance activities, particularly that undertaken by external inspectors or management review activities. It is planned to roll these exercises out to three larger Departments in 2014/15.

### **Reporting on Key Themes**

22. The Chief Officer Customer satisfaction review identified support for Internal Audit sharing and promulgating more widely, thematic risk and control issues arising from routine audit and investigation work. The purpose of this is so that Chief Officers can seek assurances that similar risk and control issues are not present in their own departments. This thematic reporting commenced with an audit and risk focused workshop with the Chief Officers Group in December 2013 and will be progressed and refined in 2014/15 to become a regular feature of internal audit work.



## **2014/15 Areas of audit emphasis**

23. The internal audit plan has been analysed into seven main themes. The purpose of this is to demonstrate the balancing of audit coverage. Details of links back to relevant Strategic risks are also identified in this section.

### **Financial Management**

24. Audit work in this area is focused on providing assurance on key financial systems, budgetary control and financial stewardship through reviews on key Chamberlain Department Financial Systems (e.g. Business Rates, Pensions, Treasury Management) as well as work undertaken on Financial Governance within Departments.
25. Many key financial systems will be changed during 2014/15 as a result of the full in-sourcing of the Business Rates and Council Tax functions, Oracle 12 implementation and the introduction of new Pension arrangements. Internal audit work will be focused on providing risk and controls advice as new processes and systems are introduced in these areas. ICT application audits are planned on key high value systems (e.g. On-line Banking for Money Market transactions and BACS – receipts and payments). Departmental Financial Management reviews are planned for Markets and Consumer Protection, Town Clerks and Comptroller and City Solicitors Department.
26. Responsibilities and the organisation of teams providing financial management services were re-organised during 2011/12 as part of the Strategic Finance Review. Audit work continues to focus on the impact of the new Financial Management arrangements and whether any risks have materialised through changes in the control environment.
27. Assurance work in this area has a clear linkage to Strategic Risk 3 – Financial Stability.

### **Corporate Governance & Performance**

28. Audit work in this area is focused on key Governance areas such as Health & Safety, Business Ethics, declaration of interests and performance management and business planning arrangements.
29. Department Performance Measure reviews are planned in a number of Departments. Corporate reviews are planned of officer declarations of interest and the Health & Safety framework which has a direct link to Strategic Risk 9 – Health & Safety.

### **Operational Systems**

30. Audit work in this area focuses on key systems and activities in operational and service delivery areas of the City. A number of reviews are planned on HR operations areas including Learning and Development, Occupational Health and Sickness management.

31. Other reviews include catering facilities managed by Open Spaces and Town Clerks Departments, DCCS Housing Allocations and vacancy management and the DBE Penalty Charge Notice systems.

### **Information Systems and Governance**

32. Audit work in this area focuses on the new IS/IT infrastructure arrangements established with Agilisys, remaining in-house IS/IT functions, and related information security and business continuity risks.
33. Implementation of the Agilisys partnership arrangement, has had a significant impact on the focus of audit work due to the outsourcing of the main IS/IT infrastructure and staff support. The internal audit team has been directly engaged with the setting up of the new contract management arrangements with Agilisys and will review these new arrangements as a key audit during the year. A full review of the City's back-up, patching and change control, service desk and disaster recovery as now operated by Agilisys is planned.
34. City of London Police, Business Continuity Planning and Disaster Recovery arrangements are also planned for review.
35. Information Governance, particularly security over sensitive and confidential information held electronically and on paper records will be reviewed, which will have direct relevance to the new Information Security Strategic risk as well as having some linkage to Strategic Risk 8 relating to Reputational Risk.

### **Efficiency and Value for Money**

36. It is expected that internal audit work will continue to have a significant focus on efficiency and value for money. In addition to considering these aspects as part of general reviews, an allocation of 100 days has been made for specific Efficiency work.
37. An on-going role for internal audit will be continuing to support the work of the Officer Efficiency Board and Member Efficiency & Performance Sub-Committee through undertaking forensic efficiency and performance reviews, with a particular focus on the service based reviews, which are now underway and will complete in 2014/15.
38. Two efficiency audits are planned to review the use of temporary staff and a related review will look at the use of consultants.
39. In addition, as part of other audit reviews, internal audit will look to review key control areas where changes in staffing and processes have resulted from the implementation of efficiency savings to ensure adequate controls continue to be applied. VFM and efficiency review challenges will continue to be built into each audit review where feasible.
40. The internal audit function is sufficiently resourced to undertake this Efficiency and VFM work and still be able to provide an assurance on the City of London's control environment through a wide programme of assurance activities which are described in the other themes.

### **Contract, Procurement & Project Audit**

41. Audit work in this area focuses on the key systems for developing and implementing major revenue and capital projects, procurement processes and the City's new project management arrangements.
42. Internal audit work will look to place reliance on the operations of the CLPS compliance function, and close working with this function will be pursued to assist in ensuring compliance with the new centralised purchasing arrangements.
43. Work on adult services commissioning is planned for DCCS, in addition to the review of construction and physical maintenance projects within the Barbican Centre, Built Environment and Housing function of the Department of Community Services.
44. In addition, organisational compliance with new CLPS requirements will be assessed through our review work within Departments.
45. Audit work in this area has a direct link to the Strategic Risk 6 relating to Project Risk.

### **Compliance & Spot Checks**

46. A rolling programme of compliance audits are planned covering inventories, safes, control of income, use of procurement cards and stores. These reviews are often undertaken through visits to local City offices located away from the Guildhall Complex. In addition compliance spot checks are also undertaken on key financial systems, to provide assurance on compliance with process, in years when full risk based system audits are not being undertaken.

### **Delivery of main audit work**

47. The 2014/15 operational audit plan will be delivered using a mixture of different methods of audit delivery. In addition to full assurance projects which seek to provide a wide assurance on the adequacy and effectiveness of the controls in the area reviewed, there are mini assurance reviews which are targeted on a smaller area of activity, compliance spot checks, system development reviews focused on ensuring controls are properly designed into new systems, and consultancy reviews which is focused on developing proposed design solutions for new systems and arrangements. In addition two Honorary Audits and Examinations are expected relating to the Guildhall Club and Police Athletics Clubs. The split of this planned work is set out in the table below.

<i>Review Type</i>	<i>Number</i>	<i>Days</i>	<i>Days (%)</i>
<b>Full Assurance Review</b>	61	889	74%
<b>Mini-assurance review</b>	31	164	14%
<b>Compliance Spot Check</b>	21	77	6%
<b>Consultancy</b>	1	65	5%
<b>System development reviews</b>	1	13	1%
<b>Honorary/Examination Audits</b>	2	9	0.1%
<b>Total</b>	<b>115</b>	<b>1208</b>	

48. A detailed listing of all planned internal audit reviews for 2014/15 is available to members on request.

49. The internal audit section has a range of IS audit tools including an audit transaction interrogation package called IDEA which can analyse thousands of records efficiently and the AppsSecs software tool which assesses computer application compliance to IS security standards.

## **Conclusion**

50. The City of London has a wide range of differing Departments, institutions and services. The Audit Strategy remains to still provide reasonable assurance on key control risks in each department through cyclical coverage, coupled with a focus on efficiency and other corporate review areas, including Information Governance, Partnerships and Commissioning, and key change projects e.g.Oracle 12 implementation.

## **Appendices**

Appendix 1 – Internal audit resource assumptions

Appendix 2 –internal audit resource allocations by Theme and Department

Appendix 3 - Audit Planning 2014/15 - Department resource allocation with Budgets and Commentary

Appendix 4 – Audit Risk Assessment Methodology

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## Appendix 1

### Internal Audit Resource Assumption DETAILED ANALYSIS OF AVAILABLE DAYS IN 2014/2015

	<b>Total</b>	<b>%</b>
Gross Days (52 weeks) – 15.6 FTE's	4107	
<b>Less: uncontrollable days</b>		
Bank Holidays (8 days)	128	
Annual Leave	487	
<b>Net Available days</b>	<b>3492</b>	<b>100.0%</b>
<b>Admin Support</b>		
General (e.g. time recording/staff meetings/staff monitoring)	246	7%
MK super user	23	0.7%
Sickness	110	3.2%
Other contractual absences	16	0.5%
CPD Technical Training	78	2.2%
Corporate Training	18	0.5%
CIPFA & IIA Training	40	1.1%
	<b>531</b>	<b>15.2%</b>
<b>Days Available for direct audits and support work</b>	<b>2961</b>	<b>84.8%</b>
<b>Audit Support &amp; Development</b>		
<b>Risk Management</b>		
Corporate Risk Management	134	3.8%
ad hoc on-demand support/advice (risks and controls)	155	4.4%
Chamberlain Business Continuity Support	8	0.2%
<b>Anti-Fraud &amp; Corruption</b>		
Fraud investigations	318	9.1%
Pro-active fraud & prevention	105	3.0%
<b>Audit Planning &amp; Reporting</b>		
Audit Planning	52	1.5%
Audit Plan progress reporting	47	1.3%
External Audit Liaison/co-ordination	15	0.4%
<b>Efficiency &amp; Performance Review</b>		
support to Efficiency Board/EPSC	40	1.1%
<b>Audit Development</b>		
Continuous improvement	68	1.9%
Audit policy, research and development	56	1.6%
Audit intranet	3	0.1%

**Member Support**

COL Audit Committee	45	1.3%
GSMD Audit Committee	6	0.2%
London Councils - Audit Committee	5	0.1%
Museum of London - Audit Committee	6	0.2%
Police Performance & VFM Committee	4	0.1%
Barbican Centre Risk/Finance Committee	5	0.1%
	<hr/>	
	<b>1072</b>	<b>30.7%</b>

**AVAILABLE FOR AUDIT PROJECTS:- (see Appendix 2)**

	<hr/>	
	<b>1889</b>	<b>54.1%</b>
	<hr/> <hr/>	

Appendix 2 - 2014/15 Internal Audit Plan - audit resource allocation by Theme and Department

Department	Compliance	Contract, Proc & Project	Corp.Gov. & Performance	Efficiency & VFM	Financial Management	Info Sys and Gov.	Operational Systems	Total	Total (%) of main assurance work
Corporate	15	110	35	95	15			270	22.4%
Barbican Centre		30	5		25	11		71	5.9%
Built Environment		30	5				20	55	4.6%
Chamberlains	2	50			23	91		166	13.7%
City Police	15			5	50	15		85	7.0%
City Surveyor		10			25			35	2.9%
CLFS								0	0.0%
CLS								0	0.0%
CLSG								0	0.0%
Community and Children's Services	27	60			58		13	158	13.1%
Comptroller and City Solicitor			5		15			20	1.7%
Culture, Heritage & Libraries	3		5		25			33	2.7%
Guildhall School of Drama & Music	27				10		9	46	3.8%
Mansion House	1							1	0.1%
Markets and Consumer Protection	16	3	5		35		2	61	5.0%
Open Spaces	2	10			49		29	90	7.5%
Remembrancer's Office								0	0.0%
Town Clerks	2		13		57		45	117	9.7%
<b>Total</b>	<b>110</b>	<b>303</b>	<b>73</b>	<b>100</b>	<b>387</b>	<b>117</b>	<b>118</b>	<b>1208</b>	
<b>Total (%) of main assurance work</b>	9.1%	25.1%	6.0%	8.3%	32.0%	9.7%	9.8%		
Recommendations follow-up								139	
Contingency for additional audit work requests								170	
2013/14 carry forward								275	
								<b>1792</b>	
Museum of London - SLA								59	
London Councils - SLA								29	
Honorary/Examination Audits ( e.g. Guildhall Club Accounts)								9	
Direct internal audit review, efficiency and analysis work								<b>1889</b>	

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Appendix 3 - Audit Planning 2014/15 - Department resource allocation with Budgets and Commentary

Department	Gross Expenditure £000's	Gross Income £000's	Employees Costs £000's	Audit Days	
Barbican Centre	34,146	17,825	14,299	71	Several standalone systems and processes, which require separate assurance and are unique to the Arts Centre operation. Significant capital/contract management activity, separate IS/IT arrangements
Guildhall School Music & Drama	20,485	13,812	13,011	46	Several standalone systems and processes, key operational areas are fee income, professor contracts, school also has separate IS/IT arrangements. Financial Management arrangements are shared with the Barbican Centre
Chamberlain's Dept	20,338	345	15,824	166	Focus on main Financial Systems and key financial stewardship processes
Comptroller and City Solicitor	3,754	465	3,459	20	Areas of focus mainly limited to Departmental Financial management. Legality and regularity of City processes considered through other Departmental assurance areas e.g. Contract audit reviews.
City Surveyor's	39,141	11,554	14,195	35	Key operational risks relating to investment income properties, subject to cyclical coverage
City of London School	15,556	14,515	8,734	0	Cyclical focus is mainly on Financial Management, periodic review of ICT and Schools Income. No coverage planned for 2014/15, as full coverage in previous years.
City of London School for Girls	11,692	11,151	7,017	0	Cyclical focus is mainly on Financial Management, periodic review of ICT and Schools Income. No coverage planned for 2014/15, as full coverage in previous years.
City of London Freeman's School	13,745	13,824	7,742	0	Cyclical focus is mainly on Financial Management, periodic review of ICT and Schools Income. No coverage planned for 2014/15, as full coverage in previous years.
DCCS	36,639	30,666	11,797	158	DCCS has large number of different operations and responsibilities areas, although often the size of service is small, none to the less the operational risks can be very high. Area is also subject to external inspections. Housing function will be significant focus for 2014/15
Built Environment	30,312	12,797	11,497	55	Assurance focused on some key operational systems, e.g. highways, waste, building control fees
Culture, Heritage and Libraries	14,368	4,632	10,214	33	A number of discrete services which require periodic coverage, covering tourist attractions, library services, and art gallery with high value assets.
Mansion House	2,868	280	1,890	1	Coverage limited to Departmental Financial Management focus, Facilities Management and some compliance work focused on high value assets. Previous audit coverage very good, considered low risk, therefore only one spot check planned for 2014/15
City Police	99,943	42,185	82,530	85	Main area of assurance work relates to City of Police employee controls, premises costs and operations, and key cost control areas (e.g. translators fees, compensation costs). Operational risk and controls are subject to regular coverage by Police Constabulary Inspectorate which also consider Police HQ areas, e.g. information system controls over National Database use.
Town Clerks Department	20,524	4,507	14,594	117	Coverage of some key corporate systems, e.g. HR, Business & Performance Management arrangements, and smaller policy Departments where assurance focus is Financial management and grants controls (e.g. EDO/City Bridge Trust). Includes Central Criminal Court coverage which focuses on Financial Management, Employee risk and facilities management arrangements.
Remembrancer's Office	1,951	1,220	1,589	0	Periodic review of Financial Management, employee controls and Guildhall lettings. Good coverage in current and previous years, so no coverage planned for 2014/15.
Open Spaces	18,968	7,830	14,100	90	Periodic review of Financial Management, employee controls, facilities management. Periodic compliance visits to each site, including focus on some leisure/visitor facilities.
Markets and Consumer Protection	19,648	15,527	11,194	61	Compliance reviews covering all City Markets, Consumer protection offices, Central Admin and controls over income collection from traders.
Corporate				270	Cross-cutting reviews, e.g. overtime and expenses, Information governance, officer declarations, Health & Safety, and efficiency review work.

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**Internal Audit Risk Scoring Model**

The risk assessment model operates by considering the following risk factors:-

- Financial Materiality -
- Reputational Risk -
- Current Controls Effectiveness
- Structural & Process change - systems
- Risk of Loss/fraud/abuse of power

These factors are weighted and applied to each entity in the City of London Audit Universe resulting in an indication of the priority and frequency that different aspects of the City of London should be reviewed.

The audit risk assessment model provides a guide for the suggested interval and priority of audits. However, this is only one part of the audit planning process, which involves consultation and discussion with Chief Officers and senior management in each department, review of risk registers, departmental objectives and priorities, consideration of new developments and auditor professional judgement.

**Risk Scoring**

The risk scoring model is based on scoring the 5 factors between 1 to 5. They are then weighted resulting in an overall score for the audit universe entity from 1 to 5. Internal Audit guidance for scoring these factors is as follows:-

<b>Risk Assessment Factor Scoring guidance</b>		
<b>Financial Materiality (£) – (Gross income + gross expenditure for audit area) – 30% weighting</b>		
	1	0-9,999
	2	10,000 - 99,999
	3	100,000 - 999,999
	4	1,000,000 - 10,000,000
	5	10,000,000 +
<b>Reputational Risk – 17.5% weighting</b>		
	1	control failure does not result in adverse media comment.
	2	control failure could result in minimal localised reputational damage with minor short-term adverse media comment
	3	control failure could result in local adverse media comment/public perception, possible medium/long-term impact.
	4	control failure could result in Short-term adverse media comment on a National level with prolonged comment on a local level leading to long-term damage and a general loss of confidence.
	5	control failure could result in substantial adverse media comment on an International/National level, with long-term impact that may threaten the City Corporation’s ability to continue to operate as a service provider.

<b>Current Control Effectiveness – 17.5% weighting</b>		
	1	Robust mitigating controls in place
	2	Adequate mitigating controls in place,
	3	Reasonable mitigating controls in place, but may still require improvement.
	4	Mitigating controls are inadequate
	5	Mitigating controls do not exist or are wholly ineffective
<b>Structural and process change – 17.5% weighting</b>		
	1	steady state system/structure with no recent changes
	2	steady state system/structure with only minor changes in process/structure
	3	system/structure has been subject to recent material changes in one or more material process
	4	new system/structure with new control environment
	5	new, complex and innovative system or structure with untested controls and lack of experience in area of development
<b>Inherent risk of loss/fraud/abuse of power – 17.5% weighting</b>		
	1	No risk of loss of desirable assets (including information), cash, financial instruments, abuse of powers
	2	Limited risk of loss of desirable assets (including information), cash, financial instruments, abuse of powers
	3	Possible risk of loss of desirable assets (including information), cash, financial instruments, abuse of powers
	4	Likely risk of loss of desirable assets (including information), cash, financial instruments, abuse of powers
	5	Almost certain risk of loss of desirable assets (including information), cash, financial instruments, abuse of powers

Scoring will result in a risk score which provides an indicative frequency:-

High Risk	3.5 - 5	indicative frequency (every year – 12mths)
Medium Risk	2.75 – 3.5	indicative frequency (every 2/3 years – 36mths)
Low Risk	1-2.75	indicative frequency (every 5 years – 60mths)

**Worked Example 1:**

**Department of the Built Environment- Waste Disposal and Waste Reduction Strategy**

<b>Factor</b>	<b>weighting</b>	<b>Score (1-5)</b>	<b>Consideration</b>
Financial Materiality	30%	3	Waste Collection budget 2013/14 £798,000
Reputational Risk	17.5%	2	The environmental implications of waste disposal are a likely area for public interest and media criticism.
Current Controls Effectiveness	17.5%	3	Previous audit work has identified that the strategy has been well formulated and performance is being accurately monitored.
Structural & Process Change	17.5%	3	Subject to change in response to political influence.
loss/fraud/abuse of power	17.5%	3	Pressure on management to deliver significant reductions in waste could lead to manipulation of data and favourable inaccurate reporting of results.
<b>Total score</b>		<b>2.825</b>	<b>To the lower end of Medium risk, indicates this area should be reviewed every 3 years</b>

**Worked Example 2:**

**Chamberlain Department Payroll -**

<b>Factor</b>	<b>weighting</b>	<b>Score (1-5)</b>	<b>Consideration</b>
Financial Materiality	30%	5	Payroll processes payments of £240,000,000 per year
Reputational Risk	17.5%	2	Errors in processing or Fraud incident could cause result in local adverse media comment/public perception, possible
Current Controls Effectiveness	17.5%	3	Generally well controlled area, previous audits have not identified anything other than minor issues. Payroll manager often consults internal audit on control issues. Recent investigations have highlighted issues with line manager authorisations prior to submission to Payroll.
Structural & Process Change	17.5%	3	Have been changes to itrent, and move away from paper payslips, new on-line overtime process, although fundamental processing system and procedures reasonably unchanged
loss/fraud/abuse of power	17.5%	3	No cash wages, however a reasonable inherent risk of creation of ghost employee's etc, however good segregation of duty controls minimise opportunities
<b>Total score</b>		<b>3.425</b>	<b>Higher end of Medium risk, indicates this area should be reviewed every 2/3 years</b>

# Agenda Item 9

<b>Committee:</b>	<b>Date:</b>
Audit and Risk Management Committee	4 <sup>th</sup> March 2014
<b>Subject:</b> Internal Audit Update Report	<b>Public</b>
<b>Report of:</b> Chamberlain	<b>For Information</b>

## **Summary**

This report provides an update on internal audit activity since the last Audit & Risk Management Committee on the 11<sup>th</sup> December 2013. It sets out the independent opinion of the Head of Internal Audit in relation to the adequacy and effectiveness of the control environment for those areas of internal audit work concluded since the last update report to Committee.

The outcomes from the five main audit reviews finalised since the last update are reported. All of these reviews resulted in Green assurance ratings.

### **Internal Audit Function Performance**

The performance level in implementing audit recommendations, assessed by formal follow-up reviews, has continued to improve. There has been some improvement in the timely production of draft reports although the issuing of final reports on a timely basis still requires further attention.

Completion of the 2013/14 audit plan is still behind expected programme. Two interim senior auditors have been recruited to work until the end of the financial year and will continue into the first quarter of 2014/15 to ensure carry forward work from the 2013/14 audit plan to 2014/15 is completed early in the new audit plan year.

Two permanent senior auditors commenced work at the beginning of January 2014 which now brings the internal audit section to a full complement of staff. The audit reviews being delivered by these new permanent and temporary staff is predominantly at fieldwork stage. The positive impact on audit plan delivery will start to be reflected in the audit plan completion statistics in the next two months.

### **Development of the Internal Audit Section**

The Audit Section will be peer reviewed at the end of February 2014 by the Head of Governance from London Borough of Croydon, . This assessment will review our compliance with the new Public Sector Internal Audit Standards and the outcome will be reported to the May Committee.

### **Recommendation**

Members are asked to note the update report.

## Main Report

### Current Position

1. Since the last update to the Audit & Risk Management Committee in December 2013, five main audit reviews have been finalised, all of which resulted in Green assurances. These reviews are identified in **Table 1** below.
2. Audit report summaries from these reviews will be circulated separately to the Audit & Risk Management Committee and the Chairman and Deputy Chairman of the relevant Service Committee prior to the meeting. The detailed internal audit report can be provided to members of this Committee on request.

<b>Table 1</b> <b>Green Assurance Audit Reviews</b>	<b>Red recs.</b>	<b>Amber recs.</b>	<b>Green recs.</b>	<b>Total</b>
<b>City Surveyor's</b> Recoverable Works	-	-	1	1
<b>City of London Police</b> City First Project	-	-	1	1
<b>Barbican Centre</b> Business Continuity Planning	-	1	9	10
<b>City of London School</b> Teaching and Non-Teaching Recruitment	-	-	3	3
<b>Open Spaces</b> Fleet management	-	3	16	19

3. Internal audit work is conducted and reported in accordance with the Public Sector Internal Audit Standards with no impairment to independence or objectivity.

### Audit Work Delivery

4. Delivery of the 2013/14 plan, as at the end of January 2014, is set out in **Table 2** below.

<b>Table 2</b>	Current Plan	Not Started	Planning	Fieldwork	Draft Report	Final / Complete	% Complete
Full Reviews	97	15	14	26	7	35	43%
Spot checks & Mini Assurance Reviews	82	28	13	9	3	29	39%
Irregularity Investigations	8	0	0	1	2	5	88%
A&I/support reviews	6	1	2	2	0	1	17%
<b>TOTAL</b>	<b>193</b>	<b>44</b>	<b>29</b>	<b>38</b>	<b>12</b>	<b>70</b>	42%
<b>KPI 1 (% completed)</b>	42%						



5. Since the 2013/14 audit plan was agreed at the 5<sup>th</sup> February 2013 Audit and Risk Management Committee, there have been a number of changes which have been agreed with management. Since the last update report to Committee one audit review has been added to the audit plan for the current year, with two reviews deferred from the current year's audit plan due to the on-going impact of investigation work. The additional and deferred reviews are set out below.

**Main Audit Reviews added to the 2013/14 Audit Work Programme**

<b>Department</b>	<b>Review</b>
Corporate	Review of February and March orders and invoices for advance purchases.

**Main Audit Reviews removed from 2013/14 Audit Work Programme**

<b>Department</b>	<b>Review</b>
City Surveyor's Department	Miscellaneous Income collection and Debt Recovery
City Surveyor's Department	Rents Lettings and Vacancies

6. The reasons for changes since the plan was agreed are detailed in **Appendix 1**. This appendix sets out all Audit plan changes that have been made since the 2013/14 audit plan was agreed as a result of audit planning meetings with senior management and re-assessment of audit priorities, resources and suitable timing of audit work. Changes over the last 3 months are highlighted in bold within the Appendix.
7. The following main reviews are at draft reporting stage and will be reported to the Committee shortly:

<b>Department</b>	<b>Review</b>
Police	Third Party Payments
City of London Freemen's School	Teaching and Non-Teaching Staff Recruitment (incl. Temp Staff)
Chamberlain's Department	Control of Spreadsheets
Corporate Wide	Contractor Final Account Verification
Chamberlain's Department	Business Rates – ICT Hosting

8. Details of main audit reviews planned for the next quarter (January 2014 to March 2014) can be provided to Members on request.

### **Internal Audit Section Performance**

9. A review of the performance of the internal audit function is provided in **Appendix 2**. Analysis of audit days delivered for the 2013/14 planning period is provided in **Appendix 3**.
10. In summary, the performance level in implementing audit recommendations confirmed by formal follow-up reviews has continued to improve. There has been some improvement in the timely production of draft reports although the issuing of final reports on a timely basis still requires further attention.
11. Completion of the 2013/14 audit plan is still behind programme. Two interim senior auditors have been recruited to work until the end of the financial year and into the first quarter of 2014/15 to ensure carry forward work from the 2013/14 audit plan to 2014/15 is completed.
12. Two permanent senior auditors commenced work at the beginning of January 2014 which now brings the internal audit section to a full complement of staff. The audit reviews being delivered by these new permanent and temporary staff is predominantly at fieldwork stage, so that the positive impact on audit plan delivery will start to be reflected in the next two months.

### **Development of the Internal Audit Section**

13. The Audit Section will be peer reviewed at the end of February 2014 by the Head of Governance from London Borough of Croydon. This assessment will review our compliance with the new Public Sector Internal Audit Standards and the outcome will be reported to the May Committee.

### **Conclusion**

14. Internal audit's opinion on the City's overall internal control environment is that it remains adequate and effective. Some areas of control do need focused improvement by management, as identified through amber recommendations made within internal audit reports. As a result of additional investigation work, some areas of the audit plan have been re-prioritised or re-scheduled, with additional interim auditor resource now secured to maintain adequate audit coverage. The internal audit section is now at full complement, with additional resources in place to ensure adequate internal audit coverage is maintained.

**Appendices**

- Appendix 1 – 2013/14 Audit Plan Changes
- Appendix 2 – Review of Internal Audit Performance
- Appendix 3 – Audit Resource Analysis

**Background Papers:**

2013/14 Internal Audit Plan

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## 2013/14 Audit Plan Changes since March 2013

## 1 –Reviews Cancelled/Deferred

Department	Main Review	Days	Deferred/ Cancelled	Reason
City Surveyor's Department	<b>Miscellaneous Income collection and Debt Recovery</b>	<b>10</b>	<b>Deferred to 2014/15</b>	<b>Re-prioritisation of resources to enable higher priority work to be completed, this routine compliance review re-scheduled to 2014/15.</b>
City Surveyor's Department	<b>Rents Lettings and Vacancies</b>	<b>20</b>	<b>Deferred to 2014/15</b>	<b>Re-prioritisation of resources to enable higher priority investigation work to be completed, this review re-scheduled to 2014/15 as priority.</b>
Chamberlain's	Pensions – Corporate Responsibility	10	Deferred to 2014/15	Re-scheduled to later in 2014/15 so to focus on new processes introduced as a result of changes in pension scheme from April 2014.
Open Spaces	Statutory obligations – Cemetery and Crematorium	5	Deferred to 2014/15	Re-prioritisation of resources to enable higher priority work to be completed, this routine compliance review re-scheduled to 2014/15.
Town Clerks	Performance Development Framework	10	Deferred to 2014/15	Re-prioritisation of resources to enable higher priority work to be completed, re-scheduled to 2014/15. Overall design of system known to have expected key controls. HR currently reviewing to streamline process.
Barbican	Value Frame Work (Techniques and Scoring)	20	Deferred to 14/15	Re-prioritisation of resources to enable higher priority work to be completed, significant audit coverage in this area recently
Built Environment	TFL Local Implementation Plan	15	Deferred to 14/15	Re-prioritisation of resources to enable higher priority work to be completed. Need for review to be re-assessed for risk.
Chamberlain's	Business Rates – Hosted	10	Cancelled	Review of limited value, following decision to re-configure service from October 2014
Community and Children's Services	SJC School – Procurement	5	Deferred	Re-prioritisation of resources to enable higher priority work to be completed. Significant recent audit coverage, management assurance to be

Changes to the Audit plan since September 2013 update are highlighted in bold.

Department	Main Review	Days	Deferred/ Cancelled	Reason
				discussed with Director of DCCS
Community and Children's Services	SJC Catering	5	Deferred	Re-prioritisation of resources to enable higher priority work to be completed. Significant recent audit coverage, management assurance to be discussed with Director of DCCS.
Open Spaces	Procurement & VFM	10	Deferred to 14/15	Re-prioritisation of resources to enable higher priority work to be completed. To be discussed with Director of OS
Town Clerks	Central Criminal Court – Premises Expenditure/Facilities Management	10	Deferred to 14/15	Re-prioritisation of resources to enable higher priority work to be completed. Other relevant audit work including review of Mitie contract.
Open Spaces	Golders Zoo	5	Deferred	Re-prioritisation of resources to enable higher priority work to be completed. Materiality low, need for review to be re-assessed
Barbican Centre	CSA - Interim Valuations (Barbican Centre)	15	Deferred to Qtr 1 14/15	re-prioritisation of resources to enable higher priority work to be completed, significant audit coverage in area recently
Corporate	Contract - Capital Project review	20	Cancelled	re-prioritisation of resources to enable higher priority work to be completed. Separate audit work on project management arrangements is providing assurance on capital projects by alternative means
Town Clerks	Website Strategy, Security and Operation	20	Cancelled	re-prioritisation of resources to enable higher priority work to be completed, responsibility now with Agilisys. Need for periodic review in this area to be re-assessed during audit planning for 2014/15.
Corporate	DR recovery site provision		Deferred	Timing to be reviewed in light on DR developments, and new options being considered through Agilisys
Corporate	Temporary staff	15	Deferred to 14/15	Agreed to be deferred to 2014/15 (as we needed to find time for other reviews) as a low priority due to compliance work being undertaken by CLPS.

<b>Department</b>	<b>Main Review</b>	<b>Days</b>	<b>Deferred/ Cancelled</b>	<b>Reason</b>
Community and children services	Housing lettings and voids	10	Deferred to 14/15	Deferred due to lack of resource.
Community and children services	Rents - Housing and Barbican Estate	20	Deferred to 14/15	Deferred due to lack of resource.
Town Clerks	Departmental Governance	10	Deferred to 14/15	Deferred due to lack of resource.
EDO	Partnership grant payments	10	Deferred/ Cancelled	Spot check of directly managed grants is in progress and it looks as if this can run in parallel with a check of the partnership grants aspect.

## 2 – Additional Work













Review	Priority	Days	Reason
Corporate - Review of February and March orders and invoices for advance purchases.	High	15	<b>Request from Chamberlain, to test for advance purchases being made without genuine need to maximise utilisation of budgets prior to year end.</b>
Chamberlain's Department: Business Rates ICT Hosting – Due Diligence	High	10	Audit review re-scoped from originally planned operational process review. This review will be at a high level assessing the ICT hosting strategy, security and operation prior to planned service delivery changes in October 2014.
Various Departments: Cash Checks	High	40	Chamberlain request for additional assurance
City of London Police: Project Office	Medium	10	Request of Assistant Police Commissioner
City Surveyor's Department: Investment Properties, settlement of claims	Medium	15	Review of controls and authorisation process, request of City Surveyor
Community and Children Services: Appointeeships - (Client Accounts)	High	20	Follow on from Client Account audit,
Guildhall School of Music & Drama: Assurance Mapping	Medium	5	Required to inform audit planning and provide more effective assurance to Senior Management and Members
Corporate Wide; Project Final Accounts Verification	Medium	25	Assurance over compliance with revised procedures operating in Department and within Financial Services Division.
64 London Wall Rental Income	Medium	8	Request of the City Surveyor
Restructure of Building Repairs and Maintenance	High	10	Requested by Chief Officer Group

**Note: does not include changes to Museum of London and London Councils audit plan**

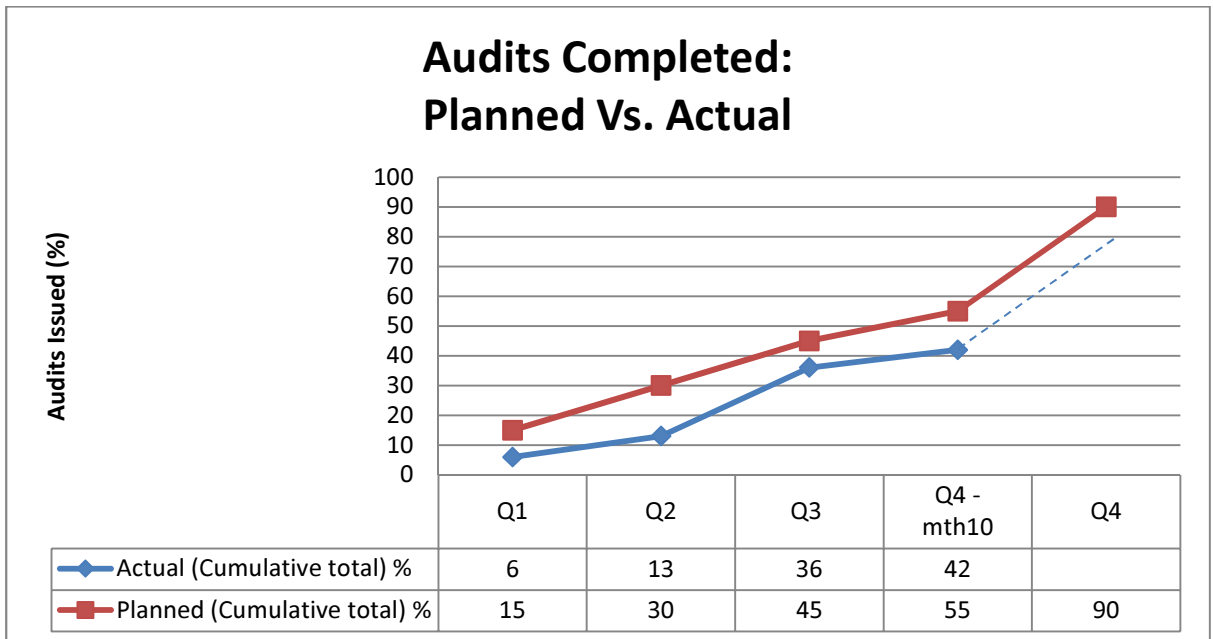


**Review of Internal Audit Performance – February 2014**

1. The following Key Performance Indicators are used for monitoring the Internal Audit section. Performance against these indicators is set out in the table below. Where targets have not been achieved, further comments on corrective action are provided after the table.

<b>Performance Measure</b>	<b>Target</b>	<b>2013/14 Performance</b>	<b>March 14</b>	<b>Dec 13</b>
Completion of audit plan	90% of planned audits completed to draft report stage by end of plan review period (31 <sup>st</sup> March 2014)	42% - below target due to resources allocated to substantial investigation work and recruitment delay, extra two temps now in place		
% recommendations confirmed fully implemented at time of formal follow-up	Overall – 75% Red – 100% Amber – 80% Green – 70%	Overall – 87% Red – 100% Amber – 89% Green – 88%		
Timely production of draft report	80% of draft reports issued within 4 weeks of end of fieldwork	82%		
Timely agreement and issue of final report	80% of final reports (including agreed management action plan) issued within 5 weeks of issue of draft report	61% - some delays in issuing final report, following receipt of management response, and management confirming action plans.		
Customer satisfaction	Through key question on post audit surveys – target 90%	98%		
% of audit section staff with relevant professional qualification	- target 75%	87.5%		

2. **Completion of audit plan** – A graph is provided below to show delivery of the internal audit plan against the assumed profile of completion anticipated at the start of year. Performance completion of the 2013/14 audit plan was 42% at 6<sup>th</sup> February 2014.



3. There has been a small reduction in audit resource availability because of a vacancy from the 1st April until the 17th June which has been filled with an audit apprentice. There was a larger than anticipated carry forward of audit work from 2012/13 due to one auditor vacancy, a higher level of investigation work and some audit reviews taking longer than their planned day allocations. Additional unplanned cash checks, taking an additional 40 auditor days, have been undertaken at a number of departments in the first part of 2013/14, and significant investigation activity has continued with 309 days spent on this activity so far, 10 months into the financial year compared to an estimated annual allocation of 239 days.
4. As reported in the last internal audit update report, the impact of the additional work in the first part of 2013/14 has been assessed and audit plans for the remainder of the year have been re-prioritised in some areas.
5. Due to the impact of additional investigation work on delivery of the planned audit programme, and 2 senior auditor vacancies that arose in the Autumn, two interim senior auditors have been recruited to work until the end of the financial year.
6. Two permanent senior auditors commenced work at the beginning of January 2014 which now brings the internal audit section to a full complement of staff. The audit reviews being delivered by these new permanent and temporary staff is predominantly at fieldwork stage, so that the positive impact on audit plan delivery will start to be reflected in the next two months.

7. The current internal audit plan was reviewed in August and a number of lower priority reviews identified for deferment or cancellation. A few further adjustments to the plan have been made in the Autumn which are provided in **Appendix 1**.
8. **Implementation of Recommendations** – Overall implementation of audit recommendations as measured by formal follow-up reviews undertaken over the last year is now at 87%. Recent formal follow-up activity is showing a much improved implementation rate which is now being reflected in this performance measure. Further analysis of performance in this area is provided in the separate audit recommendations follow-up report along with action being taken to reinforce this performance expectation with chief officers.
9. **Timely production of draft report** – performance in issuing draft reports within four weeks of end of fieldwork is now above target at 82%; performance in this area has improved since last Quarter.
10. **Timely agreement and issue of final report** – as reported in the last quarter, performance in finalising Internal Audit work within 5 weeks of the issue of the Draft report continues to be below the target level (61% this quarter, previous quarter's performance was 70%). Although in the majority of the cases the delay beyond the target days is not excessive, this will be a close area of attention. In some instances, delays have been caused by Departments taking longer to consider realistic timescales for the implementation of recommendations.
11. The timely reporting and agreement of audit reports are areas where the Committee has commented on the need to improve performance previously. Maintaining a consistent level of performance requires on-going focus.
12. **% of audit section staff with relevant professional qualification** – following the appointment of two professional qualified senior auditors at the beginning of January 2014, the % of audit section staff with relevant professional qualifications has now increased to 87.5%.

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**Appendix 3 – Internal Audit Resource Analysis (1<sup>st</sup> April 2013 to 24<sup>th</sup> January 2014)**

	<b>Original Plan Budget (Days)</b>	<b>Expected to Date (Days)</b>	<b>Actual to Date (Days)</b>
Gross Days	<b>3861</b>	<b>3107</b>	<b>3115</b>
<b>Uncontrollable Days</b>			
Bank Holidays	106	84	81
Annual Leave	456	377	380
<b>Net Available Days</b>	<b>3299</b>	<b>2646</b>	<b>2584</b>
<b>Days available for direct audits and support work Available for Projects</b>			
Main Reviews/Spot Checks	1400	1203	708
Follow-up's	100	83	67
2012/13 Plan C/fwd	180	180	325
	<b>1877</b>	<b>1465</b>	<b>1100</b>
<b>Risk Management</b>			
Corporate Risk Management	148	122	132
Ad hoc on-demand support/advice (risks & controls)	128	106	87
Chamberlain Business Continuity Support	5	4	3
<b>Anti-Fraud &amp; Corruption</b>			
Fraud Investigations	239	198	309
Pro-active fraud & prevention	74	61	43
<b>Audit Planning &amp; Reporting</b>			
Audit Planning & Reporting	49	41	57
Audit Plan progress reporting	51	42	44
External Audit Liaison/Co-ordination	10	8	9
<b>Efficiency &amp; Performance Review</b>			
Support to Efficiency Board/EPSC	35	29	41
Officer Groups (Information management, Information Liaison, Transport Groups)	17	14	12
<b>Audit Development</b>			
Continuous Improvement	64	53	22
Audit policy, research and development	56	46	29
Audit intranet	3	2	3
<b>Member Support</b>			
COL Audit & Risk Management Committee	28	23	94
GSMD Audit & Risk Management Committee	6	5	6
London Councils - Audit Committee	6	5	3
Museum of London - Audit Committee	6	5	8
Police Performance & VFM Committee	3	2	7
Barbican Centre Risk/Finance Committee	6	5	7
	<b>934</b>	<b>772</b>	<b>915</b>

**Admin Support**

General (e.g. time recording/staff meetings/staff monitoring)*	236	195	384
MK Audit Automation Software	15	12	29
Other Absences**	104	86	77
Audit Training***(including Apprentice College release)	80	66	110
Corporate Training	18	15	18
CIPFA & IIA Training	35	29	23

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\* includes running recruitment campaigns and office move

\*\* sickness /medical appointments/City volunteering/Jury Service

<b>Committee:</b>	<b>Date:</b>
Audit & Risk Management Committee	4 <sup>th</sup> March 2014
<b>Subject:</b>	<b>Public</b>
Internal Audit Recommendations Follow-up	
<b>Report of:</b>	<b>For Information</b>
Chamberlain	

### Summary

This report provides an update on the implementation of audit recommendations by management since the last report to the Audit & Risk Management Committee on 11<sup>th</sup> December 2013. The report also provides an overview of action taken by Internal Audit to promote the setting of appropriate timescales for recommendations implementation and adherence to these unless exceptional circumstances apply.

Twelve formal audit review follow-ups have been concluded since the December Committee with 89% of recommendations fully implemented at the time of follow up; an overview of these is provided at **Appendix 1**.

At the end of January 2014 there are no outstanding red priority actions from reviews previously concluded and reported to this Committee. A formal follow-up in respect of an audit in the Department of Community and Children's Services regarding Community Care, which had originally received a red limited assurance rating, identified that only two green priority recommendations are outstanding, representing a significant improvement.

Cumulative performance in the implementation of audit recommendations over the last 24 months has been monitored with 74% of audit recommendations confirmed as implemented, when formal audit follow-ups were undertaken. Where red and amber priority recommendations were still to be implemented at the time of audit follow-up, further updates have been sought from management to confirm the implementation of red and amber priority recommendations.

Management status updates on all agreed red and amber actions is provided in **Appendix 2**. The trend towards prompt implementation of amber recommendations following the agreement of internal audit reports is reducing the number of open amber priority recommendations that need to be monitored.

Targeted follow-up with Chief Officers continues to reiterate the importance of keeping to agreed timescales for the implementation of recommendations. This information continues to be fed into the Deputy Town Clerk's in-year performance review meetings with Chief Officers and will be included in Chief Officer's performance appraisals at year end.

The recommendation tracking pilots, whereby Departments are able to provide direct updates on implementation to the MK audit software, are on-going within the Department of Community and Children's Services and Open Spaces Department. Good progress has been made in closing off recommendations within the Department of Community and Children's Services in particular, with the audit liaison submitting evidence for review on a regular basis.

In addition to the 6 amber open actions which are being progressed according to agreed timescales, there are 164 open green priority actions as at the end of January 2014.

Members are asked to:

- Note the recommendations follow-up report; and
- Note the actions being taken to improve performance in ensuring originally agreed timescales for the implementation of recommendations are achieved.

## **Main Report**

### **Formal Audit Follow-ups**

1. Details of the 12 formal audit review follow ups concluded since the November 2013 report to the Committee are set out in Appendix 1, along with comments where internal audit recommendations were yet to be implemented.
2. The formal follow up of the Department of Community and Children's Services: Community Care (Management of client funds, Telecare and Telephone Rental Service) review has confirmed that 13 out of 15 recommendations have been implemented or alternative mitigation accepted. It has been agreed that the outstanding green priority recommendations will be addressed by April 2014. Good progress has been made in this area which had previously received a limited red assurance audit opinion. An update will be obtained on the 2 remaining live recommendations in April, as part of the MK audit software recommendations tracking pilot, discussed below.
3. Cumulative performance in the implementation of audit recommendations, measured by all formal follow-up reviews over the last 24 months, is reported to the Audit and Risk Management Committee. As at the end of January 2014, cumulative performance in the implementation of audit recommendations when formal audit follow-ups were undertaken, over the last 24 months, is as follows:-



<b>Implementation at time of audit follow-up (last 2 years)</b>	Red	Amber	Green	Total
Recommendations Agreed	12	130	283	425
Recommendations Implemented	12	97	204	313
% implemented	100%	75%	72%	74%

4. Where red and amber priority recommendations were still to be implemented at the time of formal audit follow-up, further updates have been sought from management to determine the subsequent progress of their implementation. At the end of January 2014, there are no outstanding red priority actions from follow-up reviews previously concluded and reported to this Committee.

### **Red and Amber Priority Recommendations Status**

5. In addition to this formal audit follow-up process, internal audit obtains status updates from recommendation owners on a quarterly basis for any open red or amber priority recommendations. The outcome from these status checks are reported in Appendix 2 and summarised in the following table. An overall improvement has been noted in terms of recommendation owners keeping the Internal Audit Section updated on any delays in implementing recommendations, ahead of timescales being passed, with the Head of Internal Audit only agreeing to revision of implementation dates where justifiable on an exceptional basis.
6. There are currently no open red priority actions as these are nearly always implemented before or very soon after internal audit work is finalised. Similarly the trend towards prompt implementation of amber recommendations following the agreement of internal audit reports is reducing the number of open amber priority recommendations that require monitoring. There are currently six open amber priority recommendations, when at a similar point last year 19 amber recommendations were open. This table does not include amber actions agreed and subsequently implemented.

Open Amber/Red actions	Total	On-track per original agreed dates	Revised target date compared to original				Revised date to be agreed	Implementation Planned in future		
			1-3 mths	4-6 mths	7-12 mths	12 + mths		Next 3 mths	Next 4 to 6 mths	More than 6 mths
Red	-	-	-	-	-	-	-	-	-	
Amber	6	1	2	0	2	1	5	0	1	
<b>Total.</b>	<b>6</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>5</b>	<b>0</b>	<b>1</b>	

\* Details of the one amber priority recommendations where the revised target dates exceed by 12 months the original agreed date are as follows:- (Additional information is in Appendix 2):-

- Open Spaces - Chingford Golf Course - recommendation to market test the management contract has been delayed pending developments and optional appraisal relating to the future of the site. The Epping Forest Committee agreed on the 8<sup>th</sup> July 2013 to complete a tendering exercise for the running of the site. A specification and contract for tendering was developed and assessed, however, CLPS then advised that as most Golf Professionals are directly employed a tender process would be unlikely to yield a sufficient range of competitive quotations. Consequently a Business Plan for the Golf Course is to be developed in partnership with the Golf Clubs which currently use the course. This business case will outline options for creating a financial sustainable future for the golf course. A target date of April 2014 has been agreed by the client.

### **Implementation of Recommendations according to agreed timescales**

7. At previous meetings, the Chairman and Members agreed that, whilst timescales for implementation should be realistic, deadlines should only slip in extreme circumstances. Members noted that the Chairman would email officers or call them to account at the Audit and Risk Management Committee, in the event of non-compliance.
8. Recommendation owners are subject to challenge by Internal Audit where any slippage in implementation occurs; this is to ensure that revised timescales are only agreed in exceptional circumstances. There is a strong focus on the agreement of realistic implementation dates when audit reviews are being finalised.
9. There continues to be targeted follow-up with Chief Officers to reinforce the importance of keeping to the original agreed timescales for the implementation of recommendations and the need for adherence to any agreed revisions to timescale. This information continues to be fed into the Deputy Town Clerk's in-year performance review meetings with Chief Officers and a full year's analysis will be included in Chief Officer's performance appraisals at the financial year end, the results of which will be reported to this Committee in May.
10. The recommendations tracking pilot exercise, whereby client Departments can use the MK audit software to update the status of audit recommendations and submit evidence of implementation for evaluation by internal audit is progressing. This functionality is being trialled currently within the Department of Community and Children's Services and the Open Spaces Department for all recommendation priorities. Activity has been focused in the former owing to the historically higher number of live recommendations than in Open Spaces and good progress has been made.

## **Conclusion**

11. There is a very high level of acceptance of internal audit recommendations and good communication with clients in respect of the progress of recommendations implementation. There remain a small number of historic amber priority recommendations where original agreed timescales have not been achieved but the general trend is towards prompt implementation of high priority recommendations following the agreement of internal audit reports.

## **Appendices**

- **Appendix 1 – Formal Audit Follow-up reviews**
- **Appendix 2 – Red and Amber actions status update**
- **Appendix 3 – Audit Follow-up process and recommendation priority definitions**

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Audit Follow-ups November to February 2014					Recommendations Agreed				Recommendations Implemented				Appendix 1
Department	Audit Review	Main Report Finalised	Follow up Date	Assurance level	R	A	G	Tot	R	A	G	Tot	Exception Comments
DCCS	Community Care (Management of client funds, Telecare and Telephone Rental Service)	May-13	Nov-13	Red	4	5	6	15	4	5	4	13	The two outstanding green priority recommendations at the time of formal follow-up are due for implementation in April 2014. One relates to the Telecare service pricing structure and we are advised that limited progress has been made owing to required work on CBIS and CLPS which has taken up the resources of the officers responsible for telecare assessments. The remaining recommendation relates to the need to notify the Office for Public Guardianship of a client's level of capital exceeding the threshold set out in the court order granting Deputyship. Annual statements, advising clients of the financial position of their accounts, will be issued in April 2014 once the financial year has ended and the accrued interest calculated. The issues relating to two recommendations, one red and one green priority, are considered to have been addressed through alternative mitigative action.
Depart of the Built Environment	On Street Parking contracts	Jun-13	Jan-14	Green	0	0	2	2	0	0	1	1	The green priority recommendation relating to is considered to be partially implemented. An options appraisal is being undertaken in respect of replacement of the P&D (Pay & Display machines) and will be considered by the Director of the Built Environment, Director of Transportation & Public Realm and Assistant Director of Highways. The current maintenance contract for the P&D machines is due to expire in September 2014 so an agreed position going forward beyond this date will need to be determined in the next couple of months.
Barbican	Box Office Processes	Apr-13	Jan-14	n/a	0	0	4	4	0	0	4	4	All recommendations implemented.
Chamberlains	GL-AP-AR-Main Accounting	Aug-12	Jan-14	Green	0	0	4	4	0	0	4	4	The issue relating to one recommendation is considered to have been superseded due to a change in the system for printing cheques; this has been classed as implemented.
Mansion House	Supplies, Services and Transport	Feb-13	Nov-13	Green	0	0	2	2	0	0	2	2	All recommendations implemented.
GSMD	Income	Jul-13	Jan-14	Green	0	1	7	8	0	1	4	5	Three green recommendations concerning annual reconciliations and written procedures for SITS and arrears management not implemented owing to staff resourcing. Revised implementation dates for these green priority recommendations have been agreed for March 2014.
Remembrancer's	Operational Expenditure	Oct-12	Oct-13	Green	0	0	4	4	0	0	4	4	All recommendations implemented.
DCCS	CDM Regulations - Health and Safety	Dec-11	Jan-14	Amber	0	4	1	5	0	1	1	2	There were three amber priority recommendations which were considered to be partially implemented at the time of formal follow-up. One was intended to be implemented in full by the end of January 2014, for which confirmation has been sought. Implementation of the remaining 2 amber recommendations has been delayed by liaison with other departments. At the time of writing the majority of the changes required by these 2 amber recommendations have now been achieved but the remaining issue involves evidencing the discharge of a corporate responsibility to allow sufficient time when planning projects. DCCS is now in the process of initiating compensating controls to achieve the required improvements.
Barbican	Cost Monitoring	Mar-13	Jan-14	Green	0	0	3	3	0	0	3	3	All recommendations implemented.
Corporate-wide review	Contract tendering and due diligence	Jun-13	Jan-14	Green	0	4	5	9	0	4	4	8	The outstanding green priority recommendation, related to development of detailed guidance on the process to be followed in evaluating tenders is considered to be partially implemented.
Barbican	Cash collection and security	Oct-13	Jan-14	n/a	0	2	0	2	0	2	0	2	All recommendations implemented.
GSMD	ICT Strategy Security and Operations	Apr-12	Jan-14	Amber	0	5	12	17	0	5	12	17	All recommendations implemented.
<b>Totals</b>					<b>4</b>	<b>21</b>	<b>50</b>	<b>75</b>	<b>4</b>	<b>18</b>	<b>43</b>	<b>65</b>	

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Audit Actions Status - based on Management reports - as at 20/01/2014				Open Red & Amber		Comments	Open Red & Amber Actions			Revised target date compared to original date (for live reds / ambers)				Planned Implementation date			
Department	Audit Review	Main Report Finalised	Assurance level	R	A		On target to Orig Date	Revised Dates agreed	Revised to be agreed	1 to 3 mths	4 to 6 mths	7 to 12 mths	12 mths plus	<3 mths	3 - 6 mths	> 6 mths	
Markets and Consumer Protection	Markets Car Parks	Apr-12	Green	0	1	One amber priority recommendation is outstanding in respect of addressing the poor quality of management information available from the car park barrier system at Smithfield. The barrier equipment replacement is included in the procurement of the off-street car park management contract. The current contract (with APCOA) has been extended until 30 November 2014 (ratified at Court of Common Council on 16 May 2013). Therefore the replacement equipment will not now take place until 2014/15 when the new off street car park contract is let.		1								1	
Barbican Centre	ICT strategy, security and operations	Jul-13	Green	0	2	Two amber priority recommendation related to extending the Disaster Recovery (DR) plan to address major disaster scenarios and conduct recovery tests have been delayed whilst an additional firewall is installed at the DR site to improve security. This is reliant on BT installing a fibre connection which has been delayed. A revised timetable has been agreed for these recommendations to be fully implemented by the end of February 2014.		2		2				2			
Chamberlain's	City of London - Backup strategy, procedures and operations	Nov-13	Green	0	1	One amber recommendation relating to the improvement of backup document management is still outstanding. However, this recommendation has an end date of 28th February and progress has been made on the backup documentation so is believed to be on target for that date.	1							1			
Open Spaces	Chingford Golf Course	Aug-10	Amber	0	1	This long-running amber priority issue relates to the lack of market testing related to the contractual relationship with the Golf Professional (Aytee Sports) to demonstrate that value for money is being achieved. A meeting was held which agreed an action plan for taking this work forward, meeting the January deadline reported to the last committee. A Business Plan for the Golf Course will be developed in partnership with the Golf Clubs which currently use the course. This business case will outline options for creating a financial sustainable future for the golf course. A target date of April 2014 has been agreed with the Department.		1				1		1			
Community and Children's Services	Purchase of Equipment for Clients	Jun-13	Amber	0	1	The outstanding recommendation relates to agreement of the arrangements for future equipment service delivery. The City is entering into a call-off contract with the provider of a framework for the Community Equipment Service procured by the London Borough of Redbridge. A revised implementation timescale of the end of February 2014 has been agreed for implementation of the contract, allowing for Redbridge to process the Access Agreement.		1					1	1			
<b>Total</b>				<b>0</b>	<b>6</b>		<b>1</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>5</b>	<b>0</b>	<b>1</b>

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## Internal Audit Recommendations Follow-up Report – Appendix 3

### Internal Audit Follow-up Process

As part of the section's standard operating procedures, all main audit reviews are subject to a formal audit follow-up exercise to evaluate the progress of management in the implementation of recommendations between six to twelve months after the main audit. These reviews will look to verify the evidence of action taken and may involve some transaction testing where compliance issues were a concern in the original audit review. Where it was considered that recommendations were not implemented at time of first audit follow-up, a further follow audit will be scheduled depending on the residual risk posed by uncompleted actions. The outcomes from these formal follow-up reviews are set out in **Appendix 1**.

In addition to this formal audit follow-up process, internal audit obtains status updates from recommendation owners on a quarterly basis for any open red or amber priority recommendations. The outcome from these status checks are reported in **Appendix 2**.

Audit recommendations are prioritised and categorised as follows.

Category	Definition	Target Timescale for taking action
<b>Red - priority</b>	A serious issue for the attention of senior management and reporting to the appropriate Committee Chairman. Action should be initiated immediately to manage risk to an acceptable level.	1 month or more urgently as appropriate
<b>Amber - priority</b>	A key issue where management action is required to manage exposure to significant risks, action should be initiated quickly to mitigate the risk.	Less than 3 months
<b>Green - priority</b>	An issue where action is desirable and should help to strengthen the overall control environment and mitigate risk.	Less than 6 months

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<b>Committee:</b>	<b>Date:</b>
Audit and Risk Management Committee	4 <sup>th</sup> March 2014
<b>Subject:</b>	<b>Public</b>
Anti-Fraud and Investigation Up-date Report	
<b>Report of:</b>	<b>For Information</b>
Chamberlain	

### Summary

This report provides Members with an up-date of our investigation activity since the December 2013 Committee; it also provides detailed analyses of the housing benefit and housing tenancy fraud caseload as appendices 1 and 2, respectively.

Positive publicity for the City's counter-fraud work has been demonstrated through the use of a case study within a recent CIPFA publication – Audit Viewpoint, concerning a successful City of London disabled parking permit prosecution.

Liaison arrangements with the UK Borders Agency (UKBA) have been strengthened, and are providing the avenue to gather essential evidence in support of the social housing tenancy fraud investigations undertaken by the section.

A joint City of London/ UKBA fraud and document awareness session has been agreed for delivery to front-line housing and housing benefit staff later this year; this will provide staff with essential skills to mitigate the risk of fraud in these areas from the outset.

A former City of London housing benefit claimant has pleaded guilty to nine charges of fraud by false representation under the Fraud Act 2006 at Southwark Crown Court, in respect of an overpayment totalling £40,770.69. Sentencing is listed for 27th February 2014, and a verbal up-date will be provided to Committee, at the meeting on 4th March 2014.

Data-sharing and joint working protocols are in the process of being agreed with a social housing provider in the City of London - the Guinness Trust, which will strengthen our relationship and provide better access to information and intelligence. We will likewise seek to support the Guinness Trust to recover fraudulently obtained or illegally sub-let social housing properties that can then be made available to those on the City's housing waiting list.

### Recommendations

Members are asked to note:

- The positive publicity for the City's counter-fraud work;
- The liaison arrangements with the UKBA;
- The data-sharing and joint working protocols with the Guinness Trust; and
- The outcomes of investigations undertaken since the last update report.

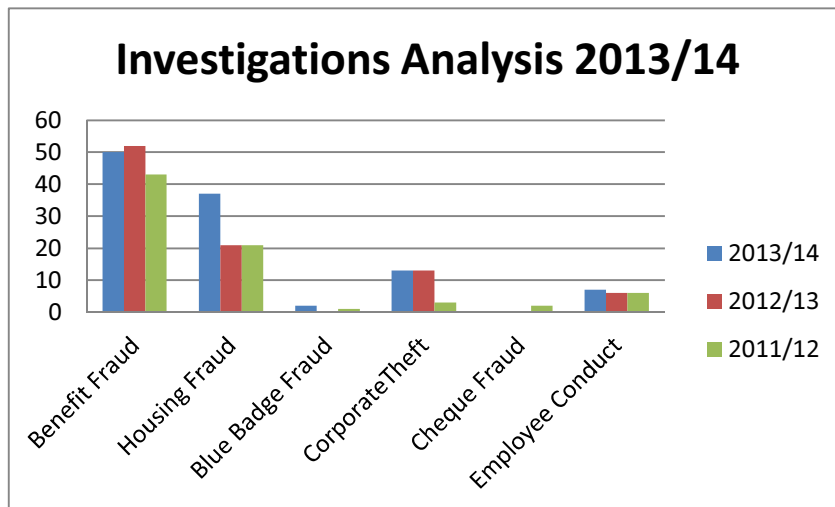
## Main Report

### Background

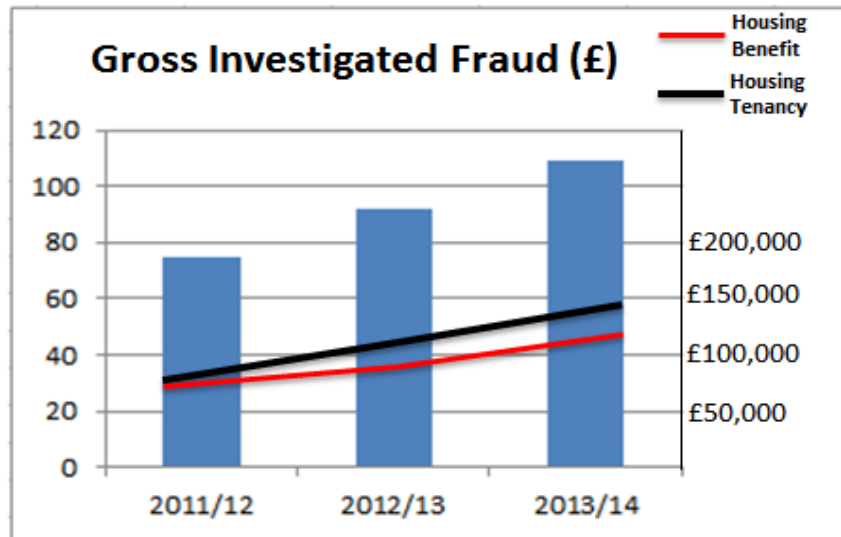
1. The City's Internal Audit section provides a professional corporate anti-fraud & investigation service across the City Corporation. Anti-fraud activity undertaken by the section combines reactive investigations alongside proactive work designed to prevent, deter and detect fraud. Internal Audit reviews likewise consider the fraud risk as part their scope, with appropriate recommendations made to improve controls to mitigate fraud risk where necessary
2. This report provides Members with a summary of our investigation case-load and outcomes for the year to date, along with a trend analysis against fraud investigation work carried out in previous years. It also details the anti-fraud work currently being undertaken by the team.

### Investigation Activity Summary

3. The following graphs summarise our investigation activity in the current reporting year from April 2013; the first shows the number of new cases in the current reporting year, the number of cases closed and number of cases subject to investigation across all types of fraud.



4. The second graph shows a trend analysis of the gross number of cases investigated this reporting year, against the previous two reporting years for all fraud types, along with the value of frauds detected for both housing benefit and housing tenancy investigations.



5. Detailed housing benefit and housing tenancy fraud caseload reports are maintained by Internal Audit, detailing the gross overpayment value are produced as Appendix 1 and Appendix 2 respectively.
6. The value of Corporate fraud investigations are not currently recorded in the same manner as housing benefit or housing tenancy, and are at times more difficult to quantify. Internal Audit are working towards quantifying the true value of Corporate fraud investigations, and will report this to the Committee in May 2014.

### Housing Benefit Fraud

7. At the time of writing this report, a former City of London housing benefit claimant has pleaded guilty to nine charges of fraud by false representation under the Fraud Act 2006 at Southwark Crown Court, in respect of an overpayment totalling £40,770.69. Sentencing is listed for 27th February 2014, and a verbal up-date will be provided to Committee, at the meeting on 4th March 2014. It is our intention to issue a press release in this case.

### Housing Tenancy Fraud

8. Eight City of London social housing tenancies have been recovered this year to date, with an additional five subject to legal action; the recovered properties were the subject of illegal sub-letting or had been obtained by deception, they have now been allocated to those in greater need of social housing.
9. Following a recent fraud awareness session undertaken with the housing options team, we have now started to pro-actively investigate suspicious social housing applications; this work, which has already yielded successful results, is undertaken alongside housing options staff, and seeks to ensure that only those with a genuine housing entitlement are on the City's waiting list, by cancelling applications from the outset where fraud is identified.

10. Following a meeting with the fraud team from the Guinness Trust (the housing association responsible for the social housing estate in Mansell Street, E1) data-sharing and joint working protocols are in the process of being agreed, which will strengthen our relationship with the housing provider and provide better access to information and intelligence. We will likewise seek to support the Guinness Trust to recover fraudulently obtained, or illegally sub-let social housing properties that can be made available to those on the City's housing waiting list.

## **Corporate Fraud**

11. Internal Audit recently supported an HR investigation in relation to an alleged fraud involving a Barbican Car Park attendant. The employee had been off work on long term sickness absence, and was failing to comply with the City's sickness absence procedure. Enquiries made with the employee's GP Practice found that the 'fit note' provided by the employee in relation to his sickness was not issued by the practice, and was in fact a fraudulent document. A disciplinary interview was arranged, which the employee failed to attend; the disciplinary hearing proceeded in the employee's absence, and he was dismissed with immediate effect. The matter has been reported to the City of London Police, and Internal Audit have supported the investigation by providing witness statements and supporting evidence.
12. A report was received from the Superintendent of Billingsgate Market, concerning a cash theft from a Market Tenant. This was alleged to have been perpetrated by a member of the Market's maintenance team. Internal Audit provided specialist investigation support to this investigation, which found that the employee had stolen £500 in cash, by letting himself into a Market Tenants office, using a key he had not returned whilst undertaking a maintenance job earlier in the year. At interview the employee admitted to stealing the cash from the Tenant; the employee is currently suspended and is subject to a formal disciplinary hearing on 17th February 2014. Internal Audit will notify Members of the outcome of this hearing at the Committee meeting on 4th March 2014. In line with the City's zero tolerance towards fraud & corruption, this matter has been reported to the Metropolitan Police, who are considering whether the matter is suitable for criminal investigation.

## **Publicity**

13. Publicity is considered in each fraud investigation case following successful sanction action. Internal Audit have a positive working relationship with colleagues in the Public Relations Office and the Internal Communications Team, benefiting from their professional knowledge and skills. Any publicity is subject to the public interest test, consideration for the City's reputation, and the deterrent factor that it provides. Internal Audit have utilised a number of avenues to publicise successful outcomes, these include press releases to local and national press, articles in City of London publications such as 'Your Homes', delivered quarterly to City of London social housing tenants, the use of our housing estates notice boards, and the City's Internet and Intranet.

14. A monthly CIPFA publication – Audit Viewpoint used, in their December edition, a case study concerning a disabled parking permit fraud involving a City of London resident, who was successfully prosecuted by the City of London for obtaining a disabled parking permit by deception. Case studies of this type provide positive publicity for the anti-fraud work undertaken by the City.
15. Internal Audit will advise Members of any future press releases following successful outcomes in fraud investigations, providing the article as an Appendix to future anti-fraud & investigation up-date reports, as necessary.

### **UKBA Liaison Arrangements**

16. Internal Audit have built a strong working relationship with the UKBA Field Immigration Officer for the City of London area. This arrangement enables the City to obtain evidence to support suspected false identity and those with no leave to remain, right to work or recourse to public funds. It has been used successfully in three housing tenancy fraud cases to date, with essential evidence supporting our investigations.
17. Bi-monthly meetings have been agreed between Internal Audit & the UKBA in order to share intelligence and share details of emerging risks as necessary.
18. A joint City of London/ UKBA fraud and document awareness session for front-line housing and housing benefits staff will be undertaken, and is planned for later in the year.

### **Conclusion**

19. Internal Audit continues to provide a specialist fraud investigation service across the City Corporation; positive outcomes across a number of fraud areas continue to be delivered, as detailed in the case summaries above, and demonstrate our robust approach to tackling fraud.
20. Our relationship with the UKBA continues to strengthen, with evidence obtained positively supporting the sections housing tenancy fraud investigations.
21. A fraud and document awareness session has been agreed for front-line housing and housing benefit staff later this year, which will up skill these staff and help to reduce fraud from the outset.
22. Positive publicity for the City's counter-fraud work has been demonstrated through the use of a case study within a recent CIPFA publication – Audit Viewpoint, concerning a successful City of London disabled parking permit prosecution.

23. Successful fraud investigation prosecutions will continue to be considered for publicity, where this is in the public interest. Such publications will be made available to Members of this Committee as Appendices to future anti-fraud & investigation up-date reports as necessary.

**Background Papers:**

**Appendices**

**Appendix 1: Housing Benefit Fraud Caseload**

**Appendix 2: Housing Tenancy Fraud Caseload**

**Contact:**

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020 7332 1278



## Appendix 1 – Housing Benefit Fraud Caseload Summary as at 31/01/2014

Housing Benefit Fraud Case Referrals	April 2013 - Date		April 2012 – March 2013		April 2011 - March 2012
Referrals Received in current year	29		32		25
Cases carried over from previous years <sup>1</sup>	21		20		18
<b>Total</b>	<b>50</b>		<b>52</b>		<b>43</b>
<b>Comprising</b>					
Cases currently under investigation	7		12		12
Cases referred to DWP solicitors	2		1		2
Cases referred to City Solicitors	3		1		4
Cases subject to benefit entitlement re-assessment	2		6		2
Cases subject to Admin Penalty Action	0		1		0
<b>Total number of live cases<sup>2</sup></b>	<b>14</b>		<b>21</b>		<b>20</b>
Successful prosecutions	1		5		3
Successful Cautions	5		2		1
Successful Admin Penalties	4		2		1
Cases where fraud proven but no further action taken	5		4		3
Cases closed with no further action	21		18		15
<b>Total number of closed cases</b>	<b>36</b>		<b>31</b>		<b>23</b>
<b>Total</b>	<b>50</b>		<b>52</b>		<b>43</b>
<b>Total value of HB/ CTB overpayments relating to the investigated cases detailed above<sup>3</sup></b>	<b>£117,560</b>		<b>£93,211</b>		<b>£70,558</b>
<b>Notes:</b> <sup>1</sup> Previous year's data shows the position at year end, and is provided for comparative purposes. Cases carried over from previous years do not represent live cases in the current reporting year. <sup>2</sup> Total claim base approximately 1100 individuals <sup>3</sup> Total value of benefit payments per annum circa £5.7m					

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**Appendix 2 – Housing Tenancy Fraud Caseload Summary as at 31<sup>st</sup> January 2014**

<b>Housing Tenancy Fraud Case Referrals</b>	<b>April 2013 to Date</b>	<b>April 2012 to March 2013</b>	<b>April 2011 to March 2012</b>
Referrals received in current year	27	9	12
Cases carried over from previous years <sup>1</sup>	10	11	9
<b>Total</b>	<b>37</b>	<b>20</b>	<b>21</b>
<b>Cases currently under investigation</b>	10	9	11
<b>Cases closed with no further action</b>	13	4	6
<b>Cases with Comptroller &amp; City Solicitor</b>	5	1	0
<b>Cases where possession pending</b>	0	0	0
<b>Cases where possession order granted</b>	0	0	0
<b>Cases where successful possession gained <sup>2</sup></b>	8	6	4
<b>Cases where fraudulent application identified</b>	1	0	0
<b>Total</b>	<b>37</b>	<b>20</b>	<b>21</b>
<b>Value where successful possession gained <sup>3</sup></b>	<b>£144,000</b>	<b>£108,000</b>	<b>£72,000</b>
<sup>1</sup> Previous year's data shows the position at year end, and is provided for comparative purposes. Cases carried over from previous years do not represent live cases in the current reporting year. <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.			

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City of London Corporation (City Fund)

Report to the Audit and Risk Management  
Committee on the year ended 31 March  
2013 Certification work

Final Report

# Contents

1.	Executive summary	1
2.	Introduction	2
3.	Results of our claims and returns certification work	3
4.	Certification information	4
5.	Responsibility statement	5

# 1. Executive summary

We have pleasure in setting out in this document our key findings from our certification work of the City of London Corporation (“the Authority”) for the year ended 31 March 2013. This report is not intended to be exhaustive but highlights the most significant matters that have come to our attention.

## Certification deadlines

We have certified all four claims and returns required under our contract with the Audit Commission (see Section 4 for details) for the year ended 31 March 2013. All grant claims and returns were certified by the original required deadline.

## Results of our grant claims and returns certification work

We were able to give unqualified audit opinions on all four grant claims.  
See section 3 for more details.

## Fees

Total fees charged in respect of the work performed on the four claims and returns (2012: 5) certified by Deloitte were £25,928 (2012: £48,450). We noted no errors (2012: 0).

Section 4 of this report sets out the fees charged on each of the four claims and returns we certified and summarises their values.

## 2. Introduction

### **Purpose of this report**

This letter is addressed to the Audit and Risk Management Committee of the City of London Corporation and is intended to communicate key issues arising from our 2012/13 certification work. This letter will be published on the City of London Corporation's website.

### **Our responsibilities**

Under Section 28 of the Audit Commission Act 1998, the Commission is responsible for making arrangements for certifying claims and returns in respect of grants or subsidies made or paid by any Minister of the Crown or a Public Authority to a Local Authority. The Commission, rather than its appointed auditors, has the responsibility for making certification arrangements. The appointed auditor carries out work on individual claims and returns as an agent of the Commission under certification arrangements made by the Commission which comprise certification instructions which the auditor must follow.

The respective responsibilities of the grant paying body, authorities, the Audit Commission and appointed auditors in relation to claims and returns are set out in the 'General Certification Instructions' produced by the Audit Commission.

Auditors presented with any claim or return that is not covered by a certification instruction should refer the matter to the Audit Commission for advice. If the Audit Commission has formally declined to make certification arrangements for a scheme, an auditor cannot act in any capacity. However, if the Audit Commission has not formally declined to make arrangements, the auditor can decide to act as a reporting accountant.

### **The scope of our work**

Auditors appointed by the Audit Commission are required to:

- review the information contained in a claim or return and to express a conclusion whether the claim or return is: i) in accordance with the underlying records; or ii) is fairly stated and in accordance with the relevant terms and conditions;
- examine the claim or return and related accounts and records of the Local Authority in accordance with the specific grant certification instructions;
- direct our work to those matters that, in the appointed auditor's view, significantly affect the claim or return;
- plan and complete our work in a timely fashion so that deadlines are met; and
- complete the appointed auditor's certificate, qualified as necessary, in accordance with the general guidance in the grant certification instructions.

These responsibilities do not place on the appointed auditor a responsibility to either:

- identify every error in a claim or return;
- or maximise the authority's entitlement to income under it.

We would like to take this opportunity to express our appreciation for the assistance and cooperation provided during the course of the grant certification procedures. Our aim is to deliver a high standard of service which makes a positive and practical contribution which supports the Council's own agenda. We recognise the value of your cooperation and support.



### 3. Results of our claims and returns certification work

#### **Claims and returns certified without adjustment or a qualification letter**

We were able to certify the following 4 claims and returns without adjustment or a qualification letter:

- National Non Domestic Rates (“LA01”)
- Teachers Pensions (“PEN05”)
- Housing and Council Tax Benefits subsidy claim (“BEN01”)
- Pooling of Housing Capital Receipts (“CFB06”)

## 4. Certification information

Our certification work on Authority's claims and returns for the year ended 31 March 2013 is now complete and the table below summarises the results of this work and our billings by claims and returns.

From 2012/13 onwards, the Audit Commission has replaced the previous schedule of maximum hourly rates with a composite indicative fee for certification work. This is based on actual certification fees for 2010-11 adjusted to reflect the fact that a number of schemes will no longer require auditor certification, and incorporating a 40% reduction. This accounts for the variation in fees noted below on a year on year basis. These savings are generated from the outsourcing of the Audit Commission's in-house Audit Practice and internal efficiency savings that the Commission is passing on to audited bodies. Under our new arrangements with the Audit Commission, Deloitte's net re-imburement for external services provided remains unchanged from those previously agreed. The scale fee reductions do not therefore have an impact on our ability to continue offering a high quality service to you.

Certification instruction	Within Audit Commission framework	Claim/ return	2013 value of claim (£)	2013 results of audit work	2013 audit fee (£)	2012 audit fee (£)
BEN01	YES	Housing and council tax benefits subsidy claim	5,951,315	Satisfactory	16,990	27,850
HOU01	YES	HRA subsidy claim	N/a	Satisfactory	N/a	3,900
LA01	YES	National non-domestic rate return	740,838,110.81	Satisfactory	5,024	9,550
CFB06	YES	Pooling of Housing Capital Receipts	246,818.67	Satisfactory	2,028	3,700
PEN05	YES	Teachers' pension return	167,959.08	Satisfactory	1,886	3,450
<b>TOTAL</b>					<b>25,928</b>	<b>48,450</b>

## 5. Responsibility statement

The Statement of Responsibilities of grant-paying bodies, authorities, the Audit Commission and appointed auditors in relation to claims and returns, issued by the Audit Commission, sets out the respective responsibilities of these parties, and the limitations of our responsibilities as appointed auditors and this report is prepared on the basis of, and the grant certification procedures are carried out, in accordance with that statement.

The matters raised in this report are only those that came to our attention during our certification procedures and are not necessarily a comprehensive statement of all weaknesses that exist or of all improvements that might be made. You should assess recommendations for improvements for their full implications before they are implemented.

This report sets out those matters of interest which came to our attention during the certification procedures. Our work was not designed to identify all matters that may be relevant to the Members and this report is not necessarily a comprehensive statement of all weaknesses which may exist in internal control or of all improvements which may be made.

This report has been prepared for the Members, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose.

Deloitte LLP

### **Deloitte LLP**

Chartered Accountants

St Albans

10 February 2014

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<b>Committee(s):</b>	<b>Date(s):</b>
Audit and Risk Management	04 Mar 2014
<b>Subject:</b> Annual Governance Statement - Methodology	<b>Public</b>
<b>Report of:</b> Town Clerk and Chamberlain	<b>For Decision</b>

## Summary

The City of London Corporation is required to conduct a review at least one a year of the effectiveness of its system of internal control and publish an Annual Governance Statement (AGS) alongside the annual Statement of Accounts.

This report proposes that the production of the AGS for 2013/14 follows the process established in previous years. The AGS will be drafted jointly by officers from the Town Clerk's and Chamberlain's Departments to reflect the need for corporate ownership. As part of this process, officers will consider the progress made in implementing the future developments identified in last year's AGS.

The draft AGS will be presented to this Committee in May, in track changed and non-track changed formats, accompanied by a schedule of supporting evidence. Following approval by this Committee, the AGS will be signed by the Chairman of the Policy and Resources Committee and the Town Clerk and Chief Executive.

This report gives Members the opportunity to consider whether any changes are required to the headline issues covered by the AGS.

## Recommendation(s)

Members are asked to:

- approve the proposals in this report for the production and presentation of the Annual Governance Statement for 2013/14, and
- consider whether any additional areas should be added to the Annual Governance Statement for 2013/14.

## Main Report

### Background

1. The City of London Corporation is required by the Accounts and Audit (England) Regulations 2011 to conduct a review at least once a year of the effectiveness of its system of internal control and publish an Annual Governance Statement (AGS) alongside the annual Statement of Accounts.

2. 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 (SOLACE) and the Chartered Institute of Public Finance and Accountancy (CIPFA).
3. The AGS has to be approved each year by an appropriate committee and signed by the most senior Member and the most senior officer. At the City Corporation, the AGS is approved by the Audit and Risk Management Committee, and signed by the Chairman of the Policy and Resources Committee and the Town Clerk and Chief Executive.
4. 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 then signed by the Chairman of the Policy and Resources Committee.
5. The AGS is published on the City of London website, and reviewed by the external auditor. The external auditor is required to report if the AGS does not comply with proper practices, or if it is misleading or inconsistent with other information the external auditor is aware of from the audit of the Statement of Accounts. To date, the external auditor has been content with the City Corporation's AGS.

### **Current Position**

6. The Annual Governance Statement for 2012/13 was approved by your Committee in June 2013. This is attached at Appendix 1. A supporting schedule of assurances was presented to your Committee with the draft AGS. An extract from the 2012/13 schedule is attached as Appendix 2, to illustrate the format used.
7. This report outlines the proposed methodology for the production of the Annual Governance Statement for the financial year 2013/14.

### **Proposals**

#### Format:

8. It is proposed that the AGS for 2013/14 will follow a similar format as in previous years. This includes standard paragraphs in the first two sections: Scope of Responsibility and The Purpose of the Governance Framework.
9. The AGS will be presented to your Committee in two versions: one showing "track changes" from the 2012/13 AGS; and the other showing the final version if all of the changes are accepted.

#### Content:

10. The AGS is concerned with corporate controls and governance, rather than being confined to financial issues. To emphasise the need for corporate ownership, the AGS will be produced jointly by officers from the Town Clerk's and Chamberlain's Departments as in previous years.

11. In producing the statement, officers will review the balance between the standing information on the internal control framework, and changes implemented during 2013/14, taking into consideration the overall length of the statement. The outcomes in respect of the Future Developments identified in the 2012/13 AGS (paragraph 63 in Appendix 1) will be incorporated into the relevant sections.
12. During 2013, revised practical guidance for Local Authority and Police Audit Committees was issued by CIPFA, and a revised Audit and Risk Assurance Committee Handbook was issued by HM Treasury. Both of these have been reviewed, but neither contain any new developments that need to be taken into account in the drafting of this AGS. There will be a minor change as a result of the introduction of the Public Sector Internal Audit Standards (PSIAS), resulting in the Head of Internal Audit's statement on compliance with the old Local Authority Internal Audit Standards being replaced by a statement of compliance with the new PSIAS.
13. In previous years, Members have also made helpful suggestions as to additional items that should be included in the AGS. **Members are therefore requested to consider whether any additional areas should be added to the AGS for 2013/14.**

#### Timetable:

14. In recognition of the importance of the AGS as a corporate document, CIPFA argues that it is essential that there is buy in at the top level of the authority. It is therefore proposed to present the draft AGS as follows:
  - April 22<sup>nd</sup>: Performance and Strategy Summit Group of Chief Officers.
  - May 13<sup>th</sup>: Audit and Risk Management Committee

#### Supporting evidence:

15. It is proposed that an updated supporting schedule of assurances is presented to Members with the draft AGS, in the same format as that used in 2012/13 (An extract illustrating the format is at Appendix 2). This demonstrates the wide range of on-going assurance provided to Members generally during the period covered by the AGS. In particular, this will provide assurance to Members of the Audit and Risk Management Committee regarding governance issues that fall within the remit of other Boards or Committees.

#### **Appendices:**

- Appendix 1 – Annual Governance Statement for 2012/13
- Appendix 2 – Supporting information presented to Committee

**Background Papers:**

- Reports to Audit and Risk Management Committee 5<sup>th</sup> March and 25<sup>th</sup> June 2013: Annual Governance Statement
  
- CIPFA/SOLACE publications:
  - Delivering good governance in Local Government: Framework (reissued 2012)
  - Delivering good governance in Local Government: Framework – Addendum (December 2012)
  - Delivering good governance in Local Government:– Guidance Note for English Authorities (2012 Edition)

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## **ANNUAL GOVERNANCE STATEMENT 2012/13**

### **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 high quality local services and policing for the Square Mile; and to provide valued services to London and the nation as a whole. Its unique franchise arrangements support the achievement of these aims. This statement refers only to the City of London Corporation in its capacity as a local authority and police authority.
2. The City of London Corporation (“the City”) 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.
3. In discharging this overall responsibility, the City 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.
4. The City 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’s website at [www.cityoflondon.gov.uk](http://www.cityoflondon.gov.uk). This statement explains how the City has complied with the code and also meets the requirements of regulation 4(3) of the Accounts and Audit (England) Regulations 2011 which requires all relevant bodies to prepare an annual governance statement.

### **The Purpose of the Governance Framework**

5. The governance framework comprises the systems and processes by which the City 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.
6. 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’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 efficiently, effectively and economically.
7. The governance framework has been in place at the City for the year ended 31 March 2013 and up to the date of approval of the statement of accounts.

### **Key Elements of the Governance Framework**

#### **Code of Corporate Governance**

8. 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’s affairs, particularly the operation of Committees and the relationship between Members and officers;

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

- Financial Regulations, which lay down rules that aim to ensure the proper management and safeguarding of the City'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, and register of interests, gifts and hospitality;
  - A Code of Conduct for employees;
  - A corporate complaints procedure, operated through the Town Clerk's Department, with a separate procedure in Community and Children's Services, to comply with the relevant regulations;
  - A corporate Project Toolkit and other detailed guidance for officers, including procedures and manuals for business critical systems;
  - An anti-fraud and corruption strategy, including anti-bribery arrangements, and whistle blowing policy;
  - A Risk Management Handbook
  - Job and person specifications for senior elected Members; and
  - A protocol for Member/officer relations.
9. The City's main 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. The Town Clerk and Chief Executive is the City's head of paid service, and chairs the Chief Officers' Group, which considers strategic issues affecting the organisation. This group is supported by other officer groups, including the Performance and Strategy Summit Group and the Economic Development Chief Officers Group.
10. 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. The legislation that introduced Police and Crime Commissioners and Police and Crime Panels during 2012 does not apply to the City of London; the Court of Common Council will, therefore, continue to be defined as the police authority for the City of London Police area.
11. The role of 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 two sub-Committees and a Board 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 examines the casework of every single complaint recorded by the Force;
  - The Performance and Resources Management sub-Committee monitors performance against the Policing Plan and oversees its management of human and financial resources; and
  - The Economic Crime Board considers matters relating to the Force's national responsibilities for economic crime and fraud investigation.
12. During 2012/13, a Members Working Party undertook a post-implementation review of the revised governance arrangements agreed in March 2011, to take stock of the new arrangements and how they were working. Following a full consultation exercise, the Working Party concluded that, overall, the new arrangements were operating well, but that there were

areas that required modification. Changes were agreed by the Court of Common Council in December 2012.

13. Following the enactment of the provisions of the Localism Act 2011, which abolished the local government standards regime under the Local Government Act 2000, the City 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. As a code of conduct had to be adopted by 1<sup>st</sup> July 2012, in order to comply with statutory requirements, the Court of Common Council initially agreed to re-adopt the City's existing code until such time as the regulations defining disclosable pecuniary interest had been made. Following the issue of these regulations, the Court approved a new Code of Conduct in the form suggested by the Department for Communities and Local Government and agreed that, apart from disclosable pecuniary interests, no additional categories of interest would be disclosable.
14. The City must also have in place arrangements under which written allegations of a breach of the Member Code of Conduct can be investigated and decisions on those allegations taken. In November 2012, the Standards Committee approved a Complaints Guidance Handbook, including guidelines for dealing with complaints submitted to the Committee. The Committee subsequently agreed the introduction of new voluntary arrangements for the registration of gifts and hospitality received, in response to queries received on that issue since the introduction of the new standards regime.
15. Under section 28 of the Localism Act, the City is required to appoint at least one Independent Person to support the new standards arrangements. In June, the Court of Common Council gave support to 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 from the point that section 28 of the Act came into force.
16. The Localism Act also requires the City 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 draft Pay Policy Statement for 2013/14 was agreed by the Court of Common Council in March 2013.
17. During 2012/13, the Audit and Risk Management Committee agreed procedures for annual declarations of interest by certain officers, to meet the City's obligations under the Bribery Act 2010. The agreed approach demonstrates a proportionate and pro-active approach, by requiring officers with decision-making powers in relation to higher risk activities 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 Bribery Act.
18. As a result of the Protection of Freedoms Act 2011-12, revisions were agreed to the City'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. In September 2012, the City was inspected by the Office of Surveillance Commissioners (OSC). The OSC noted that the City had not used RIPA powers since the last inspection (in 2009), and is "well prepared to use them in appropriate circumstances, having taken steps to ensure legislative compliance ...". In December 2012, a number of officers undertook a comprehensive training course to ensure that a high standard of administration and management in respect of the use of RIPA powers is maintained.

## Business Strategy and Planning Process



19. The City has a clear hierarchy of plans, setting out its ambitions and priorities:

- The sustainable community strategy for the City of London (The City Together Strategy: The Heart of a World Class City 2008-2014) is a shared focus for the future, helping to co-ordinate partners' activities towards meeting the needs and aspirations of the City's diverse communities. This was informed by extensive consultation with a wide range of stakeholders and specific interest groups. A Local Strategic Partnership (The City Together) oversees the development of the Community Strategy, which is centred on the Square Mile and the City's local authority and Policing functions.
  - The Corporate Plan shows how the City Corporation will fulfil its role as a provider of services both inside and outside of the City boundaries. The Corporate Plan includes a statement of the City's Vision, Strategic Aims, Key Policy Priorities and Core Values.
  - 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.
  - The Communications Strategy sets out the City's plan of action over the short to medium-term for communicating its activities and managing its reputation. The 2012-15 Strategy identifies two key priorities, namely: supporting London's communities, and helping to look after London's heritage and green spaces.
  - A new Cultural Strategy 2012-2017 for the City was agreed, following extensive consultation and approval from the relevant Committees. This presents a coherent view of the City's important cultural and heritage-related contributions to the life of London and the nation.
  - Other corporate plans and strategies are mentioned elsewhere in this document.
20. Plans and strategies are informed by a range of consultation arrangements, such as City-wide and local residents' meetings, representative user groups and surveys of stakeholders. The City 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 ratepayers.
21. 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 include the establishment of a Health and Wellbeing Board, to provide collective leadership to improve health and wellbeing for the local area. A shadow Health and Wellbeing Board for the City of London was formed in response to the Government's expectation that local authorities

should be prepared ahead of the implementation of the reforms; this operated throughout 2012/13. In December 2012, the Court of Common Council approved steps to set up a Health and Wellbeing Board, including the terms of reference and membership as at April 2013.

#### Links to the City of London Corporation's Information Management Strategy

22. The Information Management Strategy (approved October 2009) sets out the headline approach to information management in the City. 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 information management, in particular data security and data sharing.
23. Overall responsibility for Information Management Governance is vested in the Information Systems (IS) sub-Committee. The Information Management Governance Board (IMGB) is chaired by the Director of the Built Environment and reports to the IS Strategy Board, which in turn reports to the Performance and Strategy Summit Group of Chief Officers and the IS sub-Committee. The Chief Information Officer was appointed as the Senior Information Risk Owner (SIRO) and Information Asset Owners (IAO) within departments were identified in spring 2010. The IS Division re-affirms IAO appointments annually.
24. During 2012/13, the City Corporation commenced a tender exercise to select an external partner to deliver the "business as usual" IS function. As part of the transition to the new service provision, revised information management responsibilities will be agreed and the Information Management Strategy will be updated.

#### Financial Management Arrangements

25. 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*" which codifies 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.
26. 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 depth survey of the City's forecast position over a five year period;
  - comprehensive budget setting processes;
  - monthly, quarterly and annual financial reports which 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;
  - an in-house internal audit service;
  - insuring against specific risks;
  - scrutiny by Members, OFSTED, CQC, HMIC, other inspectorates, External Audit and other stakeholders, 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.
27. For non-Police services, the Local Government Funding Settlement for 2013/14 and 2014/15 was more severe than anticipated by the local government finance community, and further reductions in Government grant funding are expected for the foreseeable future. These reductions in Government funding are a major factor underlying the potential annual revenue deficits of £5million indicated from 2016/17 in the medium term financial forecast. This figure represents approximately 8% of net spending on services. To address these potential deficits, a service-based activity review will be undertaken to identify: further efficiencies where savings can be made with little impact on services; the appropriate level of expenditure to fulfil statutory requirements; services with less impact on the City's policy objectives; and funding/income generation opportunities. In addition, targeted/selective budget reductions and efficiency programmes are continuing to be pursued, including those relating to corporate-wide procurement arrangements. The utilisation of assets is also being reviewed to determine whether investment returns can be improved at an acceptable level of risk.
  28. The City of London Police manages its budget on a ring-fenced basis, but also faces significant and continuing reductions in Government Grants. The force has its own savings plan, including a new operating model proposed by the City First Change Programme.
  29. An Efficiency Board monitors the savings achieved and a Transformation Board is overseeing the change process. The Efficiency and Performance sub-Committee receives regular reports from these two Boards, continues to challenge the achievement of value for money, and helps to embed further a value for money culture within the City's business and planning processes.
  30. The Police Performance and Resource Management sub-Committee's responsibilities include overseeing the force's resource management in order to maximise the efficient and effective use of resources to deliver its strategic priorities; and monitoring government and other external agencies' policies and actions relating to police performance.
  31. The Policy and Resources Committee determine the level of the City'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.
  32. The City 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'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 and find better ways of working;
    - Annual resource allocation process. This is the framework within which the City makes judgements on adjustments to resource levels and ensures that these are properly implemented;
    - Capital Strategy. This ensures that the City's capital resources are deployed to realise its corporate aims and priorities;
    - Corporate Asset Management Plan. This aims to ensure that the opportunity cost of financial resources tied up in land and buildings is recognised, and that expenditure on the portfolio is directed efficiently and effectively to provide value for money;
    - Capital budget evaluation, management and monitoring. The City 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'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.
33. Consideration is given to efficiency during the development and approval stages of all major projects, with expected efficiency gains quantified within reports to Members.
  34. Following a review of strategic financial management arrangements, changes have been implemented to further strengthen financial management with the emphasis on the provision of high quality advice across the organisation whilst continuing to maintain sound stewardship of the City Corporation's finances.
  35. The performance of the City's financial and property investments are monitored regularly, both in-house and independently, through WM Performance Services and our Independent Investment Adviser (for financial investments) and IPD (property).
  36. The City'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. A review of all project management arrangements, conducted one year after the new arrangements were introduced, concluded that the Project Procedure is fit-for-purpose and required only relatively simple adjustments, which were agreed.

#### Risk Management

37. The City's Risk Management framework continues to abide by the Risk Management Handbook. This handbook was revised slightly during 2012/13, to incorporate the capture of the risk scores before mitigating controls (Gross Risk), an assessment of the controls in place (Control Evaluation), and the appointment of the new Town Clerk and Chief Executive. The framework continues to align 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 Handbook emphasises risk management as a key element within the City's systems of corporate governance and establishes a clear protocol for the evaluation of risk and escalation of emerging issues to the appropriate scrutiny level. The framework assists in ensuring that risk management continues to be integrated by Chief Officers within their business and service planning and aligned to departmental objectives.
38. The Strategic Risk Management Group, consisting of senior managers representing all departments, including the City of London Police, meets twice annually. The group is chaired by the Deputy Town Clerk, the officer risk management champion, and is a considerable driver in promoting the application of consistent, systematic risk management practices across the organisation. A Core Team of members of the Strategic Risk Management Group meets at regular intervals throughout the year and provides the central coordination point for the consideration of strategic risk and the evaluation of emerging issues.
39. Actions being taken to mitigate operational risks are monitored by Chief Officers and by the relevant service Committees. Corporate oversight of strategic risk is provided by the Chief Officers' Group and Audit and Risk Management Committee. In addition to receiving quarterly risk update reports, the Audit and Risk Management Committee has adopted a cycle of regular in depth review of individual risks stated on the Strategic Risk Register.
40. During 2012/13, three new risks were added to the Strategic Risk Register: Longer term Financial Uncertainty; a risk capturing a high value exhibition at the Barbican Art Gallery; and Data Protection Breaches.

#### Health & Safety

41. The Health & Safety at Work Act (1974) requires the City as an employer to ensure that it implements systems for the protection of its staff and visitors. During 2012/13, a review of the Corporate Health & Safety Policy was completed. The City's systems are aligned to HSG65,

the Health and Safety Executive's guidance document on the essential philosophy of good health and safety. It also fulfills the requirements of the Corporate Manslaughter Act (2007). Its goal is to ensure that safety becomes part of normal business by applying a practical, sensible and common sense approach.

42. Top X (the City's Health & Safety risk management system) has been successfully aligned with the business planning process. During 2012/13, departmental use of the system has improved, helping to ensure that many uncontrolled safety hazards arising from operational processes are identified promptly and controls implemented in a timely manner. Operating alongside the risk management process, it assists in ensuring that specific safety risks are integrated by Chief Officers within their business planning. All departments regularly submit their Top X which is analysed and considered twice a year by the Corporate Health & Safety Committee, now chaired by the Town Clerk and Chief Executive. This allows any emerging issue to be managed, and it is envisaged that Top X will also provide the Chief Officers' Group with a corporate strategic oversight of any safety risks.

#### Business Continuity

43. The Civil Contingencies Act (2004) requires the City, as a Category 1 responder, to maintain plans to ensure that it can continue to exercise its functions in the event of an emergency, requiring responders to train their staff responsible for business continuity, exercise and test their plans, and review these plans on a regular basis.
44. The City has an overarching Business Continuity Strategy and Framework and each department has their own business continuity arrangements. The disaster recovery solution for the City has now been fully deployed and technical tests have been carried out to ensure its robustness. 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.
45. Programme management of the City's business continuity management system (BCMS) lies with the Security and Contingency Planning Group, and all departments play a role in it. In preparation for the major events of 2012 (including the Olympic and Paralympic Games), the group delivered a programme of training and exercises for departments to strengthen the existing core business continuity arrangements. All departments reviewed their own plans in light of the potential disruptions associated with these events, allowing the City to ensure the effectiveness of its plans and coordination arrangements. Through the live operations of the City of London Olympic and Paralympic Coordination Centre and the Event Control Room for the Lord Mayor's Show, the City has been able to gain significant confidence that its plans are effective and are consistent with pan-London and national major incident arrangements. Lessons learnt from these events, and the novel requirements enshrined in the new international standard for business continuity (ISO 22301), were fed back into the BCMS and a programme of enhancements is currently under implementation.

#### Role of Internal Audit

46. 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.
47. The internal audit process is supported, monitored and managed by the Audit and Risk Management Committee in accordance with CIPFA's *Audit Committees – Practical Guidance for Local Authorities*. Revised Internal Audit Terms of Reference were agreed by the Audit and Risk Management Committee in September 2012, to include codification of the existing internal audit reporting lines.
48. The Internal Audit Section operates under the requirements of the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006 (CIPFA Code). During 2012/13, the annual internal review of the effectiveness of the Section in relation to the CIPFA Code has found that the Section is fully compliant with the Code. In 2010 CIPFA issued a



“Statement on the Role of the Head of Internal Audit in Public Service Organisations” which codifies the key responsibilities of this role and sets out how the requirements of legislation and professional standards should be met. The City’s Head of Internal Audit arrangements conform to the governance requirements of the Statement.

49. The new Public Sector Internal Audit Standards (PSIAS) came into effect on 1<sup>st</sup> April 2013. These standards are mandatory and will underpin the Internal Audit arrangements within the City of London Corporation. Implementation of the PSIAS for the City will require very few changes to existing processes, which have been based on the previous CIPFA Code. The Head of Audit and Risk Management will be expected to report on conformance with the PSIAS in his annual report from the year 2013/14.
50. The Audit and Risk Management Committee oversees a targeted approach to the follow-up and implementation of high priority audit recommendations to ensure the internal control environment is maintained.
51. The fraud investigation function continues to be effective, to exceed national targets for housing benefit fraud sanctions and to conduct a wide range of anti-fraud activities. The Audit and Risk Management Committee is now provided with six-monthly progress reports on the strategic pro-active anti-fraud plan, with investigation activity update reports presented to intervening meetings.

#### Performance Management

52. 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 departments are required to report quarterly to their service committees with progress against their business plan objectives and with financial monitoring information.
  - Regular performance monitoring meetings are held by the Deputy Town Clerk with selected Chief Officers.
  - 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. From 2009/10, pay progression has been linked to performance assessments under the appraisal process.
53. 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 summary of performance and accounts.
54. During 2012/13, best practice guidance was issued to Chief Officers on quarterly reporting to service committees and on the inclusion of an annual assurance statement on data quality within year-end performance reports.

#### Audit and Risk Management Committee

55. The Audit and Risk Management Committee is an enhanced source of scrutiny and assurance over the City’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 can rely on its system of internal control. The Committee reviews the financial statements of the City prior to recommending approval by the Finance Committee and considers the formal reports, letters and recommendations of the City’s external auditors. The Committee also monitors and oversees the City’s Risk Management Handbook. The Committee undertakes a systematic programme of detailed reviews of each of the risks on the City’s Strategic Risk Register.

56. During 2012/13, a review of the effectiveness of the Committee was conducted, in accordance with best practice, identified by CIPFA and the City's external auditors. The analysis undertaken, and a survey of Members of the Committee, showed that the Committee is substantially compliant with the CIPFA Audit Committee best practice guidelines. Items to be addressed were: training; the provision of assurances to the Committee on the operation of risk management and anti-fraud and corruption measures at the departmental level; and the frequency and timetabling of meetings.

### **Review of Effectiveness**

57. The City 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.
58. 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.
59. This review of the main elements of the City's governance framework has not identified any significant issues for reporting to senior management.

### **Head of Internal Audit's Opinion**

60. The CIPFA Code of Practice for Internal Audit in Local Government in the UK 2006 ("the CIPFA Code") requires the Head of Internal Audit to provide a written report to those charged with governance timed to support the 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 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.
61. Notwithstanding his 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. Timeliness in the implementation of priority audit recommendations has improved during the year, although implementation according to the originally agreed timescales is often not achieved. The new Strategic Risk Management arrangements have become embedded during the year. Opportunities exist for enhancing the operation of the risk management framework across the organisation; an improvement programme is being progressed.
62. One area for particular attention is highlighted in the internal audit opinion relating to the controls operating within some areas of Community and Children's Services: focused management attention is required in relation to the control of client individual budgets, child care provision, housing responsive maintenance and the Affordable Housing Strategy.

### **Future Developments**

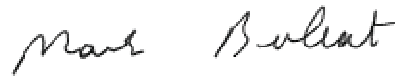
63. The governance framework is constantly evolving due to service and regulatory developments and assessments. Improvement plans have been compiled in response to the reports and assessments summarised above. Controls to manage principal risks are constantly monitored, in particular for services with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

- Reviewing the Scheme of Delegations to ensure that it remains fit-for-purpose;
- Reviewing future arrangements for the City's Local Strategic Partnership;
- Conducting a detailed review of the Corporate Plan, including consultation with Members;
- Developing a protocol for consultation with external stakeholders;
- Consulting on, and agreeing, a revised IS Strategy;
- Implementing a service-based review process, to generate further efficiency savings in response to reductions in government grant;
- Reviewing the level of cash reserves to ascertain whether investments could be re-allocated to other higher yielding asset classes, such as property;
- Embedding the City Of London Procurement Service arrangements, so that procurement and payment efficiencies from, and compliance with, a centralised service are realised;
- Commissioning an independent review of the effectiveness of risk management processes and controls;
- Implementing the risk management improvement plan, to strengthen and raise awareness of risk management across all areas of the City Corporation; and
- Amending existing internal audit processes, in accordance with the new Public Sector Internal Audit Standards.

This annual governance statement was approved by the City's Audit and Risk Management Committee on 25<sup>th</sup> June 2013.



John Barradell  
Town Clerk and Chief Executive  
Date: 7<sup>th</sup> August 2013



Mark Boleat  
Chairman, Policy and Resources  
Committee  
Date: 7<sup>th</sup> August 2013

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**ANNUAL GOVERNANCE STATEMENT 2012/13****SUPPORTING SCHEDULE**

<b>Key Element</b>	<b>Item</b>	<b>Reporting to Members</b>
Code of Corporate Governance	Committee terms of reference (para 8)	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.
	Post-implementation review of the revised governance arrangements (para 9)	The post-implementation review was reported to the Policy and Resources Committee on 8 <sup>th</sup> November, and the Court of Common Council on 6 <sup>th</sup> December 2012.
	Localism Act: Standards regime (paras 11-13)	The revised terms of reference for the Standards Committee were agreed by the Policy and Resources Committee on 7 <sup>th</sup> June, and the Court of Common Council on 21 <sup>st</sup> June 2012. The appointment of three Independent Persons was approved by the Court of Common Council on 21 <sup>st</sup> June 2012. The new Member Code of Conduct was approved by the Standards Committee on 21 <sup>st</sup> September, and the Court of Common Council on 25 <sup>th</sup> October 2012. The Complaints Guidance Handbook was approved by the Standards Committee on 23 <sup>rd</sup> November 2012. The new voluntary registration arrangements were approved by the Standards Committee on 8 <sup>th</sup> February 2013.
	Localism Act: Pay Policy Statement (para 14)	The draft Pay Policy Statement for 2013/14 was agreed by the Court of Common Council on 7 <sup>th</sup> March 2013.
	Bribery Act (para 15)	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 16)	Revisions to the RIPA policy and procedures were agreed by the Policy and Resources Committee on 14 <sup>th</sup> February 2013.
Business Strategy and Planning Process	Sustainable Community Strategy (para 19)	The City Together Strategy (the sustainable community strategy for the City) was agreed by the Court of Common Council and the City's local strategic partnership (The City Together) in July 2008.

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<b>Committee:</b> Audit and Risk Management Committee	<b>Date:</b> 4 March 2014
<b>Subject:</b> Corporate Governance – Scheme of Delegations and Standing Orders	<b>Public</b>
<b>Report of:</b> Town Clerk	<b>For Decision</b>

## Summary

As part of the City Corporation's arrangements for ensuring good governance, the Scheme of Delegation to Chief Officers has been reviewed and a number of changes have been proposed. The changes, which principally reflect changes to legislation and previously agreed City Corporation's policies, were considered by Policy and Resources Committee on 23 January 2014, before being submitted to the Court of Common Council.

The Policy and Resources Committee is responsible for the review and co-ordination of the City Corporation's governance arrangements. The Committee will therefore be considering the Scheme in its entirety, including the general framework and conditions of the delegations and an amendment to Standing Orders, relating to the declaration of operational property assets which are surplus to requirements.

All service committees are required to consider those elements for which they have responsibility. A copy of the revised section applicable to the Audit and Risk Management Committee is attached at **Appendix 1**. Members are asked to note **items 1, 6 and 14** as they are relevant to both the Audit and Risk Management Committee and the Finance Committee.

The Audit and Risk Management Committee are also invited to comment on the Officer Scheme of Delegation in its entirety (**at Appendix 2**) as part of the City of London Corporation's governance package.

## Recommendations

1. The Audit and Risk Management Committee are invited to comment on the Officer Scheme of Delegation, as part of the City of London Corporation's Governance Package.
2. Subject to the approval of the Policy and Resources Committee of the overall Scheme of Delegation, the delegations relating to the Chamberlain, in respect of the Audit and Risk Management Committee, as set out in the appendix to this report be approved; and
3. to note the proposed amendment to Standing Orders relating to the declaration of operation property assets which are surplus to requirements.

## Main Report

## Background

1. As a corporate body all decisions are vested in the Court of Common Council. To facilitate the administration of the City Corporation's many and complex functions, the Court delegates the majority of its functions to its committees and officers. The Committee Terms of Reference set out the functions delegated to committees, whilst the Scheme of Delegations sets out those functions which have been delegated to officers.

## Scheme of Delegations

2. The Scheme of Delegations has recently been reviewed and a number of changes are proposed which, on the whole, reflect changing legislation, amendments to corporate policy and operational needs. A copy of the revised Chief Officer delegations, relevant to the Audit and Risk Management Committee, is attached at **Appendix 1** to this report.
3. Members are asked to note **items 1 and 14**, as they are relevant to both the Audit and Risk Management Committee and the Finance Committee, in that the Audit and Risk Management Committee reviews and recommends the City's Financial Statements to the Finance Committee. Item 6 is also relevant to Internal Audit Staff and the Committee is responsible for overseeing the internal audit function, which the Chamberlain has responsibility for as Head of Profession.
4. The Audit and Risk Management Committee are also invited to comment on the complete Officer Scheme of Delegation (**Appendix 2**) as part of the City of London Corporation's governance package.
5. The Policy and Resources Committee are responsible for the review and co-ordination of the City Corporation's governance arrangements which includes, amongst other things, Committees and Standing Orders.

## Standing Orders – Declaring Assets Surplus

6. The drive for efficiency savings, including the Corporate Asset Realisation Programme and the more recent Service Based Reviews, have highlighted the need for the City to identify, more effectively, those assets which are surplus to departmental need, so they can be considered for alternative uses or disposal.
7. Whilst there are a number of officer groups considering the efficient and effective use of assets and resources, it is felt that their work would be assisted by a change to Standing Orders, which would formalise the process for Chief Officers and Committees identifying assets as surplus. It should be noted that, prior to the approval of the Court, the Policy and Resources Committee is being asked to consider adding the following with regard to this.



### **Standing Order No 55 - Identification of Property Assets Surplus to Departmental Requirements**

(1) *Committees are required to consider the effective and efficient use of all operational property assets. This will be monitored by the Corporate Asset Sub Committee.*

(2) *Where assets are no longer required, in whole or in part, for the provision of operational services for which they are currently held, a report on the circumstances must be made to the Corporate Asset Sub Committee. This does not apply where lettings are an integral part of the service e.g. market or housing tenancies.*

### **Corporate & Strategic Implications**

8. The proposed changes to the Scheme of Delegations and Standing Orders are intended to support the effective governance of the City of London and ensure that decision making is effective and transparent.
  - Appendix 1 – Revision(s) to Scheme of Delegations (Chamberlain)
  - Appendix 2 – Complete Officer Scheme of Delegation

## CHAMBERLAIN

The following powers are delegated to the Chamberlain.

### Operational

1. **To be the officer responsible for the conduct of the City of London Corporation's financial affairs and, in particular, to be the proper officer for the purpose of Section 6 of the Local Government Housing Act 1989.**
2. In consultation with the Chairman and Deputy Chairman of the Resource Allocation Sub-Committee to authorise the carry forward of unspent balances within the revenue budgets.
3. To authorise all virements within locally controlled budgets
4. To exercise such powers as may from time to time be delegated to him through the Treasury Policy Statement.
5. To authorise the payment of precepts, levies and contributions to the national non-domestic rates pool.
6. **To operate market force supplements for Chamberlain's Department staff within the set maximums.**
7. To determine the financing of capital expenditure.
8. To deal with and agree claims received under the Riot (Damages) Act, 1886
9. To write off all debts, except for non-domestic rates and council tax, due to the City of London Corporation, which are irrecoverable and up to £5,000 (under Standing Order No 52) and to write off all non-domestic rates debts up to £5,000 and council tax debts up to £1,000.
10. To write on all unclaimed credit amounts.
11. To authorise the granting of discretionary rate relief under Section 47 and 49 of the Local Government Finance Act 1988 up to £5,000 per case per annum.
12. To agree Section 44A Allowances (empty rate relief on partly occupied properties).
13. To agree minor amendments to the ordinance of City Companies and Livery Companies in conjunction with the Chairman of the General Purposes Committee of Aldermen.
14. **To act as Head of Profession for Finance, IS, and Procurement , with the right to issue technical standards and guidance for use throughout the City of London Corporation and to be consulted on staffing arrangements for any of those functions within other Departments.**
15. To sign grant claims and other returns on behalf of the City of London Corporation.

16. To authorise the suspension of pension contributions.
17. To carry out all functions in relation to the Trophy Tax.
18. In give approvals in respect of contract lettings and waivers in accordance with the Procurement Regulations

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**CITY OF LONDON CORPORATION**

**SCHEME OF DELEGATIONS TO OFFICERS**

## SCHEME OF DELEGATIONS TO OFFICERS

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## **THE GENERAL CONDITIONS OF DELEGATIONS**

### **Overall Delegations to Officers:**

The Court of Common Council has agreed the principle that authority should be delegated to Chief Officers (and their nominated Deputies or Assistants) for carrying out the day-to-day management of all services and for the discharge of specific statutory and non-statutory functions.

All delegations to officers are subject to any statutory provisions which apply; the exclusion of any matters which remain for decision by the Court and/or any Committee unless specifically delegated to a particular officer; and accountability to the Court and/or any Committee in respect of decisions made under delegated authority.

### **Day-to-Day Management**

Chief Officers (and their nominated Deputies or Assistants) are authorised to implement agreed policies and to act on the City of London Corporation's behalf in the discharge of its statutory and non-statutory functions and to exercise powers in relation to the day-to-day management of the service area for which they are responsible. (Day-to-day management should include those items which have been recognised as such by past practice or by specific decision/resolution, or where the Town Clerk, in consultation with the Chief Officers, agrees is ancillary to or analogous with matters accepted as being within the scope of day-to-day business exercisable by officers.) This includes authority to:-

- (i) appoint and manage staff in accordance with agreed policies and procedures, except in respect of appointments and dismissals in relation to posts graded H and above and where this scheme of delegation indicates otherwise.
- (ii) undertake staff re-organisation in accordance with agreed policies and procedures and within budget limitations;
- (iii) place orders and enter into contracts for the supply of goods and services in line with the Procurement Regulations and to authorise or incur any other expenditure for which provision has been made in the appropriate budget or capital programme subject to limits set out in Standing Orders and Financial Regulations and subject to these not being in conflict with existing contracts;
- (iv) Manage any physical assets, including land and buildings for which the relevant Chief Officer is responsible, subject always to the advice of the City Surveyor and any relevant policies and strategies in relation to property asset management.

### **Limitations**

1. Any exercise of delegated powers by officers shall -
  - a) comply with the City of London Corporation's Standing Orders, Financial Regulations, Project Management Procedure and Procurement Regulations;
  - b) have regard to any agreed policies, objectives and service standards including any management directions;
  - c) Have regard to the overall management and co-ordination of the work of the City Corporation and the achievement of corporate standards.
  - d) not authorise expenditure except in accordance with approved revenue estimates or capital programmes;

- e) not involve a new policy or extend an existing policy of the City of London Corporation (except where the Town Clerk & Chief Executive is acting in accordance with urgency powers);
  - f) be in accordance with any existing approved scheme or direction of the City of London Corporation, its Committees or Sub-Committees;
  - g) be the subject of prior consultations with the appropriate professional or technical officers of the City of London Corporation where technical and professional considerations are concerned which are not within the province of the Chief Officer.
2. Any delegation to a Chief Officer may be exercised by any officer authorised by the Chief Officer either generally or specifically for the purpose (except where restrictions exist in employment policies). The Town Clerk may exercise any function delegated to a Chief Officer at his discretion.
  3. All delegation is without prejudice to the jurisdiction of the City of London Corporation or of the relevant Committee or Sub-Committee. Any officer may refer a matter to a Committee or Sub-Committee in lieu of exercising delegated powers.
  4. Subject to the foregoing conditions and to any special conditions which may have been or may in future be applied in respect of particular matters Chief Officers will be expected to make such decisions and to initiate such action as they deem necessary in the interests of the efficient running of their departments and the services which they administer.
  5. Within their terms of delegation any reference to a statutory provision shall be deemed to refer to any statutory re-enactment or amendment of the provision.

The following powers are delegated to Chief Officers:

### **Expenditure**

6. To incur revenue and capital expenditure and enter into commitments on behalf of the City of London Corporation where appropriate provision has been included in either the revenue or capital estimates, subject to compliance with Standing Orders, Financial Regulations, the Project Management Procedure and Purchasing Procedure.
7. To authorise virement of local risk budgets in accordance with Financial Regulations, subject to the approval of the Chamberlain.

### **Contracts**

8. To approve select lists of non-approved list contractors subject to:-
  - a) a £1,000,000 upper threshold;
  - b) a reporting procedure being put into place;
  - c) Officers maintaining adequate documentation, recording the detailed checks undertaken to support the inclusion of each entry on the list;
  - d) Officers being required to sign a declaration that they have no personal connection with the contractors.

9. To sign contracts, in accordance with established procedures in the Projects Manual and Standing Orders, where the signature of the Comptroller & City Solicitor is not required.

### **Property**

10. Subject to the prior advice of the City Surveyor, to deal with the day to day management and maintenance of all facilities under their control where specific functions have not been delegated to another officer.

### **Surplus Equipment**

11. To dispose of surplus or obsolete vehicles, plant, apparatus, furniture, office or other books and equipment subject to any requirements laid down by the City of London Procurement Service (CLPS).

### **Casual Lettings**

12. Subject to the prior advice of the City Surveyor, to approve the casual or occasional use of land, premises or equipment under the control of the department.

### **Access to Information**

13. To act as proper officer for the purpose of identifying background papers for reports written by the department. In the case of joint reports this role will be discharged by the Senior Officer.

### **Health and Safety**

14. To be responsible for ensuring, so far as is reasonably practical, the health and safety of everyone who may be affected by the work and activities of the department.
15. To comply with the City of London Corporation's Health & Safety Policy, delegating this responsibility as appropriate in accordance with the Policy

## **EMPLOYMENT MATTERS**

**UNLESS OTHERWISE SPECIFIED, PART C RELATES TO CITY OF LONDON CORPORATION EMPLOYEES OTHER THAN TEACHERS AT THE CITY SCHOOLS. POLICE OFFICERS ARE ALSO EXCLUDED.**

**THE EMPLOYMENT POLICIES AND PROCEDURES IN THE EMPLOYEE HANDBOOK AND THE HEALTH AND SAFETY POLICY SET OUT WHAT AUTHORITIES CAN BE EXERCISED IN RELATION TO EMPLOYEES. THIS SECTION SUMMARISES THOSE DELEGATIONS AND REFERENCES THE POLICIES AND PROCEDURES UNDER WHICH THE MOST UP TO DATE INFORMATION IS CONTAINED. IT ALSO SETS OUT DELEGATIONS NOT COVERED BY SPECIFIC POLICIES OR PROCEDURES.**

**THE EXERCISING OF ANY DELEGATION IS SUBJECT TO THE FINANCIAL IMPLICATIONS BEING CONTAINED WITHIN THE APPROPRIATE EXISTING LOCAL OR CENTRAL RISK BUDGETS.**

### **SECTION 1 – CHIEF OFFICER ACTING ALONE**

#### **Posts**

16. To create and delete posts up to and including Grade H subject to adherence to the Job Evaluation scheme, and agreed policies and procedures in the employee handbook regarding the creation and deletion of posts. .
17. To approve submissions to Corporate HR of requests for re-evaluation of a post under Job Evaluation Scheme
18. Determine which posts are ‘sensitive posts’ for the purpose of defining Politically Restricted Posts and make a recommendation to the Standards Committee if a request for an exemption is made

#### **Appointment of Staff**

19. To appoint casual and agency workers and temporary staff (up to 3 months) subject to appropriate use of these types of workers in line with legal and corporate requirements and procedures and within local risk budget To appoint to existing and new posts on a permanent or fixed basis in line with the recruitment and selection policy and guidelines in the Employee Handbook and subject to any approval process in place at the time.
20. Chief Officers may also:
  - a) Apply variable clauses to the contract from the pre-approved corporate list
  - b) Appoint, progress and reward employees on the appropriate scale point in accordance with the Pay Progression Policy.
  - c) Authorise acting up arrangements and associated allowances in accordance with the Acting Up Policy
21. To determine appointment of a candidate or continued employment of an employee, with advice from the corporate Disclosure and Barring Service Lead Signatory, in cases where any potentially relevant risks are identified in accordance with the Disclosure and Barring Policy.

### **Terms, Conditions and Allowances (Contractual or Non-Contractual)**

22. Chief Officers can for new appointments or in line with existing individual contracts:
  - a) Fix the working hours of posts provided they are in compliance with the Working Time Regulations
  - b) Authorise appropriate contract hours or overtime and unsocial; hours working payments in accordance with the employee handbook
  - c) Authorise movement through an agreed career grade scheme
23. To determine flexible working, job sharing and home working requests in line with statutory and policy requirements contained in the Employee Handbook .
24. To authorise official travel (and costs) by departmental staff in accordance with the Business Travel Scheme.
25. To approve allowances in relation to travel and meal, relocation, motor vehicle and cycle; loans in relation to car, motor cycle and bicycles and payment of professional fees/annual subscriptions provided they are in accordance with the provisions and criteria set out in the Employee Handbook .
26. To authorise payment of First Aid Allowance to appropriate qualified members of staff if the need for them to provide first aid cover is not part of their job description.
27. To deal with matters of conduct, capability, probation, attendance, employee grievances and other associated employment matters in conjunction with the Director of Human Resources as required and in accordance with the relevant HR policies and procedures in the employee handbook. To deal with formal employee appeals against decisions apart from those reserved for the Staff Appeal Committee

### **Leave**

28. To authorise special leave for compassionate, emergency dependents and other special leave with pay for up to 5 days per annum, following the guidelines found in the Employee Handbook
29. To authorise participation in public duties; non-regular forces; reservists voluntary mobilisation; volunteering and training and development in accordance with the special leave provision in the Employee Handbook
30. To approve unpaid leave whether or not additional costs are incurred for cover in accordance with the employee handbook
31. To approve the carry-over of more than 5 days annual leave up to the end of March the following year (unless related to maternity or sickness in accordance with those schemes)
32. To approve leave arrangements in relation to maternity, paternity, adoption and parental leave, in line with statutory requirements and guidance in the Employee Handbook
33. To approve Career Break requests in line with the policy in the Employee Handbook

### **Development**

34. To authorise the attendance of officers at conferences, meetings and seminars in the UK to acquaint staff with current developments associated with their work and in connection with training and development, and also attendance at overseas events in accordance with the Business Travel Scheme (

35. To approve secondments to external bodies in the UK or internationally and/or to other Departments of the City of London Corporation in line with HR guidance
36. To authorise time off for attendance at learning and development events and costs in support of learning and development as set out in the Employee Handbook special leave provisions

### **Benefits**

37. Agree whether a post can be covered by the Flexitime Scheme for posts up to and including Grade F and to determine the flexitime workplace arrangements in accordance with the scheme.
38. Approve Long Service award gifts for eligible employees in accordance with the long service award scheme.

### **SECTION 2 – DELEGATIONS TO CHIEF OFFICERS SUBJECT TO NOTIFICATION TO THE DIRECTOR OF HR**

39. To authorise selection of candidates to Senior Management posts of Grade I and above. The process must involve a Selection Panel including the Director of HR as set out in the Recruitment and Selection Policy.
40. To re-designate posts up to and including Grade H where it can be shown there are no grading implications. For professional posts there must be consultation with and approval by the Head of Professional Service.
41. To approve retirement with unreduced benefits under Regulation 31 ('85 year rule') where there is no cost.

### **SECTION 3 – DELEGATION TO CHIEF OFFICERS IN AGREEMENT WITH THE DIRECTOR OF HR**

42. To authorise the dismissal of staff on grounds of permanent ill health and any associated early release of pension in accordance with the relevant provisions
43. To authorise special leave for compassionate, emergency dependents and other special leave with pay for between 6 and 15 days per annum subject to adherence to Special Leave Policy guidelines in the Employee Handbook. Any extensions beyond 15 days require the approval of the Director of HR in consultation with the Chairman and Deputy Chairman of the Establishment Committee.
44. In exceptional circumstances to authorise payment in lieu of the balance of annual leave (above the statutory amount which must be taken in any year) that could not be taken by the end of March of the following year due to work requirements. Payment will only be for the year preceding the year in question.
45. To authorise severance terms/settlements following advice from the Comptroller & City Solicitor as appropriate.
46. To authorise sick pay extensions beyond contractual entitlement for posts grade H and below. Grade I and above must also be agreed with the Chairman and Deputy Chairman of Establishment Committee.

47. To set career grade structures and criteria for relevant posts.

**SECTION 4– DELEGATION TO CHIEF OFFICERS IN AGREEMENT WITH OTHER AUTHORITIES**

48. To authorise honoraria payments up to the value of £5,000, for posts Grade H and below with approval from the Market Forces Supplement Board (being a group of officers appointed from time to time by the Town Clerk for the purpose). Payments over £5K and of any value for grades I and above must go to the Market Forces Supplement Board and Establishment Committee.
49. To authorise payments of Market Forces Supplements up to a maximum value of £5,000. for posts Grade H and below with approval from the Market Forces Board. Payments over £5K and of any value for grades I and above must go to the Market Forces Board and Establishment Committee. Cases must have a business case with current and relevant market information and will be subject to review and reauthorisation for their continuation.
50. To authorise moderated incremental progression, accelerated increments and discretionary bonus/recognition payments (up to grade J) under the contribution pay scheme in line with the expected distribution and with the agreement of the Market Forces Supplement Board
51. To authorise redundancy for posts below grade I. Associated payments and capital costs for release of pension to be approved by the Director of HR and Chairman and Deputy Chairman of the Establishment Committee in accordance with the relevant policies in the employee handbook and pension regulations. Grade I and above must go to Establishment Committee for approval. Settlements agreements must be issued via Director of HR where any enhancement payments are agreed.

## **DELEGATION TO INDIVIDUAL OFFICERS**

### **TOWN CLERK & CHIEF EXECUTIVE**

The following powers are delegated to the Town Clerk & Chief Executive

#### **Operational**

1. To act as head of the paid service for the City of London Corporation.
2. To co-ordinate the development of corporate policy and strategy, and to act as the principal adviser to the Court of Common Council and its committees thereon.
3. To deal with disciplinary matters, grievances and other employment matters other than those which are the responsibility of Chief Officers in the management of their departments.
4. To be responsible for investigating complaints against the City of London Corporation from members of the public in accordance with the Corporate Complaints Procedure.
5. To be responsible for the administration of the oath or declaration of office to the Lord Mayor, Aldermen and Sheriffs, and every other person admitted to any corporate office.
6. To act as Controller Designate Civil Defence and Controller for the purpose of Peace Time Emergencies in the event of a major incident occurring.
7. To be responsible for the making all unopposed highway stopping up orders under Sections 247 and 257 of the Town and Country Planning Act 1990, as amended by Section 270 and Schedule 22 of the Greater London Authority Act 1999, pursuant to Section 101 of the Local Government Act of 1972.
8. Issue contracts of employment for Chief Officers
9. Suspension, and management of disciplinary, capability and complaints procedures for Chief Officers in line with Chief Officer procedures.
10. In the City of London Corporation's capacity as a local authority, police authority or port health authority, to:-
  - a) consider any application for exemption from political restriction that is made to him in respect of any post by the post holder;
  - b) where appropriate, give directions requiring the City of London Corporation to include a post in the list of politically restricted posts that it maintains in accordance with the provisions of the Local Government and Housing Act 1989.

#### **Elections**

11. To issue all precepts to the several wards for the annual election of the Ward Members and officers, and to the different companies of the City to assemble in Common Hall, whether for elections or other purposes; and to issue all other precepts that may be required to the several wards and companies of the City. To receive the returns to such precepts, and also to the wardmote indentures, and the returns of the annual election of Ward Members and officers.
12. To act as Electoral Registration Officer pursuant to the Representation of the People Act 1983.



13. To superintend, under the Sheriffs, the conduct of polls at elections in Common Hall.
14. To prepare the lists of the respective Aldermen and others in nomination for Lord Mayor, Sheriffs, and annual Officers elected by the Livery. To draw up their proceedings at such elections, and such other proceedings as may be transacted at any meeting of the Livery in the Common Hall. To issue the precepts for holding the said Common Halls and to record the proceedings thereof.

Proper Officer

15. To act as the Proper Officer for the Rent Act 1997 (as amended by the Housing Act 1980).

**Delegations to other Officers**

16. The following authority is also delegated to the Deputy Town Clerk and the Assistant Town Clerks to be exercised either
  - (a) at the direction of the Town Clerk & Chief Executive or
  - (b) in the absence of the Town Clerk & Chief Executive

To act in consulting with any relevant Chairman and Deputy Chairman in cases where urgent decisions may be required as provided for in Standing Order No. 41, and also in cases where action may be taken under authority delegated by a Committee.

**DIRECTOR OF HR**  
**(If not available, to the Town Clerk & Chief Executive)**

The following powers are delegated to the Director of HR (or in their absence, the Town Clerk & Chief Executive)

1. To prepare, authorise and execute Settlement Agreements on termination of employment.
2. To authorise increases to:-
  - a. the Teachers' salary scale effective from 1 September each year in line with the School Teachers Review Body recommendation once this has been approved for state sector teachers;
  - b. the lump sum allowance for new qualified teachers taking up their first teaching position, based on the annual increase in the RPI (all items published in March each year.
  - c. Coroner's salary on receipt of Circular from NJC.
  - d. Col Special Supplement and salary increases for Occupational Health Manager in line with increases promulgated by the Royal College of Nursing for Occupational Health Nursing employees.
3. To authorise increases in allowances payable to employees in accordance with statute and agreed pay policy and other employee handbook provisions
4. To approve the selection process for and authorise the appointment of recruitment advertising agency and search and select agencies as appropriate.
5. To re-designate posts Grade I and above where it can be shown there are no grading implications. Reference to Town Clerk or Service Committee where appropriate.
6. To authorise the application of discretions in relation to Pensions benefits (including flexible retirement and release of pension on compassionate grounds) in line with the agreed discretions and delegations of the Establishment Committee (set out in the Policy Statement on the use of Employer's Discretions that Apply to Employees of the City Of London).
7. In consultation with the Chairman and Deputy Chairman of the Establishment Committee, to authorise:-
  - a. exceptionally payment of private diagnostic medical costs up to £5,000, where there is a business benefit, and legal fees up to £5,000 for individual employees in cases connected with their work in which we support their position;
  - b. compassionate leave for 16 or more working days or where any request for compassionate leave is outside policy guidelines;
  - c. To extend lodging allowances and other disturbance payments beyond 52 weeks.
8. In consultation with Chief Officers and also the Chairman and Deputy Chairman of the Establishment Committee to authorise sick pay extensions beyond normal contractual entitlement for grade I and above.-

## **CHAMBERLAIN**

The following powers are delegated to the Chamberlain.

### **Operational**

1. To be the officer responsible for the conduct of the City of London Corporation's financial affairs and, in particular, to be the proper officer for the purpose of Section 6 of the Local Government Housing Act 1989.
2. In consultation with the Chairman and Deputy Chairman of the Resource Allocation Sub-Committee to authorise the carry forward of unspent balances within the revenue budgets.
3. To authorise all virements within locally controlled budgets
4. To exercise such powers as may from time to time be delegated to him through the Treasury Policy Statement.
5. To authorise the payment of precepts, levies and contributions to the national non-domestic rates pool.
6. To operate market force supplements for Chamberlain's Department staff within the set maximums.
7. To determine the financing of capital expenditure.
8. To deal with and agree claims received under the Riot (Damages) Act, 1886
9. To write off all debts due to the City of London Corporation which are irrecoverable, except for non-domestic rates and council tax up to £5000 under Standing Order No. 52.
10. To write on all unclaimed credit amounts.
11. To authorise the granting of discretionary rate relief under Section 47 of the Local Government Finance Act 1988 up to £2,500 per case per annum.
12. To agree Section 44A Allowances (empty rate relief on partly occupied properties).
13. To agree minor amendments to the ordinance of City Companies and Livery Companies in conjunction with the Chairman of the General Purposes Committee of Aldermen.
14. To act as Head of Profession for Finance, IS, and Procurement , with the right to issue technical standards and guidance for use throughout the City of London Corporation and to be consulted on staffing arrangements for any of those functions within other Departments.
15. To sign grant claims and other returns on behalf of the City of London Corporation.
16. To authorise the suspension of pension contributions.
17. To carry out all functions in relation to the Trophy Tax.
18. In give approvals in respect of contract lettings and waivers in accordance with the Procurement Regulations

### **Delegations to other Officers**

19. The following authorities are also delegated to the Officers identified to be exercised either

- (a) at the direction of the Chamberlain; or,
- (b) in the absence of the Chamberlain

Financial Services Director	}	
Chief Accountant	}	Items 5 and 16
Corporate Treasurer	}	
Head of Revenues	-	Items 10, 11 (up to £5,000), 12 and 13
Technical Officer	-	Item 13
Business Support Director	-	Item 11 (over £5,000) and Item 15

## **COMMISSIONER OF POLICE FOR THE CITY OF LONDON**

The following powers are delegated to the Commissioner of Police for the City of London. The Commissioner also discharges all functions vested in the office of Commissioner by virtue of the common law and legislation in force from time to time.

### **HR**

1. To authorise the variation of staff numbers and structures (both Police Officers and civilian staff) provided that the costs can be contained within the Police estimates.
2. To authorise, subject to the agreement of the HR Director in respect of civilian staff, variations in terms and conditions of employment, other than basic pay, leave, sick pay and other core terms.
3. To authorise minor amendments, by prior agreement with the City of London Corporation Director of HR, to HR policies to take account of the policing environment
4. To authorise the provision of occupational health services to civilian staff, provided that liaison is maintained with the City of London Corporation's occupational health officer.
5. To authorise the purchase of training for civilian staff from the City of London Corporation's Training Section.
6. To exercise powers of direction and control in respect of Police (civilian) staff for operational purposes.

### **Finance**

7. To authorise virements between all heads in the Policing Plan budget (with the exception of capital financing and support costs) subject to prior consultation with the Chamberlain wherever a transfer of resources is proposed from a non-staffing to a staffing budget.
8. To make annual grants to the Force Athletic and Sports Club.

### **Delegations to other Officers**

9. The following powers are delegated to the Director of Corporate Services of the City of London Police.

Authority to act and to enter into arrangements in relation to:-

- (a) the supply of goods and services in respect of which a charge is made to the recipient;
- (b) sponsorship, including gifts and donations

## **COMPTROLLER & CITY SOLICITOR**

The following powers are delegated to the Comptroller & City Solicitor.

1. To attest the City of London Corporation's Seal.
2. To act as Vice Chamberlain.
3. To sign contracts (and similar documents where intended to have legal binding effect) on behalf of the City of London Corporation, either in his own name or on behalf of the City of London Corporation, where any required authority or approval of a Sub-Committee, Committee or of the Court of Common Council (or Court of Aldermen) has been obtained, or where such authority has been delegated to another officer of the City of London Corporation and that officer has requested or instructed the Comptroller & City Solicitor to do so.
4. To issue, defend, settle or participate in any legal proceedings, prosecution, inquiry, procedures or documentation where such action is necessary to give effect to the decisions of the City of London Corporation, or in any case where the Comptroller & City Solicitor considers that such action is necessary to protect the City of London Corporation's interests.
5. To instruct counsel, witnesses, experts and external solicitors as appropriate.
6. To authorise officers to appear on behalf of the City of London Corporation in proceedings in the magistrates' courts, pursuant to Section 223 of the Local Government Act 1972.
7. To act as Monitoring Officer pursuant to section 5 of the Local Government and Housing Act 1989

## CITY SURVEYOR

The following powers are delegated to the City Surveyor.

### Operational

1. To act in accordance with the general powers detailed below, and in consultation with the relevant Chief Officer, in relation to all property owned by the City of London Corporation.

### Property Management

2. To act in respect of:
  - (a) all lettings, including lease renewals, with an annual rent of not more than £100,000 which are for a term of 25 years or less, providing the terms are at or above market value;
  - (b) all quarterly tenancies, tenancies at will, licences, easements, wayleaves, Rights of Light, crane oversail, hoarding licences and similar arrangements;
  - (c) to negotiate and agree all rent reviews, including nil increase reviews, except where the increase is in excess of £50,000 per annum;

and to report all such cases to the Property Investment Board on a quarterly basis.

3. To negotiate terms and accept surrenders of leases where the rent is less than £100,000 per annum and where the premium is no more than £250,000;
4. To act in respect of a change in the identity of a tenant after terms have been approved by Committee, subject to there being no other material change in the terms and the financial covenant being no less strong;
5. To agree minor variations to the terms of ground lease restructurings, disposals, acquisitions and other complex transactions, together with leases being taken by the City of London Corporation as tenant, where the main terms have been approved by Committee and where the variations are necessary to complete the transaction expediently, such delegated authority to be exercised in consultation with the Comptroller & City Solicitor and the Chamberlain on financial matters;
6. To act in respect of any variation to the terms of any existing Lease, Tenancy, Licence or other agreement relating to property which do not affect the duration of, or income from such Lease or Tenancy by either:-
  - (a) more than plus or minus 10%, or
  - (b) where a premium of no more than £100,000 is payable to the estate
7. For land where the City of London Corporation is freeholder and the land is proposed to be redeveloped, subject to a Planning Agreement under Section 106 of the Town & Country Planning Act 1990 to:

- (a) make it a condition of any freehold or leasehold disposal that the freeholder or leaseholder is required to enter into planning obligations on like terms with the Planning Agreement; and
  - (b) consent to the City of London Corporation's land being bound by the planning obligations in the Planning Agreement.
8. To review periodically all operational and corporate property assets and to make recommendations to the Corporate Asset Sub-Committee for their better utilisation and improved efficiency.
  9. To approve licences for works, scaffolding, demolition or other works pursuant to or necessary for the implementation of an existing Committee approval.
  10. To deal with party wall matters including being the Appointing Officer to make such appointments as are required in Section 20 of the Party Wall etc. Act 1996.

### **Property Maintenance**

1. To be responsible for the maintenance and upkeep of property owned by the City of London Corporation other than within the remit of the Community and Children Services Committee
2. To approve schemes for refurbishment of up to £250,000 per scheme/ per property, with funding either from the sales pool, providing the sales pool is in credit with sufficient funds to cover the total cost of the scheme, or from other appropriate sources such as the Additional Works Programme.

### **Blue Plaque Scheme**

3. Accept and determine applications for Blue Plaques;
4. To deal with the replacement of damaged and authorise the erection of replacement plaques in different locations using altered wording if, in the opinion of the City Surveyor (taking into account evidence supplied by the Director of Culture, Heritage & Libraries) a different location or different wording would be more accurate or otherwise more appropriate;
5. Approve reasonable third party professional fees up to £2,500 plus VAT from the City Surveyor's Blue Plaques budget; and,
6. Enter into formal licence agreements with a building owners for the erection of a Blue Plaques.

### **Delegations to other Officers**

7. The above-mentioned authorities are also delegated to the Officers identified to be exercised either,
  - (a) at the direction of the City Surveyor or
  - (b) in the absence of the City Surveyor

Investment Property Director, Corporate Property Director, Operations Director or Property Projects Director or his nominated Assistant Director .

8. The following specific authority is delegated to the Officer identified in accordance with the requirements of Section 12(2) of the Trustee Act 2002 which requires that a specific individual be authorised to give advice on the disposing of Properties and granting of leases in accord with the Charities Act 1993:-



Nicholas Gill (Investment Property Director) or his appointed deputies to exercise asset management functions as agent for the Trustee of the Bridge House Estates.

**Delegations in Emergency**

9. To carry out all necessary repair works to bridge and other structures in an emergency. To take all appropriate actions in an emergency to resolve Health and Safety property matters.

## **DIRECTOR OF COMMUNITY & CHILDREN'S SERVICES**

The following matters are delegated to the Director of Community & Children's Services.

1. The Director of Community and Children's Services (DCCS) is appointed as the Statutory Director of Children's Services in accordance with s18 of the Children Act 2004. Within the City of London, this post also has the additional responsibilities of Housing, Homelessness and Adult Social Care. Due to the volume of legislation and statutory duties that exist in relation to these functions, the Scheme of Delegation for the Director of Community and Children's Services has been founded on the principle of delegation "by exception". That is to say that the delegating body delegates everything that can lawfully be delegated, with the exception of those issues falling under Part A of the Scheme of Delegation to Chief Officers that may require a submission to be made to the relevant Committee or Sub-Committee.
2. The Director of Community and Children's Services may only exercise the delegated powers in this Scheme in accordance with Part A of the Scheme of Delegation to Chief Officers.
3. The Scheme provides for the delegation of authority to the Director of Community and Children's Services and (s)he may arrange for such delegated authority to be exercised on their behalf by an officer of appropriate experience and seniority. The Director of Community and Children's Services shall remain personally responsible for any decision taken on their behalf pursuant to the delegation arrangements. All delegated functions shall be deemed to be exercised on behalf of and in the name of the City of London Corporation
4. Key functions delegated to the Director of Community and Children's Services include, but are not limited to:

### **Services for Children**

5. To be the City of London Corporation's statutory Director of Children's Services under section 18 of the Children Act 2004
6. To carry out the functions of the Corporation as a Children's Services Authority including those functions referred to in Schedule 2 of the Children Act 1989, Section 18 of the Children Act 2004 and the Adoption and Children Act 2002(as amended from time to time), including:
  - a. education functions conferred on or exercisable by the authority including the functions of the Corporation relating to child employment and the youth service, and functions relating to adult learning and further education, set out in the Section 18(3) of the Children Act 2004 (as amended from time to time).;
  - b. functions conferred on or exercisable by the authority which are social services functions (within the meaning of the Local Authority Social Services Act 1970 (c. 42)), so far as those functions relate to children;
  - c. the functions conferred on the authority under sections 23C to 24D of the Children Act 1989 (After care arrangements etc.) (c. 41) (so far as not falling within paragraph (b));
  - d. the functions conferred on the authority under sections 10 to 12, 12C, 12D and 17A of the Children Act 2004.

- e. any functions exercisable by the authority under section 75 of the National Health Service Act 2006 on behalf of an NHS body (within the meaning of those sections), so far as those functions relate to children; and
  - f. the functions conferred on the authority under Part 1 of the Childcare Act 2006 in relation to Early Years
  - g. the functions conferred on the authority under any new or amended legislation in relation to education or children's social care.
7. To carry out the functions of the Council under section 31 of the Health Act 1999 (as amended from time to time) so far as those functions relate to children.
  8. To arrange the use of Sir John Cass School premises for adult education classes, youth work and other after-school activities.
  9. To submit responses on behalf of the Committee to consultative documents issued by Government and its agencies, subject to their being copied to the Chairman and Deputy Chairman (Education Committee 15.03.93).

### **Adult Services**

10. To be the Council's Statutory Director of Adult Social Services under section 6(A1) of the Local Authority Social Services Act 1970 as amended by section 18(1) of the Children Act 2004.
11. To carry out the functions of the Council in relation to Adult Social Services and Social Care including all social services functions under the Local Authority Social Services Act 1970 and the National Health Service and Community Care Act 1990 (as amended from time to time) so far as they relate to adults.
12. To be the principal point of contact for the conduct of business with the health service sector and carry out the functions of the Council under the Health Act 1999 and any other health legislation (as amended from time to time) so far as these functions relate to adults.

### **Adult Skills and Learning**

13. To manage and run the apprenticeship scheme
14. To prepare and submit funding bids to the Skills funding agency and other sources as appropriate.
15. To enter into partnerships with businesses and educational institutions on behalf of the apprenticeship scheme and skills and training.
16. To participate in regional and sub-regional programmes to enhance skills and learning.
17. To determine fees for adult education, youth and early years/out of school provision.

### **Housing**

18. To act on behalf of the Corporation in its capacity as a local housing authority on all matters relating to the Corporation's functions under the provisions of housing legislation, which include but are not limited to:
  - a. determining the strategic management and direction for Housing operational services;
  - b. exercising the Corporation's functions as Housing Authority in accordance with the Housing Strategy and other relevant housing policies and plans;

- c. exercising the Corporation's functions in respect of the preparation and development of appropriate strategies and plans, including those relating to housing investment, homelessness, social tenancy, tenancy related matters, leaseholders and allocations;
- d. undertaking the periodic reviews of housing needs and conditions within the City;
- e. preparing and reviewing an Asset Management Strategy for consideration by Members;
- f. maintaining the Housing Revenue Account in accordance with proper practices;
- g. discharging of all functions and responsibilities Procurement in relation to the Corporation's housing stock;
- h. incurring housing repair and improvement expenditure within budget levels and the programmed maintenance of City dwellings, garages and estates;
- i. incurring expenditure on adaptations to dwellings for people with disabilities within the approved budgets;
- j. securing effective housing and neighborhood management including the management of the Corporation's housing properties, housing estates and ancillary amenities, including rent collection, recovery of arrears and debit control;
- k. undertaking statutory and general consultations on housing matters with tenants, leaseholders and others
- l. exercising the powers of the Corporation relating to securing possession of City dwellings, demotion orders, eviction of secure tenants, introductory tenants, non-secure tenants and licensees in accordance with City of London policy;
- m. assessing and preventing homelessness in accordance with legislation;
- n. attending the Barbican Residents' Association meetings and discharging functions as set out in the agreed terms of reference of that Committee.

### **Barbican Estate**

19. In relation to the Barbican Estate:-
- a. to approve lettings and sales between Committee meetings;
  - b. to authorise sale prices above or below consultant values;
  - c. to approve sales of residential property on the Estate;
  - d. to approve assignments, sub-tenancies and tenancies at will to suitably qualified applicants between Committee meetings;
  - e. to authorise signage on private areas of the Estate;
  - f. to approve the occupation of accommodation by Estate Office staff in and around the Barbican;
  - g. to approve the occupation of accommodation managed by the Barbican Estate to other City of London Corporation Departments.
20. To approve, where appropriate, filming and photography on the Estate.
21. To agree commercial rent levels in consultation with the City Surveyor, subject to reporting to the Barbican Residential Committee.
22. To approve valuations of flats submitted by consultant valuers.
23. To appoint consultants in accordance with Standing Orders.

### **Commercial Property**

24. To approve all new lettings of commercial property at market value for a term of 15 years or less, with a minimum of five yearly upward only rent reviews. Such lettings to accord with the relevant approved commercial estate strategy.
25. To conclude all commercial property rent reviews, except where:-
  - a. it is proposed that the rent is reduced;
  - b. the review is determined more than 12 months after the review date unless either (a) interest is payable on the reviewed sum, or (b) the matter has been referred for determination by a third party and has been so determined.
26. To approve all lease renewals of commercial property, where the lease is renewed by negotiation or where the lessee is entitled to renewal in accordance with Part II of the Landlord & Tenant Act 1954. Such renewal will be at market value for a term of 15 years or less, with a minimum of five yearly upwards only rent reviews.
27. To negotiate terms and accept surrenders of commercial leases where the level of income is maintained by the simultaneous grant of a new letting to either the existing or a new tenant.
28. To approve the grant of short term periodic tenancies, tenancies at will, licenses, easements, and wayleaves in respect of cables, cranes, scaffolding and hoardings and similar arrangements of a non-permanent and determinable nature, other than those involving capital payments totalling in excess of £10,000.
29. To deal with Rights of Light and Party Wall matters and other items of a similar nature, including those where, in the opinion of the Director capital payments are not considered appropriate or the quantum of such payments has been determined by external advice.
30. To authorise formal minor amendments to any lease, tenancy, licence or other agreement relating to property which does not in the opinion of the Director materially affect the duration of, or income from such agreements.

[NB. The definition of 'market value', as referred to above, is as stated in the RICS Appraisal & Valuation Standards (7<sup>th</sup> edition) – Practice Statement 33:-  
*'The estimated amount for which a property, or space within a property, should lease on the date of valuation between a willing lessor and a willing lessee on appropriate lease terms in an arms-length transaction, after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. Whenever Market Rent is provided the 'appropriate lease terms' which it reflects should also be stated.'*]

### **Proper Officer**

31. To act as the Proper Officer for the London City Registration District (Registration of Births, Deaths, Marriages, etc.) pursuant to Section 29 of the Local Government Act 1972.
32. To act as the Proper Officer for the Rent Act 1997 (as amended by the Housing Act 1980).

### **Public Health**

33. To discharge the responsibilities for public health within The City of London in accordance with the requirements of the Health and Social Care Act 2012 and the NHS Act 2006.
34. To manage the Corporation's Public Health functions (where these are not specially delegated to other Chief Officers).
35. Exercising the Corporation's functions in planning for, and responding to, emergencies that present a risk to public health.
36. To cooperate with the police, the probation service and prison service to assess the risks posed by violent or sexual offenders.
37. To provide the Corporation's public health response as a 'responsible authority' under the Licensing Act.
38. To develop and maintain the Joint Strategic Needs Assessment for the City of London and to discharge the responsibilities for research in relation to public health and wellbeing.
39. To produce an annual public health report

#### **Miscellaneous**

40. To enter into Commissioning arrangements for the provision of any of the functions of the Director of Community and Adult Services in so far as this is compatible with Part A of the Scheme of Delegation
41. To consider representations from persons seeking access to their files under the Data Protection Act 1998, and to grant such access as appropriate.

#### **Delegations to other Officers**

42. The following authorities are also delegated to the Officers as appropriate to the relevant skills and experience of each to be exercised either,
  - (a) at the direction of the Director of Community & Children's Services; or,
  - (b) in the absence of the Director of Community & Children's Services

Assistant Director People	- Items 5-11
Assistant Director Places	- Items 19-31
Assistant Director Partnerships	- Items 14-18
(and other items relating to commissioning of services)	
Director of Public Health	- Items 34-40

## **DIRECTOR OF THE BUILT ENVIRONMENT**

The following general powers are delegated to the Director of the Built Environment.

### **Authorisations**

1. To authorise duly appointed officers to act under any enactments, regulations or orders relating to the functions within the purview of the Committee and of Department.
2. To sign the necessary warrants of authorisation for the above officers.

### **Charges**

3. Setting miscellaneous hourly-based charges subject to agreement with the Chamberlain.

### **Transportation & Public Realm**

4. To implement, waive or vary charges relating to traffic management and /or the Public Highway and/or pipe subways such as parking dispensations, private apparatus in the highway, temporary road closures and traffic orders, scaffolding hoarding and fencing licenses, and charges for pipe subways (including under S.73 of the London Local Authorities Act 2007).
5. To grant permission or consent with or without conditions or refusing to grant permission or consent as the case may be with respect to applications made to the City of London Corporation:
  - a. under Part II of the Road Traffic Act 1991, relating to dispensations from, or, the temporary suspension of, waiting and loading regulations or parking places regulations made in accordance with the Road Traffic Regulation Act 1984;
  - b. under Section 7 of the City of London (Various Powers) Act 1973, relating to new buildings;
6. To sign appropriate notices indicating that consent or refusal has been given, as the case may be under (a) above.
7. To sign and serve notices or granting of consents under the Highways Act 1980, City of London Various Powers Act 1900 and the City of London Sewers Act 1848 relating to the management and maintenance of streets within the City.
8. To exercise powers under the Road Traffic Regulation Act 1984 in respect of temporary traffic orders
9. To issue notices and, as necessary discharge the City of London Corporation's obligations under Part III of the New Roads and Street Works Act 1991, relating to the co-ordination and execution of street works by public utility companies and other licensed operators.
10. To enter into agreement with companies and statutory companies to allow the placement of plant within the pipe subways inherited from the Greater London Council in accordance with the London County Council (General Powers) Act 1958 and to determine applications for consent to place electricity substations in the street pursuant to the Electricity Act 1989
11. To enter into agreements with other traffic authorities to jointly exercise the City's traffic order making functions or to delegate those functions to them in accordance with S.101 Local Government Act 1972

12. To enter into agreements with other highway authorities under section 8 of the Highways Act 1980

### **Water and Sewers**

13. The requisition of sewers under Sections 98 to 101 inclusive of the Water Industry Act 1991 (relating to the powers to exercise and discharge the functions of the Undertaker within the City to adopt sewers).
14. The adoption of sewers under Sections 102 to 105 inclusive of the Water Industry Act 1991 (relating to the powers to exercise and discharge the functions of the Undertaken within the City to adopt sewers).
15. To authorise and/or approve works under Section 112 of the Water Industry Act 1991 (relating to the power to exercise and discharge the requirements of the Undertaker within the City).
16. The closure or restriction of sewers under Section 116 of the Water Industry Act 1991, relating to the powers to exercise and discharge the functions of the Undertaker within the City to close or restrict the use of a public sewer.
17. The alteration or removal of pipes or apparatus of the Undertaker under Section 185 of the Water Industry Act 1991, relating to the power to exercise and discharge the functions of the Undertaker within the City to alter or remove any relevant pipe or apparatus.

### **Highways and Transport**

18. To make all Traffic Orders under sections 6, 9, 10, 23 and 45 of the Road Traffic Regulation Act 1984, and to make modifications to or to revoke any experimental Traffic Regulation Order (following consultation with the Commissioner of Police for the City of London) where deemed necessary in the interests of safety, convenience or the expeditious movement of traffic.
19. To exercise powers under Part V of the Highways Act 1980 dealing with highway improvements.
20. To make representation or lodge objection, as appropriate, to applications for a Public Service Vehicle Operator's Licence, under Section 14A of the Public Passenger Vehicles Act 1981 or for a London Local Service Licence, under section 186 of the Greater London Authority Act 1999 and authorising in writing the appropriate officers in his Department to put forward objection or recommendation on behalf of the City of London Corporation at any Inquiry or Appeal arising out of an application for either of the recited licences.
21. To agree details of railway works in the City of London under the Transport and Works Act 1992.
22. To issue projection licences on, over or under streets pursuant to schemes where planning permission has already been agreed or renewing existing licences.
23. To be responsible for all functions under the Traffic Management Act 2004 and Regulations made thereunder that relate to the City of London as a local highway and local traffic authority.
24. To agree consents for temporary highway activities pursuant to the Crossrail Act 2009



25. To exercise through Civil Enforcement amongst other things, parking management and parking enforcement functions, under the Road Traffic Regulations Act 1984, the Road Traffic Act 1991, the London Local Authorities Acts 1996 – 2008 (LLAA), and the Traffic Management Act 2004 (TMA)

### **City Walkway**

26. 25. Power to licence the temporary hoarding or enclosure of City Walkway pursuant to Section 162 of the City of London Sewers Act 1848 and Section 21 and Schedule 2 Part II to the City of London (various Powers) Act 1967.

### **Cleansing**

27. The institution of proceedings and other enforcement remedies in respect of offences under the Environmental Protection Act 1990, Part II, Part III and Part IV.
28. To institute proceedings and other enforcement remedies in respect of the Health Act 2006, section 6, 7, 8, 9 and 10.
29. To institute proceedings and other enforcement remedies in respect of offences under the Refuse Disposal (Amenity) Act. 1978.
30. To institute proceedings and other enforcement remedies in respect of offences under the City of London (Various Powers) Act 1987.
31. To institute proceedings and enforcement remedies in relation to part VI of the Anti-Social Behaviours Act 2003.
32. To institute proceedings in relation to Town and Country Planning Act 1990 section 224 and 225.
33. To institute proceedings in relation to Regulatory Investigator Powers Act 2000
34. To institute proceedings in relation to Control of Pollution Act 1974
35. To issue notices under section 6 London Local Authorities Act 2004 (abandoned vehicles).

### **Delegations to other Officers**

The following authorities are also delegated to the specified Deputies or Assistants:

Transportation and Public Realm Director – Items 4-35

Assistant Director (Highways) –5 -17 and Items 23 – 26

### **CITY PLANNING OFFICER**

The following functions are delegated to the City Planning Officer:

### **Development Management**

## **Planning**

36. To determine applications for outline, full and temporary planning permission under Part III of the Town and Country Planning Act 1990 subject to the applications being in accordance with policy, not being of broad interest and there being no more than 4 planning objections.
37. To make non-material changes to planning permission pursuant to Section 96A of the Town and Country Planning Act 1990.
38. To determine applications for Listed Building Consent under the Planning (Listed Buildings & Conservation Areas) Act 1990; subject to the applications not being of broad interest and there being no more than 4 planning objections.
39. To advise the Secretary of State for Communities and Local Government of what decision the City of London Corporation would have made on its own applications for listed building consent if it had been able to determine them subject to the same criteria as 41.
40. To grant applications for Conservation Area Consent under the Planning (Listed Buildings & Conservation Areas) Act 1990; subject to the applications not being of broad interest and there being no more than 4 planning objections.
41. To determine submissions pursuant to the approval of conditions, under the Town & Country Planning Act 1990 and the Planning (Listed Buildings & Conservation Areas) Act 1990 and in relation to clauses set out in approved Section 106 Agreements.
42. To make minor changes to conditions in respect of planning permissions, listed building consents and conservation area consents which have been conditionally approved by the Planning & Transportation Committee
43. To determine applications for planning permission, listing building consent and conservation area consent to replace an extant permission/consent granted on or before 1<sup>st</sup> October 2010, for development which has not already begun with a new permission/consent subject to a new time limit pursuant to Article 18 of the Town and Country Planning (Development Management Procedure) Order 2010 and Regulation 3 of the Planning (Listed Buildings and Conservation Areas) Regulations 1990 and provided no more than 4 planning objections have been received.
44. To determine applications for Certificates of Lawfulness of existing and proposed use or development in accordance with sections 191 and 192 of the Town and Country Planning Act 1990.
45. To determine applications for Advertisement Consent pursuant to Regulations 12, 13, 14, 15 and 16 of the Town & Country Planning (Control of Advertisements) (England) Regulations 2007.
46. To determine applications for prior approval under the Town and Country Planning (General Permitted Development) Order 1995.
47. To make observations in respect of planning and related applications submitted to other Boroughs, where the City of London's views have been sought and which do not raise wider City issues.
48. To serve notices under Article 4 of the Town and Country Planning (Development Management Procedure) Order 2010.

49. To determine the particulars and evidence to be supplied by an applicant for planning permission pursuant to section 62 of the Town and Country Planning Act 1990.
50. To serve Planning Contravention Notices under Section 171C of the Town and Country Planning Act 1990.
51. To serve Planning Contravention Notices under Section 171C of the Town and Country Planning Act 1990.
52. To issue and serve Enforcement Notices under Section 172 of the Town and Country Planning Act 1990 and Section 38 of the Planning (Listed Buildings and Conservation Areas) Act 1990.
53. To issue a letter of assurance under Section 172A of the Town and Country Planning Act 1990.
54. To serve notices under Section 215 of the Town and Country Planning Act 1990.
55. To serve Breach of Condition Notices under Section 187A of the Town and Country Planning Act 1990.
56. To decline to determine a retrospective application for planning permission under Section 70C of the Town and Country Planning Act 1990.
57. To seek information as to interests in land under Section 330 of the Town and Country Planning Act 1990, and as applied by Section 89 of the Planning (Listed Buildings & Conservation Areas Act) 1990, and Section 16 of the Local Government (Miscellaneous Provisions) Act 1976.
58. To institute proceedings pursuant to Section 224 of the Town and Country Planning Act 1990.
59. To serve Notice of Intention to remove or obliterate placards and posters pursuant to Section 225, 225A, 225C and 225F of the Town and Country Planning Act 1990.
60. To agree minor variations to agreements pursuant to sections 106 and 106A of the Town and Country Planning Act 1990
61. To determine applications made under section 106BA of the Town and Country Planning Act 1990 (concerning the modification or discharge of affordable housing obligations) and to agree viability assessments submitted in support of such applications.
62. To agree minor variations to agreements pursuant to section 278 of the Highways Act 1980.
63. To make payments to other parties where required by the terms of an agreement made under section 106 of the Town and Country Planning Act 1990 or section 278 of the Highways Act 1980.
64. To determine City Community Infrastructure Levy contributions pursuant to the Community Infrastructure Levy Regulations 2010 (as amended).
65. To pass Community Infrastructure Levy contributions to other parties pursuant to section 216A of the Planning Act 2008 and regulations made thereunder.

## **Trees**

66. To authorise works, including their removal, to trees in Conservation Areas and works in relation to a tree the subject of a Tree Preservation Order (T.P.O.), subject to them being seen and agreed by the Chairman of the Planning & Transportation Committee or Deputy Chairman in his or her absence.
67. To determine applications made under sections 206 (2) and 213 (2) of the Town and Country Planning Act 1990, to dispense with the duty to plant replacement trees, subject to notification to the Chairman or Deputy Chairman of the Planning & Transportation Committee except in urgent cases.

## **Churches**

68. To respond to consultation made under the provisions of the Pastoral Measure 1983, the Faculty Jurisdiction Rules 2000 and 2013, the Care of Churches and Ecclesiastical Jurisdiction Measure 1991, the Care of Cathedrals Measure 1990 and the Code of Practice relating to exempted denominations procedures agreed by the Secretary of State.
69. The City of London Corporation's functions under the City of London (St. Paul's Cathedral Preservation) Act 1935.

## **Environmental Impact**

70. To carry out the following functions under the Town and Country Planning (Environmental Impact Assessment) (England and Wales) Regulations of 2011 and Circular 02/99:
  - a. formulating "screening opinions" under Regulation 5;
  - b. requiring developers to submit an environmental statement to validate an application under Regulation 10;
  - c. formulating "scoping opinions" under Regulation 13;
  - d. providing relevant information to developers who propose to prepare an environmental statement under the provisions of Regulation 15 (4);
  - e. requiring the submission of further information pursuant to regulation 22
  - f. requiring the local authority to submit an environmental statement in respect of applications for local authority development under Regulation 25;
  - g. formulating a "screening opinion" in matters of planning enforcement under Regulation

## **Crossrail**

71. To agree Crossrail contributions, agree viability assessments and instruct the Comptroller & City Solicitor to secure any necessary planning obligations in respect of Crossrail contributions pursuant to Section 106 of the Town and Country Planning Act 1990.
72. To review Section 106 agreements for planning permission already considered by the Planning & Transportation Committee, but not yet issued prior to the policy being adopted, and re-determine the application to ensure that appropriate consideration is given to relevant policy on the Crossrail contribution (subject to there being no reduction in any S.106 contributions previously envisaged).
73. To make payments of Crossrail contributions received by the City to the Mayor and/or Transport for London on the basis of the Implementation Protocol between the Mayor, Transport for London and the local planning authorities, subject to such payment being agreed by the Chamberlain.

## **Local Plans, Naming and Numbering**

74. To carry out sustainability appraisal of Local Development Documents under Section 19(5) of the Planning and Compulsory Purchase Act 2004 and to exercise functions under the Environmental Assessment of Plans and Programmes Regulations 2004 including carrying out strategic environmental assessment (including assessments under the Habitats Directive (Council Directive 92/43/EEC)), preparing, publishing and consulting upon screening reports, scoping reports, sustainability commentaries and sustainability appraisal reports.
75. To carry out public consultation in the preparation of Local Development Documents in accordance with the Statement of Community Involvement and the duty cooperate in Section 33A of the Planning and Compulsory Purchase Act 2004.
76. To carry out surveys under Section 13 of the Planning & Compulsory Purchase Act 2004.
77. To provide any documents necessary to support consultations on Local Development Documents and submission of Local Plans.
78. To prepare and publish monitoring reports on an annual basis in accordance with Section 35 of the Planning & Compulsory Purchase Act 2004
79. To make observations on consultation documents issued by central and local government, statutory bodies etc., where the observations are in accordance with the City's general policy position.
80. To carry out public consultation in the preparation of the Community Infrastructure Levy, in accordance with the Community Infrastructure Levy Regulations 2010 (as amended) and the Statement of Community Involvement.
81. To exercise powers under the London Building Acts (Amendment) Act 1939 – Part II relating to street naming and numbering of property.

## **Land Charges**

82. To maintain a register and index of Local Land Charges pursuant to section 3 of the Local Land Charges Act 1975, including the amendment and cancellation of registrations pursuant to the Local Land Charges Rules 1975 and to set search fees pursuant to Section 8 of the Local Land Charges Act 1975 and Section 150 of the Local Government and Housing Act 1989 and relevant Rules and Regulations made there under.
83. To make searches and issue search certificates pursuant to section 9 of the Local Land Charges Act 1975.

## **Delegations to other Officers**

The following functions are also delegated to the following Officers:

Director of the Built Environment – Section A to F

Planning Services & Development Director - Sections A to E

Policy & Performance Director - Section F, and in the absence of the City Planning Officer and the Planning Services and Development Director, Sections A to E

### **Statutory Authorities**

82. Officers of the department are authorised to exercise the following powers in accordance with the responsibilities of the post:

- a. Sections 178(1), 196A(1), 196B, 209(1), 214B(1)(3), 214C, 219(1) and 225, 324 and 325 of the Town and Country Planning Act 1990 (as amended),
- b. Sections 42(1), 88(2), (3), (4) and (5) and 88(A) of the Planning (Listed Buildings and Conservation Areas) Act 1990 (as amended)
- c. Sections 36 and 36A of the Hazardous Substances Act 1990.

### **DISTRICT SURVEYOR**

The following functions are delegated to the District Surveyor:

83. To grant permission or consent, with or without conditions or, refuse to grant permission or consent, as the case may be, with respect to applications made to the City of London Corporation under the London Building Acts 1930-1982, The Building Act 1984 and The Building Regulations 2010 (as amended).
84. To sign and serve any notices required to be given by the City of London Corporation under the London Building Acts (Amendment) Act 1939, Part VII, Section 62 relating to dangerous structures within the City of London.

### **Delegation to other Officers**

The functions of the District Surveyor are also delegated to the Director of the Built Environment and the Deputy District Surveyor

### **Relevant Legislation**

	<b>Legislation</b>	<b>Delegated Function</b>
1.	City of London (Various Powers) Act 1967 – Sections 11, 12 and 18 Byelaws	i) Institution of Proceedings and other enforcement methods ii) Granting of consents iii) Making of temporary Prohibition or Restriction Orders iv) Section 11(1) - Serving of notices

2.	City of London (Various Powers) Act 1969 – Section 6	To exercise the powers in extinguishing rights of burial
3.	Tourism (Sleeping Accommodation Price Display) Order 1977, made under Section 18 of the Development of Tourism Act 1969	i) Institution of Proceedings and other enforcement methods ii) Authorisation of officers under paragraph 5
4.	European Community Act 1972, Section 2(2) Including all Regulations made thereunder	Power to appoint inspectors; authorise officers; issue notices, approvals, authorisations, registrations and permissions; institute proceedings and other enforcement methods in respect of the regulations made under Section 2(2) of the Act that are applicable to the functions of the City of London Corporation acting as a Port Health Authority, a Food Authority, a Feed Authority, an Animal Health and Disease Control Authority and a Local Weights and Measures Authority
5.	Greater London Council (General Powers) Act 1974	i) Institution of Proceedings and other enforcement methods ii) Issue of Notices
6.	Highways Act 1980	i) Institution of Proceedings and other enforcement methods ii) Issue of Notices iii) Authorisation of Officers. iv) Entering into Agreements. v) Granting of Permissions and Licences. vi) Issue of Fixed Penalty Notices. vii) Making requisite applications
7.	London Building (Amendment) Act 1939	i) Institution of Proceedings and other enforcement methods ii) Granting of consents ii) Issue of Notices iii) Authorisation of officers iv) Granting of Exemptions and Licences
8.	London County Council (General Powers) Act 1958	Section 27 – Agreeing level of Charge between City of London and Undertakers in respect of apparatus in subways
9.	London Local Authorities Act 1995, Part II	Issue of Penalty Charge Notices
10.	London Local Authorities Act 1996, Part II	Issue of Penalty Charge Notices
11.	London Local Authorities Act 2000	i) Institution of Proceedings and other enforcement methods ii) Issue of Penalty Charge Notices.

12.	London Local Authorities Act 2004	Authorisation of Officers
13.	London Local Authorities & Transport for London Act 2003	i) Issue of Notices ii) Issue of Penalty Charge Notices
14.	New Roads & Streetworks Act 1991	i) Institution of Proceedings and other enforcement methods ii) Granting of licences iii) Issue of notices iv) Serving Fixed Penalty Notices
15.	Refuse Disposal (Amenity) Act 1978	i) Institution of Proceedings and other enforcement methods. ii) Authorisation of Officers iii) Issuing Fixed Penalty Notices iv) Removal of abandoned vehicles v) Disposal of removed vehicles
16.	Road Traffic Act 1991	i) Institution of Proceedings and other enforcement methods ii) Issue of Penalty Charge Notices iii) Issue of Notices iv) Consideration of Representations
17.	Road Traffic Regulation Act 1984	i) Making temporary prohibition or restriction orders ii) Granting of suspensions and dispensations iii) Appointment of Parking Attendants
18.	Traffic Management Act 2004	All functions required of a local Highway and local Traffic authority
19.	Other functions, not Specific to an Enacted Power	(i) Authority to write off debts arising in the Department up to a limit of £1,000, subject to concurrence of the Chamberlain ii) Authority to pay up to £1,000 in any one case of exclusion from work under the provisions of the Public Health (Control of Disease) Act 1984 – Section 20.

- NB** (i) In each instance above, the Institution of Proceedings and other enforcement methods to be subject to the proviso that, in each case, the Comptroller & City Solicitor has advised that the evidence is sufficient to justify a prosecution.
- (ii) All of the Officers *so authorised* are indemnified against all claims made against them, including, awards of damages and costs arising out of acts done by them in the bona fide discharge or purported discharge of functions delegated to them by the *Port Health & Environmental Services Committee (formerly the Port & City of London Health and Social Services Committee)* or any of its Sub Committees (see report to Common Council of 2.11.1995).



## **DIRECTOR OF CULTURE, HERITAGE & LIBRARIES**

The following matters are delegated to the Director of Culture, Heritage & Libraries.

### **Libraries**

1. To approve loans of material to outside exhibitions.
2. To agree discounts of up to 50% to individual loan fees.
3. To waive loan fees in appropriate circumstances.
4. To negotiate the administrative fees to be charged in respect of scholarly loans .
5. To make promotional offers involving the waiving of charges for the library service.
6. To waive admission charges to the Guildhall Art Gallery for promotional purposes.
7. The revision of all charges, with the discretion to reduce or waive such fees in appropriate circumstances.
8. The setting of levels of discount offered by the Guildhall Art Gallery and by the Guildhall Library Bookshop.

### **Tower Bridge**

1. To approve lettings of accommodation at Tower Bridge subject to the hire charges being within the levels approved by the Corporate Asset Sub-Committee.
2. To negotiate and agree non-fee based benefits for Tower Bridge in respect of large budget productions.

## **DIRECTOR OF MARKETS & CONSUMER PROTECTION**

The following matters are delegated to the Director of Markets & Consumer Protection.

### **Markets**

1. To agree the assignment of tenancies where, in their opinion, there are no complications.
2. To grant tenancies at will to suitably qualified applicants in a standard form previously approved by the Comptroller & City Solicitor.
3. To authorise the Comptroller & City Solicitor to institute proceedings under the City of London Corporation's Byelaws.

### **Delegations to other Officers**

4. The above matters are also delegated to the Superintendents of Billingsgate Market, Smithfield Market and Spitalfields Market to be exercised either at the direction of or in the absence of the Director of Markets & Consumer Protection.

### **Port Health and Public Protection Division**

#### a) Administrative

5. To increase current charge rates for products of animal origin annually in line with inflation.
6. To enter into a Service Level Agreement with the Health Protection Agency and agree minor amendments from time to time if required.
7. Setting miscellaneous hourly-based charges subject to agreement with the Chamberlain.

#### b) Legislative

8. To authorise duly appointed officers to act under any enactments, regulations or orders relating to the functions within the purview of the Committee and Department.

*The Director of Markets and Consumer Protection and any staff authorised by him are indemnified against all claims made against them including awards of damages and costs arising out of acts done by them in the bona fide discharge or purported discharge of such functions.*

	<b>Legislation</b>	<b>Delegated Function</b>
1.	Accommodations Agencies Act 1953	Institution of Proceedings and other enforcement methods
2.	Administration of Justice Act 1970	Institution of Proceedings and other enforcement methods
3.	Agriculture Act 1970 (as amended)	(i) Institution of Proceedings and other enforcement methods (ii) Section 67 – to enforce this part of the Act within the respective area; and the health authority of the Port

		of London shall have the like duty as respects the district of the Port of London
4.	Agricultural Produce (Grading & Marking) Act 1928 Agricultural Produce (Grading & Marking) Amendment Act 1931	Institution of Proceedings and other enforcement methods
5.	Animal Boarding Establishment Act 1963	(i) Institution of Proceedings and other enforcement methods (ii) Authorising of Officers to carry out inspections (iii) Granting of Licences
6.	Animal Health Act 1981 including all Orders and Regulations made thereunder	(i) Institution of Proceedings and other enforcement methods (ii) Section 52(1) – Appointment of Inspectors and other Officers as required for the execution and enforcement of the Act
7.	Animal Health & Welfare Act 1984	Institution of Proceedings and other enforcement methods.
8.	Animal Welfare Act 2006	(i) Institution of Proceedings and other enforcement methods (ii) Section 51 – Appointment of Inspectors and other Officers as required (iii) Service of Notices under Section 10
9.	Anti-Social Behaviour Act 2003	(i) Institution of Proceedings and other enforcement methods (ii) Section 48 – Issue of Notices (iii) Section 43 – Issue of FPN's (iv) Authorisation of Officers
10.	Breeding of Dogs Acts 1973 (as amended) & 1991 Including any regulations made there under  and Breeding and Sale of Dogs (Welfare) Act 1999 (amendment to the 1973 Act)	(i) Institution of Proceedings and other enforcement methods (ii) Section 2 – Authorisation of officers (iii) the Granting of Licences

		iv) Setting of Fees
11.	Building Act 1984 including all Orders & Regulations made thereunder	(i) Institution of Proceedings and other enforcement methods (ii) Section 126 – Authorisation of Officers (iii) Part I and Schedule 3 - Granting all authorisations and consents and issuing of notices
12.	Cancer Act 1939	Institution of Proceedings and other enforcement methods
13.	Children & Young Persons Act 1933 (as amended by Protection of Children (Tobacco) Act 1986	Institution of Proceedings and other enforcement methods
14.	Children & Young Persons (Protection from Tobacco) Act 1991 Including all Orders and Regulations made thereunder	Institution of Proceedings and other enforcement methods
15.	Christmas Day (Trading) Act 2004	(i) Institution of Proceedings and other enforcement methods. (ii) Section 3(2) – Appointment of Inspectors. (iii) Section 2(1) – Granting of Consents.
16.	City of London Sewers Act 1848 (as amended in 1851 and 1897)	(i) Powers of Inspection under Sections 70 and 71 (ii) Issuing of notices Sections 61 and 75
17.	City of London (Various Powers) Act 1954 – Section 4	Institution of Proceedings and other enforcement methods
18.	City of London (Various Powers) Act 1971 – Section 3	Institution of Proceedings and other enforcement methods
19.	City of London (Various Powers) Act 1973	To exercise the power to dispense with or relax any requirement of a sanitation byelaw
20.	City of London (Various Powers) Act 1977	Authorisation of Officers under Section 22
21.	City of London (Various Powers) Act 1987 – Part III	(i) Grant and renewal of annual licences (ii) Institution of Proceedings and other enforcement methods (iii) Section 26 – Designation of

		areas
22.	Clean Air Act 1993 Including any Regulations made thereunder	(i) Institution of Proceedings and other enforcement methods (ii) Section 56 – Authorisation of Officers (iii) Sections 24, 36 & 58 – Serving of notices (iv) Section 15 – Granting of approvals (v) Section 35 – Powers of entry
23.	Clean Neighbourhoods and Environment Act 2005	(i) Power to make dog control orders (ii) Issue Fixed Penalty Notices (iii) Setting the level of fees (iv) Authorising Officers
24.	Companies Act 2006 Including any regulations made thereunder	Institution of Proceedings and other enforcement methods
25.	Consumer Credit Act 1974 Including any regulations made thereunder	(i) Institution of Proceedings and other enforcement methods. (ii) Authorisation of officers under Sections 162 & 164
26.	Consumer Protection Act 1987 Including any regulations made thereunder	(i) Institution of Proceedings and other enforcement methods (ii) Authorisation of Officers under Sections 28 & 29 (iii) Part II – Serving of notices
27.	Control of Pollution Act 1974	(i) Institution of Proceedings and other enforcement methods. (ii) Part III and Section 93 – serving of notices.
28.	Copyright Designs & Patents Act 1988	Institution of Proceedings and other enforcement methods
29.	Courts & Legal Services Act 1990	(i) Institution of Proceedings and other enforcement methods. (ii) Authorisation of officers under Section 106(6)
30.	Criminal Justice Act 1988	Institution of Proceedings and

		other enforcement methods
31.	Criminal Justice & Public Order Act 1994	Institution of Proceedings and other enforcement methods
32.	Dangerous Wild Animals Act 1976	(i) Institution of Proceedings and other enforcement methods (ii) Section 3 – Authorisation to carry out inspections (iii) Section 1 – Granting of licences
33.	Education Reform Act 1988	(i) Institution of Proceedings and other enforcement methods (ii) Authorisation of officers under Section 215
34.	Enterprise Act 2002	(i) Institution of Proceedings and other enforcement methods (ii) Authorisation of Officers (iii) Serving of Notices (iv) Applying for Orders
35.	Environment Act 1995	(i) Institution of Proceedings and other enforcement methods (ii) Authorisation of Officers
36.	Environmental Protection Act 1990 (Part III)	(i) Institution of Proceedings and other enforcement methods (ii) Authorisation of Officers (iii) Issuing Notices
37.	Estate Agents Act 1979	(i) Institution of Proceedings and other enforcement methods (ii) Authorisation of Officers (iii) Issuing Notices
38.	European Communities Act 1972	Institution of legal proceedings, granting of authorisations/permissions, issuing of notices and authorisation of officers in respect of regulations made under the provisions of S.2(2) European Communities Act 1972

		insofar as they apply to the Common Council of the City of London in its capacity as a local authority, weights and measures authority, food authority or port health authority.
39.	Explosives Act 1875 – Section 69	Discharge of duties
40.	Fair Trading Act 1973	(i) Institution of Proceedings and other enforcement methods (ii) Authorisation of Officers
41.	Farm & Garden Chemicals Act 1967	Institution of Proceedings and other enforcement methods
42.	Fireworks Act 2003	Institution of Proceedings and other enforcement methods
43.	Food and Environmental Protection Act 1985	Institution of Proceedings and other enforcement methods
44.	Food Safety Act 1990	(i) Institution of Proceedings and other enforcement methods (ii) Authorisation of Officers (iii) Issue of Notices (iv) Appointment of Public Analysts for the City of London Corporation acting as a Food Authority and/or a Port Health Authority
45.	Forgery & Counterfeiting Act 1981	Institution of Proceedings and other enforcement methods
46.	Fraud Act 2006	Institution of Proceedings and other enforcement methods
47.	Gambling Act 2005	(i) Institution of Proceedings and other enforcement methods (ii) Authorisation of Officers (iii) Granting applications, variations and transfers of premises licences (iv) Granting provisional statements (v) Endorsement of temporary use notices (vi) Issuing club gaming permits

		(vii) Issuing of club machine permits (viii) Granting and renewing family entertainment centre permits; Licensed Premises Gaming Machine permits; Prize Gaming permits
48.	Greater London Council (General Powers) Act 1967	(i) Institution of Proceedings and other enforcement methods (ii) Issue of Certificates of Registration
49.	Greater London Council (General Powers) Act 1981	(i) Institution of Proceedings and other enforcement methods (ii) Authorisation of Officers (iii) Issue of Notices
50.	Greater London Council (General Powers) Act 1984, Part VI	(i) Institution of Proceedings and other enforcement methods (ii) Authorisation of Officers (iii) Granting of refusing registration
51.	Hallmarking Act 1973	Institution of Proceedings and other enforcement methods
52.	Health Act 2006	(i) Institution of Proceedings and other enforcement methods (ii) Authorisation of Officers (iii) Issue of Notices
53.	Health and Safety at Work Act 1974 Including any Regulations made thereunder	(i) Institution of Proceedings and other enforcement methods (ii) Appointment of inspectors (iii) Issue of notices
54.	House to House Collections Act 1939 (Regulations 1947)	(i) Institution of Proceedings and other enforcement methods (ii) Granting of Licences.
55.	Housing Act 1985	(i) Institution of Proceedings and other enforcement methods (ii) Issue of Notices (iii) Granting of Licences
56.	Housing Act 2004	(i) Institution of Proceedings



		<p>and other enforcement methods</p> <p>(ii) Issue of Notices</p> <p>(iii) Authorisation of Officers</p> <p>(iv) Power to make Orders</p> <p>(v) Exercising the licensing functions</p>
57.	Insolvency Act 1986	Institution of Proceedings and other enforcement methods
58.	Intoxicating Substances (Supply) Act 1985	Institution of Proceedings and other enforcement methods
59.	Knives Act 1997	Institution of Proceedings and other enforcement methods
60.	Legal Services Act 2007	Institution of Proceedings and other enforcement methods
61.	Licensing Act 2003 Various provisions relating to granting or refusal or enforcement.	<p>(i) Institution of Proceedings and other enforcement methods</p> <p>(ii) Authorisation of Officers</p> <p>(iii) Granting premises licences, variations to premises licences and transferring premises licences</p> <p>(iv) Issuing provisional statements</p> <p>(v) Granting club premises certificates, and variations to club premises certificates</p> <p>(vi) Issue of Notices</p> <p>(vii) Renewal of personal licences</p> <p>(viii) Determining representations</p>
62.	Local Government (Miscellaneous Provisions) Act 1976	<p>(i) Institution of Proceedings and other enforcement methods</p> <p>(ii) Issue of Notices</p>
63.	Local Government (Miscellaneous Provisions) Act 1982	<p>(i) Institution of Proceedings and other enforcement methods</p> <p>(ii) Authorisation of Officers</p> <p>(iii) Granting of registrations</p>
64.	London County Council (General Powers) Act 1920 - Part IV	(i) Institution of Proceedings and other enforcement

		methods (ii) Authorisation of Officers
65.	London Local Authorities Act 1990	(i) Institution of Proceedings and other enforcement methods under Section 34 (ii) Granting, renewing, revoking or varying of licences under Part III
66.	London Local Authorities Act 2007	Institution of Proceedings and other enforcement methods under Section 75
67.	Malicious Communications Act 1988	Institution of Proceedings and other enforcement methods
68.	Medicines Act 1968 Including any Regulations and Orders made thereunder	(i) Institution of Proceedings and other enforcement methods (ii) Authorisation of Officers
69.	Motorcycle Noise Act 1987	Institution of Proceedings and other enforcement methods
70.	National Lottery ETC Act 1993	Institution of Proceedings and other enforcement methods
71.	Noise Act 1996	(i) Institution of Proceedings and other enforcement methods (ii) Authorisation of Officers (iii) Issue of Notices
72.	Olympic Symbol etc. (Protection) Act 1995	Institution of Proceedings and other enforcement methods
73.	Performing Animals (Regulation) Act 1925	(i) Institution of Proceedings and other enforcement methods. (ii) Authorisation of Officers
74.	Pet Animal Act 1951	(i) Institution of Proceedings and other enforcement methods. (ii) Authorisation of Officers (iii) Granting of Licences
75.	Poisons Act 1972	(i) Institution of Proceedings and other enforcement methods. (ii) Authorisation of Officers
76.	Pollution Prevention & Control Act 1999 and the	(i) Institution of Proceedings

	Environmental Permitting (England and Wales) Regulations 2010	and other enforcement methods. (ii) Undertaking of functions relating to permits (iii) Carrying out of Enforcement Actions (iv) Authorisation of Officers under Regulation 32 of the 2010 Regulations.
77.	Prevention of Damage by Pests Act 1949	(i) Institution of Proceedings and other enforcement methods (ii) Authorisation of Officers (iii) Issue of Notices
78.	Prices Acts 1974	(i) Institution of Proceedings and other enforcement methods (ii) Authorisation of Officers
79.	Property Misdescriptions Act 1991	(i) Institution of Proceedings and other enforcement methods. (ii) Authorisation of Officers
80.	Protection against Cruel Tethering Act 1988	Institution of Proceedings and other enforcement methods
81.	Protection from Harassment Act 1997	Institution of Proceedings and other enforcement methods.
82.	Public Health (Control of Disease) Act 1984	(i) Institution of Proceedings and other enforcement methods (ii) Authorisation of Officers (iii) Power to make Orders (iv) Applying to Courts for Closure Orders
83.	Public Health (Aircraft) Regulations 1979	Authorisation of Officers
84.	Public Health (Ships) Regulations 1979	Authorisation of Officers
85.	Public Health Act 1936	(i) Institution of Proceedings and other enforcement methods (ii) Issue of Notices
86.	Public Health Act 1961	Issue of Notices

87.	Riding Establishments Acts 1964 and 1970	(i) Institution of Proceedings and other enforcement methods (ii) Granting of Licences and provisional Licences
88.	Road Traffic Act 1988 Including any Regulations made thereunder	Institution of Proceedings and other enforcement methods
89.	Scrap Metal Dealers Act 1964	(i) Institution of Proceedings and other enforcement methods. (ii) Authorisation of suitable officers.
90.	Site Waste Management Plan Regulations 2008	i) Institution of Proceedings ii) Issue of Notices Authorisation of Officers
91.	Solicitors Act 1974	(i) Institution of Proceedings and other enforcement methods (ii) Powers of Entry
92.	Sunbeds (Regulation) Act 2010	i) Institution of Proceedings and other enforcement methods ii) Powers of Entry
93.	Sunday Trading Act 1994	(i) Institution of Proceedings and other enforcement methods (ii) Appointment of Inspectors (iii) Consents
94.	Tobacco Advertising & Promotion Act 2002	(i) Institution of Proceedings and other enforcement methods (ii) Authorisation of Officers
95.	Trade Descriptions Act 1968	(i) Institution of Proceedings and other enforcement methods (ii) Authorisation of Officers
96.	Trade Marks Act 1994	Institution of Proceedings and other enforcement methods
97.	Unsolicited Goods & Services Act 1971	Institution of Proceedings and other enforcement methods
98.	Video Recordings Act 1984	Institution of Proceedings and other enforcement methods

99.	Water Industry Act 1991	<ul style="list-style-type: none"> <li>(i) Institution of Proceedings and other enforcement methods</li> <li>(ii) Authorisation of Officers</li> <li>(iii) Issue of Notices and Notifications</li> <li>(iv) Granting of Consents</li> </ul>
100.	Weights and Measures Act 1985	<ul style="list-style-type: none"> <li>(i) Institution of Proceedings and other enforcement methods</li> <li>(ii) Power to appoint Inspectors</li> </ul>
101.	Zoo Licensing Act 1981	<ul style="list-style-type: none"> <li>(i) Institution of Proceedings and other enforcement methods</li> <li>(ii) Authorisation of Officers</li> <li>(iii) Granting, renewing, revoking, alteration and transferring of licenses</li> <li>(iv) Making zoo closure directions</li> </ul>

## **DIRECTOR OF OPEN SPACES**

The following matters are delegated to the Director of Open Spaces.

### **Strategic**

1. To submit responses on behalf of the Open Spaces Committee to initiatives and consultative documents issued by the Government and its agencies.

### **Operational**

#### **Burnham Beeches and City Commons**

2. To deal with the sale of agricultural and forestry produce by private treaty.
3. To issue all necessary licences, franchises and consents relating to the Beeches/Commons where a precedent has already been set and where the Epping Forest & Commons Committee have not indicated that they wish to consider any further applications.
4. To seek and obtain all requisite licences and consents required in connection with Beeches/Commons lands, activities or entertainments.
5. To take any action to protect or preserve the Beeches/Commons and to report to the Epping Forest & Commons Committee, as appropriate.
6. To enforce the Byelaws relating to the Beeches/Commons subject to any decision relating to the institution of legal proceedings being made in consultation with the Comptroller & City Solicitor and to the result of any such prosecution being reported to the Epping Forest & Commons Committee.
7. To authorise individual officers to enforce the Byelaws appertaining to the Beeches/Commons subject to any decision to institute proceedings being taken in accordance with paragraph (8) above.
8. To grant licences for:
  - a. sale of refreshments
  - b. filming and commercial photography
  - c. events and entertainments
  - d. driving and parking vehicles
9. To grant minor wayleaves and licences in consultation with the City Surveyor.

### **Epping Forest**

10. To take any action to protect or preserve the Forest, and to report to the Epping Forest & Commons Committee, as appropriate.
11. To authorise individual officers to enforce the Byelaws relating to the Forest, subject to any decision to institute legal proceedings for any offence being made in consultation with the Comptroller & City Solicitor, if appropriate, and to the result of any such prosecution being reported to the Epping Forest & Commons Committee.
12. To institute proceedings in Magistrates' courts under the Epping Forest Act 1878 (as amended) Section 87 of the Environmental Protection Act 1990, Section 9 of the City of

London (Various Powers) Act 1971 and Section 7(6) of the City of London (Various Powers) Act 1977>

13. To close, re-open and vary designated ways pursuant to Section 9(4) of the City of London (Various Powers) Act 1961.
14. To deal with the sale of Forest produce by private treaty.
15. To grant licences for –
  - e. sale of refreshments;
  - f. filming and commercial photography;
  - g. circus and fairs;
  - h. flying model aircraft;
  - i. driving and parking vehicles;
  - j. camping;
  - k. events and entertainments.
16. To let out recreational facilities in accordance with the current approved scale of charges.
17. To grant minor way-leaves and licences.
18. To fix fees for the sale of Forest produce and to fix licence fees for ice cream vans and other small scale refreshment facilities in the Forest.

**Hampstead Heath, Highgate Wood and Queen's Park**

19. To liaise with English Heritage pursuant to the provision of any agreement in this regard between the City of London Corporation and English Heritage.
20. To issue all necessary licences, franchises and consents relating to Hampstead Heath, Highgate Wood and Queen's Park where a precedent has already been set and where the Hampstead Heath, Highgate Wood & Queen's Park have not indicated that they wish to consider any further applications.
21. To seek and obtain all requisite licences and consents required in connection with Hampstead Heath lands, Highgate Wood and Queen's Park, activities or entertainments.
22. To act to protect or preserve Hampstead Heath, Highgate Wood and Queen's Park and to report to the Hampstead Heath, Highgate Wood & Queen's Park Committee, as appropriate.
23. To enforce the Byelaws relating to Hampstead Heath, Highgate Wood and Queen's Park subject to any decision relating to the institution of legal proceedings being made in consultation with the Comptroller & City Solicitor and to the result of any such prosecution being reported to the Hampstead Heath, Highgate Wood & Queen's Park Committee.
24. To authorise individual officers to enforce the Byelaws appertaining to the Hampstead Heath Grounds, Highgate Wood and Queen's Park subject to any decision to institute proceedings being taken in accordance with paragraph 25 above.

25. To let out recreational facilities in accordance with the current approved scale of charges.
26. To grant licences for:
  - l. sale of refreshments
  - m. filming and commercial photography
  - n. circus and fairs
  - o. driving and parking vehicles
  - p. events and entertainments
  - q. minor wayleaves and licences

### **City Gardens and West Ham Park**

27. To take any action to protect or preserve West Ham Park and the City Gardens, and to report to the Open Spaces, City Gardens & West Ham Park Committee, as appropriate.
28. To enforce the Byelaws relating to West Ham Park and the City Gardens subject to any decision relating to the institution of legal proceedings being made in consultation with the Comptroller & City Solicitor, and to the result of any such prosecution being reported to the Open Spaces, City Gardens & West Ham Park Committee, as appropriate.
29. To authorise individual officers to enforce the Byelaws appertaining to West Ham Park and the City Gardens, subject to any decision to institute proceedings being taken in accordance with paragraph 28 above.
30. To grant licences for:
  - r. sale of refreshments
  - s. filming and commercial photography
  - t. events and entertainments
  - u. driving and parking vehicles
31. To grant minor wayleaves and licences.
32. To seek and obtain all requisite licences and consents required in connection with West Ham Park and City Gardens lands, activities or entertainments.
33. To let out recreational facilities in accordance with the current approved scale of charges.

### **Cemetery and Crematorium**

34. To re-purchase the Rights of Burial in unused graves.
35. To refund fees paid by City of London Corporation employees or their close relatives in respect of the purchase of the Rights of Burial in a grave or alternatively the crematorium fees.
36. Setting of contract conditions and burial and cremation fees, in conjunction with the Comptroller & City Solicitor.



**Delegations to other Officers**

37. The following authorities are also delegated to the Officers identified to be exercised either,

- v. at the direction of the Director of Open Spaces; or,
- w. in the absence of the Director of Open Spaces.

Superintendent of Burnham Beeches	-	Items 2 - 9
Superintendent of the City Commons	-	Items 2 - 9
Superintendent of Epping Forest	-	Items 10 – 18
Superintendent of Hampstead Heath, Highgate Wood and Queen’s Park	-	Items 19 – 26
Superintendent of Parks & Gardens	-	Items 27 – 33
Cemetery & Crematorium Manager	-	Items 34 – 36

## **HEAD TEACHER, CITY OF LONDON FREEMEN'S SCHOOL**

The following matters are delegated to the Head Teacher.

### **Operational**

1. The letting of school premises in consultation with the City Surveyor.

### **HR**

#### **Creation of Posts**

1. In relation to Teaching Staff:
  - a. to create posts below the level of Head of Department, provided that they are funded from the approved budget and adhere to City of London Corporation salary structure, terms and conditions for teachers. To be reported to Board of Governors;
  - b. to approve additional responsibilities, provided that they are funded from the approved budget. (Proposed scale increments of 2 points and above require prior agreement with the Director of HR to ensure consistency across the 3 Schools). To be reported to Board of Governors.

#### **Appointments**

2. to appoint Deputy Head and Bursar, with final selection in consultation with Chairman and Deputy Chairman of the Board of Governors;
3. to appoint Second Deputy Head, Heads of Section and Heads of Departments
4. to appoint Teachers;
5. to approve overlapping of employment in a post, provided it can be funded from approved budget.

#### **Employment policies, procedures and contracts**

6. to issue to teachers – in consultation with the Director of HR.

#### **Salary Structure and Increases**

7. to approve responsibility allowances, provided they can be funded from approved budget. Proposed scale increments of 2 points and above for additional responsibilities require agreement of the Director of HR to ensure consistency across three Schools. To be reported to Board of Governors;
8. to approve recruitment increment subject to prior consultation with the Director of HR (additional increment/part increment can be awarded if there are demonstrable problems in recruitment or retention for a particular teaching post). To be reported to Board of Governors.

#### **Leave of Absence**

9. to approve paid work during term-time, in accordance with policy agreed by Board of Governors;

10. to approve unpaid leave whether or not additional costs are incurred for cover, provided it can be funded from approved budget.

#### Termination of Employment

11. to give notice of redundancy in consultation with the Director of HR and adherence to City of London Corporation policy on teacher redundancy. Report to Board of Governors and Establishment Committee.

#### Dismissal

12. to dismiss the Deputy Head, Second Deputy Head, Heads of Section and Bursar, in consultation with Chairman and Deputy Chairman of the Board of Governors following consultation with the Director of HR;
13. to dismiss Heads of Department, and Teachers;

#### Suspension

14. to suspend the Deputy Head, Second Deputy Head, Heads of Section, Bursar, Heads of Department, and Teachers, following consultation with the Director of HR.
15. In relation to Administrative Staff, with the exception of the Bursar:
  - a. to approve dismissal only following consultation with the Director of HR;
  - b. to approve suspension, following consultation with the Director of HR.

## HEAD TEACHER, CITY OF LONDON SCHOOL

The following matters are delegated to the Head Teacher.

### Operational

16. The letting of school premises in consultation with the City Surveyor.

### HR

17. In relation to **Teaching Staff:**

#### Creation of Posts

- a. to make appointments below the level of Head of Department, provided that they are funded from the approved budget and adhere to City of London Corporation salary structure, terms and conditions for teachers. **To be reported to Board of Governors;**
- b. to approve additional responsibilities, provided that they are funded from the approved budget. **To be reported to Board of Governors.**

#### Appointments

- c. to appoint Senior Teacher, with final selection in consultation with Chairman and Deputy Chairman of the Board of Governors;
- d. to appoint Teachers;
- e. to approve overlapping of employment in a post, provided it can be funded from approved budget.

#### Employment policies, procedures and contracts

- f. to issue to teachers – in consultation with the Director of HR.

#### Salary Structure and Increases

- g. to approve responsibility allowances, provided can be funded from approved budget. **To be reported to Board of Governors;**
- h. to approve recruitment increment subject to prior consultation with the Director of HR (additional increment/part increment can be awarded if there are demonstrable problems in recruitment or retention for a particular teaching post). **To be reported to Board of Governors.**

#### Leave of Absence

- i. to approve paid work during term-time, in accordance with policy agreed by **Board of Governors;**
- j. to approve unpaid leave whether or not additional costs are incurred for cover, provided can be funded from approved budget.

#### Termination of Employment

- k. to give notice of redundancy in consultation with the Director of HR and adherence to City of London Corporation policy on teacher redundancy. **Report to Board of Governors and Establishment Committee.**

Dismissal

- l. to dismiss the Second Teacher, in consultation with Chairman and Deputy Chairman of the **Board of Governors** following consultation with the Director of HR;
- m. to dismiss Heads of Department, Teachers, and Assistant Bursar.

Suspension

- n. to suspend the Senior Teacher, Heads of Department, Teachers, and Assistant Bursar, following consultation with the Director of HR.
18. In relation to **Administrative Staff**:
- a. to approve dismissal only following consultation with the Director of HR;
  - b. to approve suspension, following consultation with the Director of HR.

## HEAD TEACHER, CITY OF LONDON SCHOOL FOR GIRLS

The following matters are delegated to the Head Teacher.

### Operational

1. The letting of school premises in consultation with the City Surveyor.

### HR

2. In relation to Teaching Staff:

#### Creation of Posts

- (a) to make appointments below the level of Head of Department, provided that they are funded from the approved budget and adhere to City of London Corporation salary structure, terms and conditions for teachers. **To be reported to Board of Governors;**
- (b) to approve additional responsibilities, provided that they are funded from the approved budget. **To be reported to Board of Governors.**

#### Appointments

- (c) to appoint the Director of Studies, with final selection in consultation with the Chairman and Deputy Chairman of the **Board of Governors;**
- (d) to appoint Heads of Departments and Teachers;
- (e) to approve overlapping of employment in a post, provided it can be funded from approved budget;
- (e) to appoint casual agency staff and temporary staff for up to one year, subject to adequate provision within the temporary staffing contingency fund;
- (e) to permit the extension of posts and employment contracts of administrative/support staff, provided funding is met from the approved budget, in consultation with the Director of HR and the Pay Office. **To be reported to Board of Governors.**

#### Employment policies, procedures and contracts

- (f) to issue to teachers – in consultation with the Director of HR;
- (g) to issue to administrative/support staff, subject to consultation with HR and recognised Unions.

#### Salary Structure and Increases

- (h) to approve responsibility allowances, provided can be funded from approved budget. **To be reported to Board of Governors;**
- (i) to approve recruitment increment subject to prior consultation with the Director of HR (additional increment/part increment can be awarded if there are demonstrable problems in recruitment or retention for a particular teaching post). **To be reported to Board of Governors.**

#### Payments

- (j) to approve extensions of payments beyond 26 weeks and up to 52 weeks, in consultation with the Director of HR;
- (k) to approve payment of the Lump Sum Allowance for Newly Qualified Teachers, in accordance with the policy approved by Establishment Committee.

#### Leave of Absence

- (l) to approve paid work during term-time, in accordance with policy agreed by **Board of Governors**;
- (m) to approve unpaid leave whether or not additional costs are incurred for cover, provided can be funded from approved budget;
- (n) to approve compassionate leave with pay for between 1-5 working days, in accordance with the policy agreed by Establishment Committee;
- (o) to approve compassionate leave with pay for between 6-10 working days, in consultation with the Director of HR.

#### Termination of Employment

- (p) to give notice of redundancy in consultation with HR and adherence to City of London Corporation policy on teacher redundancy. **Report to Board of Governors and Establishment Committee**;
- (q) to approve voluntary early retirements without enhancement and not due to redundancy or in the interests of efficiency, subject to consultation with the Director of HR and approval of Teachers Pensions;
- (r) to approve early retirements on the grounds of ill health where supported by the Occupational Health Manager, subject to consultation with the Director of HR.

#### Dismissal

- (s) to dismiss the Director of Studies, in consultation with the Chairman and Deputy Chairman of the **Board of Governors** and the Director of HR;
- (t) to dismiss Heads of Department, Teachers and administrative/support staff, following consultation with the Director of HR.

#### Suspension

- (u) to suspend the Director of Studies, in consultation with the Chairman and Deputy Chairman of the **Board of Governors** and the Director of HR;
  - (v) to suspend Heads of Department, Teachers and administrative/support staff, following consultation with the Director of HR.
3. In relation to Administrative Staff:
- (a) to approve dismissal only following consultation with the Director of HR;
  - (b) to approve suspension, following consultation with the Director of HR.

## **PRINCIPAL - THE GUILDHALL SCHOOL OF MUSIC & DRAMA**

Consistent with the resolution of the Court of Common Council in December 2005, the Principal has all the powers necessary to execute the Financial Memorandum with the Higher Education Funding Council for England (HEFCE) delegated to him.

Further, under the terms of the Guildhall School of Music & Drama Instrument and Articles of Government, the following powers are delegated to the Principal:

1. To make such decisions and to initiate such action as he/she deems necessary in the interests of the efficient running of the Institution and the services provided by the Institution
2. To make proposals to the Board of Governors about the education character and mission of the Institution and to implement the decisions of the Board of Governors
3. The appointment, assignment, appraisal and dismissal of staff
4. The maintenance of student discipline and the suspension or expulsion of students on disciplinary grounds in accordance with the procedures relating thereto in force from time to time and the implementation of decisions to expel students for academic reasons
5. To incur revenue and capital expenditure and enter into commitments of behalf of the City of London Corporation where appropriate provision has been included in either the revenue or capital estimates, subject to compliance with Standing Orders
6. To act as Chief Accounting Officer for HEFCE purposes



**REMEMBRANCER**

**MANAGING DIRECTOR – BARBICAN CENTRE**

The Remembrancer and the Managing Director of the Barbican Centre do not have any powers delegated to them other than those general delegations that apply to all Chief Officers.

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## **Audit and Risk Management Work Programme 2014/15**

*(Please note - additions since last meeting in italic)*

<b>Date</b>	<b>Items</b>
4 March	<ul style="list-style-type: none"> <li>• 2014/15 Internal audit plan</li> <li>• Internal Audit Progress Report</li> <li>• Internal Audit recommendations follow-up report</li> <li>• Investigation Update report</li> <li>• Strategic Risk Review – New: Safeguarding</li> <li>• Strategic Risk Review – Formerly SR11 - expanded to Generic Ponds and Dams Risk</li> <li>• Annual Governance Statement – methodology</li> <li>• Role of City as Trustees of Bridge House Estates (Report of Comptroller and City Solicitor</li> <li>• Private Member Meeting with Deloitte</li> </ul>
13 May	<ul style="list-style-type: none"> <li>• Election of Chairman and Deputy Chairman</li> <li>• Internal Audit Progress Report</li> <li>• Internal audit recommendations follow-up report</li> <li>• Anti-Fraud &amp; Investigation Update report</li> <li>• Risk Management Update</li> <li>• Strategic Risk Review – Formerly SR16 expanded Information Management risk</li> <li>• <i>SR2 Supporting the Business City</i></li> <li>• <i>SR16 Information Security</i></li> <li>• Outcome of Internal Audit Peer Review</li> <li>• Head of Internal Audit Opinion and Annual report</li> <li>• HMIC Police Inspections Summary report</li> <li>• Annual Governance Statement – 2013/14</li> <li>• <i>Committee Effectiveness Review</i></li> <li>• Private Member meeting with Head of Internal Audit</li> </ul>

22 July	<ul style="list-style-type: none"> <li>• Audited 2013/14 City Fund and Pension Fund Financial Statements together with Deloitte's report thereon</li> <li>• Audited 2013/14 Bridge House Estates and Sundry Trusts Financial Statements together with Deloitte's report thereon</li> <li>• Audited 2013/14 City's Cash and City's Cash Trust Funds Financial Statements together with Moore Stephens report thereon</li> <li>• <i>SR5 – Flooding in the City - TBC</i></li> </ul>
9 September	<ul style="list-style-type: none"> <li>• Internal Audit Progress Report</li> <li>• Internal audit recommendations follow-up report</li> <li>• Investigations Update report</li> <li>• Risk Management Update</li> <li>• 2 Strategic Risk Reviews – tbc</li> </ul>
4 November	<ul style="list-style-type: none"> <li>• Internal Audit Planning for 2014/15</li> <li>• <i>Cash Handling and Banking Investigation follow up</i></li> <li>• Strategic Risk Reviews – tbc</li> </ul>
8 December	<ul style="list-style-type: none"> <li>• Deloitte's Annual Audit Letter on the City Fund and Pension Fund Financial Statements</li> <li>• Deloitte's annual audit plan for City Fund Financial Statements including agreement of the audit fee</li> <li>• Deloitte's annual audit plan for the Pension Fund Financial Statements including agreement of the audit fee</li> <li>• Moore Stephens - annual audit plan for the Non Local Authority Funds including agreement of the audit fee</li> <li>• Internal Audit Progress Report</li> <li>• Internal audit recommendations follow-up report</li> <li>• Anti-Fraud &amp; Investigation Update report</li> <li>• Risk Management Update</li> </ul>
January 2015	<ul style="list-style-type: none"> <li>• <i>Fraud Awareness Training update</i></li> </ul>

<b>Committee:</b>	<b>Date:</b>
Audit & Risk Management Committee (For Decision)	4 March 2014
<b>Subject:</b>	<b>Public</b>
Position of the Deputy Chairman and Other Constitutional Issues	
<b>Report of:</b>	<b>For Decision</b>
The Town Clerk and the Chamberlain	

### Summary

This report has been prepared in response to a request from Members to review the restriction placed on the Deputy Chairman prohibiting them from becoming the Chairman of another committee. This is based on the premise that the knowledge and experience these members might bring to other committees could outweigh any potential conflict of interest. Whilst it is open to the Committee to recommend to the Court the removal of the present restriction, we are not proposing that course of action when taking into account the principles of current CIPFA guidance.

The report is also seeking views on whether the Committee's Chairman when serving on other Committees, should abstain from taking decisions (including voting) when he or she may possibly have to chair the Committee responsible for scrutinising or challenging them.

Finally, views are being sought on whether there should be an increase in the number of Members of the Common Council elected to the Committee.

### Recommendations:

- 1) That current arrangement whereby the Deputy Chairman of the Audit & Risk Management Committee for the time being is not able to be a Chairman of another Committee be retained;
- 2) That the views of Members be sought on whether the Committee's Chairman, when serving on other committees and actively participating in the discussions in those committees should abstain from the decision taking (including voting); and
- 3) That the views of Members be sought on whether the number of Members elected by the Common Council should be increased and, if so, by how many.

## Main Report

### **Background**

1. At your meeting in December 2013 reference was made to revisiting the rule about the Committee's Deputy Chairman not being able to become chairman of any City Corporation Committee, given that Committee Members could also be Chairmen of other Committees. It was suggested that the knowledge and experience these members might bring to other committees could outweigh any potential conflict of interest. In the light of this, officers have reviewed the position of the Deputy Chairman and more generally, the Committee's constitution.

### **Current Position**

2. The Audit & Risk Management Committee is a non-Ward Committee comprising of:

- Nine Members elected by the Court of Common Council\* at least one of whom shall have fewer than five years' service on the Court at the time of their appointment
- Three external representatives (ie: non-Members of the Court of Common Council with no voting rights)
- The Chairman and Deputy Chairman of the Finance Committee (ex-officio with no voting rights)
- A representative of the Policy & Resources Committee (ex-officio with no voting rights)

\* The Chairmen of the Policy & Resources, Finance and Investment Committees are not eligible for election to the Committee and the Deputy Chairman of the Audit & Risk Management Committee for the time being may not be a Chairman of another Committee.

### **The Position of the Deputy Chairman**

3. The restriction on the part of the Committee's Deputy Chairman not being able to become Chairman of another Committee was introduced to avoid the potential for conflicts of interest. However, bearing in mind that such a restriction on the part of the Deputy Chairman is discretionary, Members asked for the position to be reviewed on the basis that the knowledge and experience these members might bring to other committees could outweigh any potential conflict.

4. Whilst it would be open to your Committee to recommend to the Court that a change be made, your officers are of the view that the current arrangements should remain in place for two reasons:

- a) the Deputy Chairman may be required to deputise for the Chairman and their being chairman of another committee could result in a conflict of interest; and
- b) CIPFA guidance places an emphasis on reducing the number of Members on an authority's audit committee who have executive responsibility. The City does not have members with executive responsibility, but there is an argument

that chairmen of committees are able to influence outcomes and decisions (particularly urgent or delegated actions).

### **The Position of the Chairman on other Committees**

5. We have also looked at the position of the Chairman of the Audit & Risk Management Committee. An issue to be considered is whether the Committee's Chairman, when serving on other committees and actively participating in the discussions in those committees should, however, abstain from the decision taking (including voting) when he or she may possibly have to chair the Committee responsible for scrutinising or challenging them.

6. This could be achieved by the Committee requesting that its Chairman should abstain from participating in the decision-taking when serving on other Committees and the Chairman voluntarily agreeing to do so. A protocol of this nature would not require any formal change in the Committee's constitution. Alternatively, such an arrangement could be formalised by the Court.

### **Increasing the number of Common Council Members on the Committee**

7. There are currently nine Members of the Common Council elected to the Committee of which five were either Chairmen or Deputy Chairmen of other Committees (as at the date of the Committee's meeting in January 2014). Members may wish to consider whether the number of elected by the Common Council should be increased which, whilst not guaranteeing such an outcome, could result in there being fewer Members on the Committee who are Chairmen (or indeed Deputy Chairman) of other Committees. This would accord with the principles of the CIPFA guidance referred to in paragraph 4 b) above. This would also be likely to enhance the pool of individuals eligible to become Chairman or Deputy Chairman.

8. One way of achieving this would be to increase the number of Members on the Committee in the category of having fewer than 5 years' service on the Court. However it should be noted that an increase in the number of elected Members of the Common Council could dilute the influence of the three external members.

9. Another option would be to introduce a number of places on the Committee from within the existing nine elected Members of the Common Council where the incumbent would be prohibited from being the Chairman (or possibly the Deputy Chairman) of another Committee. However, in practice this would be difficult to achieve, may result in the exclusion of Members with knowledge and experience to the detriment of the Committee and possibly the resignation from the Committee of Members should they wish to pursue their civic careers.

### **Corporate & Strategic Implications**

10. This report addresses matters relating to the constitution of the Committee and there are no specific corporate or strategic implications.

## **Conclusion**

11. This report has been prepared in response to a request from Members to review the restriction placed on the Deputy Chairman prohibiting that post-holder from becoming the Chairman of another committee. Whilst it is open to the Committee to recommend to the Court the removal of the present arrangement, we are not proposing that course of action when taking into account the principles contained in current CIPFA guidance. The report is also seeking views on whether the Committee's Chairman when serving on other Committees, should abstain from taking decisions (including voting) when he or she may possibly have to chair the Committee responsible for scrutinising or challenging them. Finally, views are being sought on whether there should be an increase in the number of Members of the Common Council elected to the Committee.

**Simon Murrells**

Assistant Town Clerk

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# Agenda Item 20

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

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# Agenda Item 21

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of the Local Government Act 1972.

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# Agenda Item 22

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of the Local Government Act 1972.

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