

AUDIT AND RISK MANAGEMENT COMMITTEE

Tuesday, 13 July 2021

Minutes of the meeting of the Audit and Risk Management Committee held at Virtual Public Meeting (Accessible Remotely) on Tuesday, 13 July 2021 at 2.00 pm

Present

Members:

Alexander Barr (Chairman)
Hilary Daniels (Deputy Chairman)
Alderman Prem Goyal (Deputy Chairman)
Rehana Ameer
Randall Anderson
Marianne Fredericks (Ex-Officio Member)
Gail (External Member)
Paul Martinelli
Deputy Andrien Meyers
Ruby Sayed
Dan Worsley (External Member)

Officers:

Ben Dunleavy	- Town Clerk's Department
Paul Dudley	- Chamberlain's Department
Matthew Lock	- Chamberlain's Department
Michael Cogher	- Comptroller and City Solicitor
Damian Nussbaum	- Director of Innovation & Growth
Grace Rawnsley	- Chamberlain's Department
Bukola Soyombo	- Chamberlain's Department
Sonia Virdee	- Chamberlain's Department
Stuart Wright	- Department of the Built Environment
John Cater	- Town Clerk's Department

1. APOLOGIES

Apologies were received from Christopher Boden, Deputy Jamie Ingham Clark, Anne Fairweather and Jeremy Mayhew.

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

There were none.

3. MINUTES OF THE PREVIOUS MEETING

A Member requested that the minutes of the meeting on 25 May 2021 be updated to reflect that an external Member had suggested the Committee might undertake a planning risk review. The Chairman was happy for this to be recorded. The Chairman noted that he had asked for a special Deep Dive into

planning to be prepared, but there would first need to be a detailed internal review to create content for discussion and this needed to fit in with the team's existing priorities.

RESOLVED, that – the minutes of the meeting held on 25 May 2021 be agreed as a correct record, subject to the amendment agreed at the meeting.

4. **OUTSTANDING ACTIONS OF THE COMMITTEE**

Members received the committee's list of outstanding actions. The following points were noted:

- Deep Dive CR29: Information Management had been scheduled for the meeting on 30 November 2021.
- Deep Dive CR33: Capital Works was not included on the agenda or the Committee Work Programme as the officers responsible for this Deep Dive were involved in the Resource Allocation Sub (Policy and Resources) Committee at the same time. It would be on the agenda for the meeting on 5 October 2021. This would necessitate rescheduling Deep Dive CR01: Resilience for another meeting.

5. **COMMITTEE WORK PROGRAMME**

Members received the Committee's work programme. The following points were noted:

A Member commented that financial risk appeared to focus on operational issues rather than financial considerations. An Officer responded to say that Deep Dive CR35 was undertaken in May, and the risk was reduced from Red 16 to Amber 12. Members were advised that engagement with the Executive Leadership Board to review the Corporate Risk Register and the importance of financial risk was being progressed.

In relation to the Committee's work programme, the Head of Audit and Risk Management advised that the Work Programme would be revised to better reflect the work undertaken outside of the formal decision making process.

In response to a query as to whether the high and medium risks of the ending of lockdown regulations on 19 July should be highlighted, Officers advised that the corporate risks were scrutinised by Gold Recovery Group, whilst departmental COVID risks were overseen by the relevant thematic groups. Chief Officers were required to report COVID risks at the same time as their departmental risks to the relevant grand committees to ensure Member-oversight. The Chairman commented that it would be helpful for Officers to provide an overall dashboard of risks to the wider Court.

6. **INTERNAL AUDIT UPDATE**

Members received a report of the Head of Audit and Risk Management in respect of completed Internal Audit work. Members were advised that Internal Audit work was in a good position as there had been a focus on initiating and delivering work. The focus on follow-up work was planned for the recess. A new approach to even out the spikes of work was being tested and a progress report would be included in the next update.

In response to a query about value for money and how this issue was addressed on a committee-wide basis, the Head of Audit and Risk Management commented that that he is working with the Chamberlain's Department to provide explicit assurance to assist all decision making forums. In response to a query about the future direction of travel in relation to risk , the Head of Audit replied that high priority areas were not always marked as red – the value of the risk register data was in determining what areas were not working well and what improved assurance opinions were provided. Members were advised that the Annual Report presented a good story about how assurances have improved, and that work would be done to demonstrate how assurance was provided.

RESOLVED, that – the report be received and its contents noted.

6.1 **Deep Dive: CR30 Climate Action Risk**

Members received a report of the Town Clerk and Chief Executive relative to a Deep Dive on Climate Action risk.

The Climate Action Strategy (CAS) was adopted by the Court in October 2020, and the Deep Dive first presented earlier in 2021. The Director of Innovation and Growth reported on the programme management, governance and assurance processes that have been established to ensure that the programme is able to deliver on its targets. These are

- 13 workstreams, demonstrating that this is a broad, cross-Corporation programme;
- The programme is fully funded. A key challenge was ensuring that funding was there for all 13 workstreams;
- A performance dashboard, to measure targets;
- A comprehensive stakeholder engagement plan.

The Director said that the most immediate risk for the CAS was that the Corporation would fail to meet the target of net zero by 2027. Another key risk was in ensuring that each of the 13 workstream was prioritised across departments, especially in the first year.

The list had been updated to include three key externalities that were being monitored. These was the decarbonisation rate of the UK electricity grid, the pace of adoption of the Paris Agreement alignment in financial markets and the pace of innovation in low-carbon products.

In response to a query about the most relevant benchmarks for the Corporation, the Director replied that there were other financial centres, local authorities, and housing and investment portfolios. The Chairman commented that it would be useful to generate a shortlist of names against which the Corporation could benchmark itself.

With regard to the mid-term targets of the project, Members were advised that a report issued to the Policy and Resources Committee in April had issued

interim targets. Officers were keen to prioritise interlinked risks, as it was critical that the programme was viewed as a whole.

A Member asked how the governance aspect of engaging with external stakeholders was going to be managed. In response, the Committee was advised that the CAS has tried to minimise dependence on other parties. The City Corporation also had both hard and soft influence to deploy in the Square Mile, where the programme would focus on external stakeholders. There was a stakeholder engagement plan in place and this was a critical component in strategy implementation.

A Member queried, in regards to benchmarking, if matching the Task Force on Climate-related Financial Disclosures (TCFD) had been considered for the City Corporation. An Officer responded that a paper has been taken to the Financial Investments Board outlining a transition pathway, including an early internal report in September to consider becoming TCFD compliant.

There was some discussion regarding the Task Force on Climate related Financial Disclosures. A Member queried how the risks were being assessed in regards to the potential impact on investment priorities.. The Director responded that the market was moving quickly in terms of expectations surrounding investments and Environmental, Social and Corporate Governance (ESG).Members were advised that modelling was underway to look at pathways so that the relationship between risks and returns could be appropriately tracked.

The Director announced that he would be handing over his responsibility as Senior Responsible Owner on the CAS to the Deputy Town Clerk and Chief Executive, Town Clerks Department. Members were advised that this represented a further risk mitigation.

RESOLVED, that – the report be received and its contents noted.

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

There were none.

8. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

There was none.

9. **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.

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

RESOLVED, that – the non-public minutes of the meeting held on 25 May 2021 be agreed as a correct record.

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

There was one matter of other business.

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

There was none.

The meeting ended at 3.44 pm

Chairman

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