



Audit and Risk Management Committee

Date: TUESDAY, 13 JULY 2021

Time: 2.00 pm

Venue: VIRTUAL PUBLIC MEETING (ACCESSIBLE REMOTELY)

Members:

Alexander Barr (Chairman)	Deputy Jamie Ingham Clark (Ex-Officio Member)
Hilary Daniels (Deputy Chairman)	Gail Le Coz (External Member)
Alderman Prem Goyal (Deputy Chairman)	Paul Martinelli
Rehana Ameer	Jeremy Mayhew (Ex-Officio Member)
Randall Anderson	Deputy Andrien Meyers
Chris Boden	John Petrie
Anne Fairweather	Ruby Sayed
Marianne Fredericks (Ex-Officio Member)	Dan Worsley (External Member)

Enquiries: Ben Dunleavy
tel. no.: 020 7332 1427
ben.dunleavy@cityoflondon.gov.uk

Accessing the virtual public meeting

Members of the public can observe this virtual public meeting at the below link:

<https://youtu.be/AfMQ8tB0Chs>

This meeting will be a virtual meeting and therefore will not take place in a physical location. Any views reached by the Committee today will have to be considered by the Chamberlain after the meeting in accordance with the Court of Common Council's Covid Approval Procedure who will make a formal decision having considered all relevant matters. This process reflects the current position in respect of the holding of formal Local Authority meetings and the Court of Common Council's decision of 15th April 2021 to continue with virtual meetings and take formal decisions through a delegation to the Town Clerk and other officers nominated by him after the informal meeting has taken place and the will of the Committee is known in open session. Details of all decisions taken under the Covid Approval Procedure will be available on line via the City Corporation's webpages. A recording of the public meeting will be available via the above link following the end of the public meeting for up to one municipal year. Please note: Online meeting recordings do not constitute the formal minutes of the meeting; minutes are written and are available on the City of London Corporation's website. Recordings may be edited, at the discretion of the proper officer, to remove any inappropriate material.

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 previous meeting held on 25 May 2021.

For Decision
(Pages 5 - 10)

4. **OUTSTANDING ACTIONS OF THE COMMITTEE**

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

For Information
(Pages 11 - 12)

5. **COMMITTEE WORK PROGRAMME**

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

For Information
(Pages 13 - 16)

Internal Audit

6. **INTERNAL AUDIT UPDATE**

Report of the Head of Audit & Risk Management.

For Information
(Pages 17 - 20)

7. **DEEP DIVE: CR30 CLIMATE ACTION RISK**

Report of the Town Clerk and Chief Executive.

For Information
(Pages 21 - 32)

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

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

10. **EXCLUSION OF THE PUBLIC**

MOTION, 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.

For Decision

Part 2 - Non-Public Agenda

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

To agree the non-public minutes of the previous meeting held on 25 May 2021.

For Decision
(Pages 33 - 34)

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

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

This page is intentionally left blank

AUDIT AND RISK MANAGEMENT COMMITTEE

Tuesday, 25 May 2021

Minutes of the meeting of the Audit and Risk Management Committee held at Virtual Public Meeting (Accessible Remotely) on Tuesday, 25 May 2021 at 2.00 pm

Present

Members:

Alexander Barr (Chairman)	Deputy Jamie Ingham Clark (Ex-Officio)
Hilary Daniels (Deputy Chairman - External)	Gail Le Coz (External Member)
Alderman Prem Goyal (Deputy Chairman - Member)	Paul Martinelli
Rehana Ameer	Jeremy Mayhew (Ex-Officio)
Randall Anderson	Deputy Andrien Meyers
Chris Boden	John Petrie
Anne Fairweather	Ruby Sayed
Marianne Fredericks (Ex-Officio)	Dan Worsley (External Member)

In Attendance

Officers:

Chloe Rew	- Town Clerk's Department
Giles French	- Town Clerk's Department
Rhiannon Leary	- Town Clerk's Department
Caroline Al-Beyerty	- Chamberlain
Karen Atkinson	- Chamberlain's Department
Paul Dudley	- Chamberlain's Department
Sean Green	- Chamberlain's Department
Aqib Hussain	- Chamberlain's Department
Neilesh Kakad	- Chamberlain's Department
Chris Keesing	- Chamberlain's Department
Matthew Lock	- Chamberlain's Department
Julia Megone	- Chamberlain's Department
Sonia Virdee	- Chamberlain's Department
Michael Cogher	- Comptroller and City Solicitor
Paul Wright	- Remembrancer's Department
Gary Brailsford-Hart	- City of London Police

1. APOLOGIES

There were no apologies.

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

There were none.

3. **ELECTION OF A DEPUTY CHAIRMAN**

Members elected a Deputy Chairman (Member) in accordance with Standing Order 30.

RESOLVED, that – being the only Member willing to serve, Alderman Prem Goyal be elected as Deputy Chairman (Member) for the ensuing year.

4. **MINUTES - 23 MARCH 2021**

RESOLVED, that – the public minutes and non-public summary of the meeting held on 23 March 2021 be agreed as a correct record.

5. **MINUTES - 5 MAY 2021**

RESOLVED, that – the public minutes of the meeting held on 5 May 2021 be agreed as a correct record.

6. **OUTSTANDING ACTIONS OF THE COMMITTEE**

Members received the Committee's list of outstanding actions.

7. **COMMITTEE WORK PROGRAMME**

Members received the Committee's work programme, noting the following:

- Deep Dive: CR20 Road Safety would be moved to the October meeting;
- The date for the final meeting of the year would be rescheduled if necessary, depending on the progress of the City's Cash accounts;
- The City Surveyor's Risk Challenge Session would be scheduled for December 2021;
- The Comptroller & City Solicitor's Risk Challenge Session would be scheduled for January 2022.

8. **SUB-COMMITTEES REPORT**

Members considered a report of the Town Clerk & Chief Executive in respect of the appointment of the Nominations Sub-Committee, and the appointments to the resource, Risk and Estates Committee of the Police Authority Board.

RESOLVED, that –

1. the appointment, composition and terms of reference for the Nominations Sub-Committee be agreed, and the following Members be appointed to serve on the Sub-Committee, in addition to the Chairman and Deputy Chairman
 - i. Dan Worsley
 - ii. Gail Le Coz
 - iii. Deputy Jamie Ingham Clark
 - iv. Jeremy Mayhew
2. the Audit & Risk Management Committee representative on Resource, Risk and Estates Committee of the Police Authority Board was considered but no clear preference for external or court member was confirmed; and,
3. Dan Worsley was appointed to the Resource, Risk and Estates Committee of the Police Authority Board.

9. **ANNUAL REPORT OF THE COMMITTEE**

Members considered a report of the Town Clerk & Chief Executive in respect of the Annual Report of the Audit and Risk Management Committee.

RESOLVED, that Members agreed the 2020/21 Annual Report of the Audit and Risk Management Committee for onward submission to the Court of Common Council.

10. **HEAD OF AUDIT AND RISK MANAGEMENT ANNUAL OPINION**

Members received a report of the Head of Audit & Risk Management in respect of the Head of Audit and Risk Management Annual Opinion. It was noted that a benchmarking exercise had been undertaken to compare the extent to which London Authorities had delivered their annual Internal Audit Plans, the City Corporation compared favourably.

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

11. **INTERNAL AUDIT PROGRESS REPORT**

Members received a report of the Head of Audit and Risk Management in respect of Internal Audit work completed, this report being the 12-month, year-end update.

With respect to red and amber assurance ratings, Members were informed that these typically refer to suggested timing of implementation (ie. red assurance ratings required fast action; amber ratings allowed for more time) and reflect criticality of the audited area within the context of the organisation. There might not always be a direct correlation to priority ratings of individual recommendations as these often relate to criticality within the audited area. Officers advised that this distinction would be given further consideration to see if there were better ways to articulate and codify the rationale for determining assurance ratings.

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

12. **ANTI-FRAUD & INVESTIGATIONS - 2020/21 ANNUAL REPORT**

Members received a report of the Head of Audit and Risk Management in respect of the Anti-Fraud and Investigations Annual Report for 2020/21. Members were given further information regarding Covid-safe visit procedures and anti-fraud measures regarding business grants support, and were advised that further information would be circulated following the meeting regarding the National Fraud Initiative.

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

13. **CITY OF LONDON CORPORATION RISK MANAGEMENT POLICY AND STRATEGY**

Members considered a report of the Chamberlain in respect of the City of London Corporation Risk Management Policy and Strategy. With respect to embedding this across the Corporation, the policy and strategies would be

shared across departments, to committee chairmen and available internally on SharePoint.

RESOLVED, that Members –

1. endorse the Corporate Risk Management Policy and Strategy 2021 and authorise the Chairman to sign the Policy Statement on behalf of the Committee; and,
2. agree to receive the Corporate Risk Management Policy/Strategy on an annual basis in future at the Committee's May meeting for review and endorsement.

14. RISK MANAGEMENT UPDATE

Members received a report of the Chamberlain in respect of the Risk Management Update. It was noted that CR28 Action Fraud was likely to be removed following the resolution of the contractual dispute.

RESOLVED, that Members note the following:

1. the risk report, including changes to both corporate and top red departmental risk registers since January 2021; and,
2. the COVID-19 Thematic Group summary risk register.

15. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE

There were none.

16. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

Members discussed an email from a Member of the Court of Common Council regarding Member conduct in a Planning & Transportation Committee meeting. The email had been circulated to the Audit & Risk Management Committee and Policy & Resources Committee, prior to being published on a public blog. External Members led the discussion. The Deputy Chairman (External) noted that the role of the Audit & Risk Management Committee was, amongst other points made, to act as an assurance committee and not to be part of the process, indeed it should sit outside the process, and not sit above the Court of Common Council. Other Members confirmed this view. It was therefore agreed that the matter in question was not in scope of the committee and the matter was closed.

17. 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.

18. NON-PUBLIC MINUTES OF THE PREVIOUS MEETING

RESOLVED, that – the non-public minutes of the meeting held on 23 March 2021 be agreed as a correct record.

19. **AUDIT PANEL APPOINTMENT (COMMON HALL)**
Members considered a report of the Chamberlain in respect of the Audit Panel Appointment.

20. **EXTERNAL AUDIT PROCUREMENT**
Members considered a report of the Chamberlain in respect of External Audit Procurement.

*** The Committee agreed to extend the meeting ***

21. **DEEP DIVE RISK REVIEWS**

21. a) Deep Dive: CR16 Information Security Risk

Members received a report of the Chamberlain in respect of the Deep Dive of CR16: Information Security Risk.

21. b) Deep Dive: CR34 COVID 19

Members received a report of the City of London Corporation Gold Group in respect of a Deep Dive of CR34 COVID-19. The Deep Dive was considered in public session.

Members were informed that the COVID situation was rapidly changing and therefore consistently monitored. COVID risks were also captured in CR35 (financial risks) CR02 (business risks) and CR01 (resilience risks). CR34 was rated amber but it was anticipated that it could be moved to a business-as-usual risk in due course. It was noted that the Gold Group was conscious of the need to have contingency plans in case of another wave.

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

22. **RISK MANAGEMENT UPDATE - NON-PUBLIC APPENDICES**

The non-public appendices were received in conjunction with the report of the Chamberlain, Risk Management Update, at item 14.

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

There were none.

24. **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 4.32 pm

Chairman

Contact Officer: Chloe Rew
tel. no.: 020 7332 1427
chloe.rew@cityoflondon.gov.uk

AUDIT AND RISK MANAGEMENT COMMITTEE - Outstanding Actions – June 2021

Items from meeting held 1 October 2020		
ITEM	Action	Officer and target date
14. Deep Dive – CR29: Information Management	Update to be brought to Committee regarding actions taken to address the risks associated with the Information Management Strategy (2018-2023) not fully being implemented.	Town Clerk/Chamberlain Date: 5 October 2021 * On forward plan for November 2021

This page is intentionally left blank

Audit & Risk Management Committee - Work Programme: 2021

13 July 2021	5 October 2021	30 November 2021	18 January 2022
<u>Accounts:</u>	Accounts: Draft Bridge House Estates Accounts Draft City Fund and Pension Fund Accounts	<u>Accounts:</u> Draft City's Cash Accounts	<u>Accounts:</u>
<u>Deep Dive:</u> 1. CR30 Climate Action (Town Clerk's)	<u>Deep Dive:</u> 1. CR01 Resilience (Town Clerk's) 2. CR20 Road Safety (DBE)	<u>Deep Dive:</u> 1. CR02 Loss of Business Support for the City (Town Clerk's) 2. CR29 Information Management (Chamberlain's)	<u>Deep Dive:</u> 1. CR09 Health & Safety (Town Clerk's) 2. CR24 Operational Security (Town Clerk's)
<u>Risk Management:</u>	<u>Risk Management:</u>	<u>Risk Management</u>	<u>Risk Management</u>
<u>Internal Audit and Anti-Fraud:</u>	<u>Internal Audit and Anti-Fraud:</u>	<u>Internal Audit and Anti-Fraud</u> Anti-Fraud & Investigations six-monthly update report	<u>Internal Audit and Anti-Fraud</u>

<u>Governance:</u>	<u>Governance:</u>	<u>Governance:</u>	<u>Governance:</u> External Member Recommendation from the Nominations Sub- Committee
<u>External Inspections:</u>	<u>External Inspections:</u> HMICFRS Report	<u>External Inspections:</u>	<u>External Inspections:</u>

Risk Challenge Session Schedule:

Note – Following the Committee’s decision on 14 July 2020, from September 2020 Informal Risk Challenge Sessions will be conducted virtually, and will take place once per month outside the of the committee schedule.

Month	Committee Date	Risk Challenge Date	Department
Jul-21	13 July 2021	21 July 2021	Department of Open Spaces
Sep-21	-	8 September 2021	Barbican Centre
Oct-21	5 October 2021	13 October 2021	Mansion House/Central Criminal Court
Nov-21	30 November 2021	3 November 2021	Guildhall School of Music and Drama
Dec-21		8 December 2021	City Surveyor’s
Jan-22	18 January 2022	26 January 2022	Comptroller & City Solicitor’s

This page is intentionally left blank

Committee(s)	Dated:
Audit and Risk Management Committee	13/07/2021
Subject: Internal Audit Update	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	N/A
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: Head of Audit and Risk Management	For Information
Report author: Matt Lock	

Summary

This report provides an update on Internal Audit activity in the current municipal year. The report summarises work completed and progress against the 2021/22 Internal Audit Plan. Delivery of which is progressing well with almost 25% of planned audit reviews completed to at least draft report stage and a further 25% in progress at various stages.

This report also provides Members with some further information in relation to the methodology for determining assurance ratings for completed audit reviews, as discussed at the May meeting of the Committee.

Recommendation(s)

Members are asked to:

- Note the report.

Main Report

Background

1. This report provides an update on the work of Internal Audit since 1 April 2021, covering progress against the 2021/22 Internal Audit Plan and an overview of the outcomes from completed work.

Current Position

2. 13 Final Audit Reports have been issued since 1 April 2021, note that this includes work carried over from the 2020/21 Internal Audit plan. 6 Green Assurance ratings were

given, 7 Amber Assurance ratings and no Red Assurance Ratings. Those audit reviews are summarised in the table below:

Department/Audit	Assurance Rating	Recommendations Made		
		Red	Amber	Green
Barbican Centre - Ticketing System	Amber	0	5	1
Built Environment - Building Control and Planning Income and Expenditure	Green	0	1	0
Chamberlain's - Development of a Corporate Finance Strategy - Debt Financing	Green	0	0	0
Chamberlain's - Corporate Contract Management	Amber	0	3	2
City of London Police - Cyber Security	Green	0	2	2
City of London Corporation - Cyber Security	Amber	0	1	5
Community and Children's Services - Housing Fire Safety	Amber	0	6	1
Community and Children's Services - Social Care Contract Monitoring	Amber	0	7	0
Corporate-Wide - P-Cards	Green	0	3	10
Open Spaces Department - Wayleaves	Amber	0	7	3
Built Environment - Gigabit City*	Green	0	2	4
City Surveyors - Rents, Lettings and Vacancies*	Amber	0	2	2
Chamberlain's - Supplier Resilience*	Green	0	1	0

* Included in May Committee Update and Member Briefings

- Appropriate management action plans are in place to address all recommendations made. Briefings on the above have been circulated to Members of the Committee.

Internal Audit Follow-up Activity

- Focus in the first quarter of the year has been on initiating and delivering work against the 2021/22 Internal Audit Plan and, as such, no follow-up work has been undertaken during this period. There are, consequently, no outcomes to report as part of this update.

Rationale for Determining Assurance Ratings

- In response to a question and following discussion at the previous meeting of this Committee, Members requested some further clarity as to the rationale and criteria considered in forming an assurance opinion for completed audit reviews. While the process is largely subjective, being based significantly on the knowledge, experience and professional judgement of the Auditor, Audit Manager and the Head of Audit and Risk Management, there are some criteria that support this:
 - Materiality of the service, system or process under review** – this may be financial, reputational, strong links to organisational priorities or critical safety issues. Weaknesses identified in a more critical or material system are more likely to drive an adverse assurance rating, although the aim is to balance the

assurance rating in the context of the system (criteria iii. applies) and so lower priority systems may still receive a red or amber assurance.

- ii. **Organisational context** – related to above, there is a consideration as to what else may be occurring in the organisation or the sector and wider world and how this may influence outcomes or sensitivity to increased risk.
- iii. **Cumulative impact of individual weaknesses** – the number of weaknesses identified and the spread of these across red, amber and green recommendations will influence the assurance rating, but must be balanced against i and ii.
- iv. **Time to act** – the greater the urgency to address a weakness, the more likely a red assurance will be given, although it should be noted that some of the more significant issues raised may be more complex to resolve and so a red assurance opinion does not necessarily mean that action will or can always be swift.
- v. **Escalation** – an overarching factor, whereby the findings of a review are considered by the Head of Audit and Risk Management to be significant enough to require closer attention of the Audit and Risk Management Committee.

6. Broadly speaking, the assurance ratings can be defined as:

- **Green** – assurance that the systems of internal control can be relied upon to support the delivery of objectives
- **Amber** – the systems of internal control are only partially effective or; while the systems of internal control are effective in design, they are only partially effective or not effective in operation. There is an increased risk of fraud, loss or error or failure to achieve objectives.
- **Red** – there is a significant risk of fraud, loss or error or failure to achieve objectives or this has already occurred: limited or no assurance as to the adequacy of the internal control environment.

Corporate & Strategic Implications

7. The Internal Audit Plan is designed to provide assurance as to the adequacy of the City of London Corporation's systems of internal control and governance. This programme of activity is aligned with the Corporate Plan, Corporate Risk Register and Departmental Top Risks.

Conclusion

8. Delivery of work against the 2021/22 Internal Audit Plan is progressing well, there are no adverse findings to draw attention to from work completed so far this year.

Matt Lock

Head of Audit and Risk Management, Chamberlain's Department

E: matt.lock@cityoflondon.gov.uk

T: 020 7332 1276

This page is intentionally left blank

Committee	Date
Audit & Risk Management Committee	13 July 2021
Subject Deep Dive on Climate Action risk CR30	Public
Report of The Town Clerk & Chief Executive	
Report Author Damian Nussbaum, Director of Innovation & Growth Grace Rawnsley, Climate Action Programme Director	For Information

Summary

Climate Action is a key corporate risk due to the high-profile nature of the strategy. Failing to achieve our climate action strategy could have knock on effects. These include damaging our credibility in key markets, reducing our ability to champion sustainable growth globally and reducing performance of our financial and property portfolios.

The key risk is failure to achieve our Climate Action targets of 2027 (Scope 1&2) and 2040 (Scope 3). Not meeting our 2027 target is primarily a reputational impact whereas not meeting our 2040 target could result in a financial impact. This is due to the potential for stranded assets in our investment portfolios. To mitigate these risks, a suite of actions has been developed and implemented. A third impact to the organisation is the loss or damage of assets in the Square Mile due to extreme weather. This is mitigated through our current resilience workstreams and associated strategies.

It is worth noting that several externalities may also have an impact on our ability to achieve our strategy targets. In particular, the rate of decarbonisation of the UK electricity grid is a key element of our carbon emission modelling. Our original models used the Treasury Green Book rates. These rates were subsequently updated due to the actual rate of decarbonisation being much slower than predicted. We remodelled our carbon emissions based on the updated rates and can still meet our target, albeit with a smaller margin of error. If these rates continue to fluctuate, they may have a more immediate impact on achieving our 2027 target. Careful attention is being paid to this externality and plans are being considered on managing the potential impact.

Overall, the risks presented to the organisation on Climate Action are being well managed. There is a strong programme risk governance structure with appropriate senior officer and member oversight. The programme launched into phase 2 of CR30 in April 2021. As a result, we lack sufficient information to predict trends in this risk at this early stage.

Recommendations

The Audit & Risk Management Committee is recommended to:

- i. Note the report
- ii. Endorse the revised Climate Action corporate risk CR30

Main Report




Background

1. In January 2020 the City Corporation set out on a fast-paced, cross-corporation journey to develop an ambitious [Climate Action Strategy](#). The resulting Climate Action Strategy was adopted at Court of Common Council on the 8th October 2020.
2. The Climate Action Strategy (CAS) marked the start of a new and transformative programme of action. It set out three interlinked primary objectives for the City Corporation and the Square Mile:
 - to support the achievement of net-zero emissions,
 - to build resilience, and
 - to champion sustainable growth.
3. The Climate Action Strategy also sets out 4 targets for the City Corporation and Square Mile:
 - i. Net zero by 2027 in the City Corporation’s operations
 - ii. Net zero by 2040 across the City Corporation’s full value chain
 - iii. Net zero by 2040 in the Square Mile
 - iv. Climate resilience in our buildings, public spaces, and infrastructure
4. The current programme is set over 6 years driving towards the 2027 target and making substantial impacts on the 2040 targets. The [year 1 programme plan](#) and budget were approved at P&R on the 8th April.

Current position



5. Phase 1 of CR30 – Climate Action, covered the development of the strategy and action plan. The target risk score of four has now been achieved so it has been rated GREEN. The flight path for the risk is shown at figure 1.

Fig. 1 – Corporate Risk Register summary for CR30 – Climate Action Phase 1

Risk reference	Creation Date	Title	Current Risk Score	Current risk score icon	Trend Icon	Risk flight path (last 12 assessments)
CR30	07-Oct-2019	Climate Action	4			

6. Phase 2 of CR30 – Deliver and Refine Action Plan started in April 2021. The action plan covers the first six years of the strategy, ending March 2027. Phase 2 risk actions have been drafted as co-terminus with this. The flight path for the risk is shown in figure 2. The risk is currently rated as AMBER with a target risk score of 4.

Fig. 2 – Corporate Risk Register summary for CR30 – Climate Action Phase 2

Risk reference	Creation Date	Title	Current Risk Score	Current risk score icon	Trend Icon	Risk flight path (last 12 assessments)
CR30	07-Oct-2019	Climate Action	12			

Key risks

7. The key risk to the organisation as outlined in CR30 is not being able to meet our 2027 and 2040 targets.
8. Failure to meet our 2027 target is primarily a reputational impact to the organisation due to our public strategy. Our 2027 target gives us ample opportunity to meet the regulatory targets of net zero by 2050. We have a full suite of mitigations in place to manage this risk.
9. Failure to reach our 2040 targets for our value chain could result in stranded assets in our financial investment portfolio. Careful planning and monitoring of our financial investments and markets will allow us to respond accordingly and mitigate this risk.
10. Finally, the loss or damage of assets in the Square Mile due to extreme weather remains a risk. This is being mitigated through our workstreams on climate resilience, alongside the Riverside Strategy.

Risk triggers

10. Organisational risks can be mitigated by careful planning and risk management. However, climate action also contains some externalities which require careful consideration and monitoring. These externalities may require us to adapt and flex our approach in changing circumstances.
11. Organisational level risk triggers include:
 - a. Delays leading to an impact on our target net zero date
 - b. Interventions not resulting in the modelled carbon reductions or removals
 - c. Significant changes to the required budgets for implementing appropriate interventions
 - d. Failing to appropriately assess carbon impact and reduction opportunities for projects and decisions (outside of the climate action programme)
 - e. Stakeholders and businesses in the Square Mile are not engaged with the strategy and do not take action
12. Externalities that also contribute to risk include:

- a. The pace of decarbonisation of the UK electricity grid – our modelling is dependent on the grid decarbonising at a sufficient rate to achieve our net zero target
- b. The pace of adoption of Paris alignment or warming metrics in the financial market – our modelling for our 2040 value chain target requires a sufficient pace of adoption to reduce our emissions in our financial investment portfolio
- c. The pace of innovation and availability of low carbon and sustainable goods – achieving our longer-term targets will rely on the availability of products at appropriate costs, which reduce carbon emissions

Risk mitigations

13. Organisational climate associated risks are mitigated through careful risk management across the City Corporation using CR30 as a framework. Externalities are carefully monitored by the programme team and key project leads. This allows us to ensure that adaptations to programme design can be achieved quickly.

14. Actions to demonstrate risk mitigations to date include:

- a. Clear and measurable project plans for each of the 13 workstreams under Climate Action agreed at Service Committees and Policy and Resources
- b. Regular reporting on progress of project plans at both officer level and quarterly to relevant committees – including the identification of risks and issues
- c. Fully funded project plans with clear financial control and budget management to ensure best value for money
- d. Programme approach to management to ensure that dependencies are considered, and opportunities maximised
- e. Comprehensive stakeholder engagement plan covering 40 key audiences
- f. Performance dashboard (completion in August) to ensure that interventions are achieving modelled carbon reductions and removals – providing an opportunity for early course correction
- g. A prioritised review of the potential carbon impact of all current projects in gateways 1-4 (outside of the climate action programme)
- h. Orientation sessions for Members and key officers focusing on embedding climate considerations into decision-making processes and increasing climate related literacy across the organisation
- i. Remodelling carbon reduction targets based on changes to assumptions on UK electricity grid decarbonisation rates
- j. Regular horizon scanning across a complex range of externalities at both the programme and project level to capture changes to regulations or project dependencies

15. To date, CR30 has focused on organisational level risks and their mitigations. For this report, CR30 has been updated to include three key externalities.

Direction of travel

16. The direction of travel of CR30 is assessed through a variety of programme management techniques. Central to this is the use of a performance dashboard. The dashboard allows the Climate Action team to assess progress against the stated targets, ensuring early course correction as needed.
17. As the strategy implementation phase started in April 2021, there is little information on the trend of the risk at this early stage.

Assurance / Governance

18. Climate Action has good oversight and strong risk management procedures embedded in the programme design. A robust programme management structure with clear change control and risk reporting has been developed. All 13 projects in the programme have individual risk registers feeding into a programme risk register. This programme risk register informs CR30.
19. Governance of risk includes a project board structure reporting into a Chief Officer led programme board. The Climate Action Senior Responsible Officer (SRO) is updated on a bi-weekly basis on risks and mitigations as they arise.
20. Members are also updated on key risks through a quarterly programme update schedule. Additionally, three lead members appointed by P&R have regular discussions on risks with the programme team on a more informal basis.

Corporate and strategic implications

21. Strategic implications: The CAS supports delivery against the following outcomes in the Corporate Plan, 2018-23:
 - Outcome 1: People are safe and feel safe
 - Outcome 5: Businesses are trusted and socially and environmentally responsible
 - Outcome 7: We are a global hub for innovation in financial and professional services, commerce, and culture
 - Outcome 10: We inspire enterprise, excellence, creativity, and collaboration
 - Outcome 11: We have clean air, land and water and a thriving and sustainable natural environment
 - Outcome 12: Our spaces are secure, resilient, and well-maintained.
22. The strategy builds upon existing strategies and policies, including: The Responsible Business Strategy 2018-23, the Responsible Investment Policy, the City Procurement Strategy 2020-24, the Local Plan 2015, the draft City Plan 2036, the Transport Strategy 2018-43, the Air Quality Strategy 2015-20, the Climate Mitigation Strategy, the Carbon Descent Plan, the Transition to a Zero Emission Fleet Policy, the Renewable Electricity Policy & Sourcing Strategy and related campaigns, such as Plastic Free City. It is aligned to ongoing reviews of our financial and property investment portfolio.

23. Resource Implications – There are no additional resource implications arising from this report.
24. Risk Implications – To manage risk effectively in the programme, all projects have a risk register, and the overall risks are controlled through a corporation level risk CR30 – Climate Action Strategy.
25. Equalities Implications – A Test of Relevance was undertaken on the Climate Action Strategy and several positive impacts were identified for people in at least one of the following five protected groups - age, disability, race, pregnancy/maternity, and gender. No negative impacts were identified. Potential equalities impacts will be investigated and assessed on an ongoing basis.
26. No new legal, security, climate implications arise from the recommendations in this report.

Conclusion

27. The climate action risks are being well managed with strong governance and mechanisms for early course correction. Of primary concern is the ability to meet our 2027 and 2040 targets as detailed in the strategy. A suite of mitigations is in place to reduce the likelihood. However, it is worth noting that some externalities may have an impact on our ability to achieve the targets. We are monitoring these closely and have updated the CR30 risk register accordingly.

Appendix

1. Draft Revised Corporate Risk Register Entry for CR30 - Climate Action

Damian Nussbaum

Director of Innovation & Growth,
Damian.Nussbaum@cityoflondon.gov.uk

Grace Rawnsley

Climate Action Programme Director
Grace.rawnsley@cityoflondon.gov.uk

CR30 Detailed risk register with Flight path

Report Author: Paul Dudley

Generated on: 12 May 2021



Rows are sorted by Risk Score

Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Flight path
CR30 Climate Action 07-Oct-2019 John Barradell	<p>Cause: Insufficient resources and prioritisation allocated to Climate Action.</p> <p>Event: The City Corporation fails to reduce and mitigate the impact and effect of climate change.</p> <p>PHASE 2: DELIVER AND REFINE ACTION PLAN – To be addressed in completion of phase 1.</p> <p>Impact: As the governing body of the Square Mile dedicated to the City, there are a range of potential impacts including:</p> <ul style="list-style-type: none"> • failing to deliver on the net zero targets in our Climate Action Strategy • reducing our ability to effectively reduce carbon emissions in the next two carbon budget periods (2022 and 2027) • damaging the City’s credibility in Green Finance and Insurance markets; • reducing our ability to champion sustainable growth globally and enhance the relevance and reputation of the Square Mile • failing to adequately invest in climate 	<p>Likelihood</p> <p>Impact</p>	12	<p>The City of London Corporation’s Climate Action Strategy 2020 was approved by the Court of Common Council in October 2020. The year 1 action plan for delivering the strategy was approved on 8th April 2021 at P&R with input from the various Chairs/Deputy Chairs from the relevant committees. Work is underway across 10 workstreams detailed in project plans. Stakeholder engagement plans, performance dashboard and management systems, governance approach are also finalised. Assessment of climate implications now required within all reports to Committees</p> <p>04 May 2021</p>	<p>Likelihood</p> <p>Impact</p>	4	31-Mar-2027	
							Reduce	

resilience measures leading to negative impacts on social, economic and environmental outcomes						
<ul style="list-style-type: none"> failing to adequately invest in net zero initiatives leading to negative impact on our financial and property investments 						

Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR30k Impact on City financial and ability to champion sustainable growth of not hitting net zero targets / maintaining resilience	Ongoing political and international relationship management	Strategy picked up by media and helping promote reputation of City financial. Stakeholder engagement plan identifies opportunities for political and international engagement opportunities.	Damian Nussbaum	04-May-2021	31-Mar-2027
CR30l Risk of not hitting net zero and resilience targets for City Corporation operational and investment assets, whilst maximising returns	Deliver programme of works across operational and investment portfolios	Pre-mobilisation underway across four workstreams – investment, corporate, resilience and capital projects. Year one plan approved at CASC 28/04/21. This includes delivery of 7 key tasks including: Commissioning building energy surveys & feasibility; Building control management strategy development; Roll out of monitoring and targeting (M&T) programme. Commission decarbonisation of heat studies; Deep fabric retrofit pilot projects & appointment of Energy Specialist Resources.	Paul Wilkinson	04-May-2021	31-Mar-2027
CR30m Risk of not hitting net zero targets for financial investments and supply chain	Monitor and drive performance against net zero and financial targets for financial investments and supply chain, continually refreshing learning	Funded project plans with resources and capability requirements now in place and approved at April P&R. Overview of project plan approved by FIB. Supply chain workstream focused on most impactful contracts	Caroline Al-Beyerty; Emma Moore	04-May-2021	31-Mar-2027

<p>CR30n Resilience risks of Square Mile infrastructure and public realm and risk of not hitting net zero targets for developments and transport</p>	<p>Monitor and drive performance against net zero and resilience targets, continually refreshing learning</p>	<p>Commenced implementation of project plans for Cool Streets & Greening (RS2) and Mainstreaming Resilience (RS1,4 &5).</p> <p>CS&G Gateway 2 – Approved by Projects sub-committee 14/04/21 - Streets & Walkways sub-committee decision due 29/04/21.</p>	<p>Jon Averbs</p>	<p>04-May-2021</p>	<p>31-Mar-2027</p>
<p>CR30o Reaching carbon removal targets through open spaces</p>	<p>Set out carbon removal action plan and mobilise</p>	<p>The budget in the Project Plan for Apr 21-Mar 22 has been confirmed. Gateway report on the Phase 1 works and studies going to Epping Forest Committee on 10th May and Project Sub on 17th May.</p> <p>Current risks are:</p> <ul style="list-style-type: none"> *Challenge by tenant to termination of farming tenancy which would make one of the key project sites unavailable. *The report identifying the land management works that could deliver on the project target reveal the costs/timescales/constraints of these works makes the project unfeasible *Underestimation of project costs and costed risks <p>Epping Forest & Commons Committee have approved the termination of two farming tenancies which have set end dates. Committee have also approved officers to start the termination process with a third tenant. All other sites are within the City's control.</p> <p>The survey and planning work for the Phase 1 works (which is at Gateway 2 and going to Project Sub on 17th May) is being finalised. The briefs for external consultants to identify further opportunities for Phase 2 onwards is being finalised and is intended to go to market in early June. Using these reports Phase 2+ plans will be created.</p> <p>Baseline surveys will occur at Phase 1 sites in summer 2021.</p> <p>External funding opportunities are being investigated.</p>	<p>Colin Buttery</p>	<p>04-May-2021</p>	<p>31-Mar-2027</p>

CR30p Delivery delays and failures due to stakeholder / public action / inaction	Run overarching engagement programme with our stakeholders and partners (phase 3 of engagement plan) and quality assure engagement for projects	Dedicated stakeholder engagement lead built into PMO function. Stakeholder engagement plan approved at April P&R. Detailed stakeholder engagement plan socialised with principle members and officers for approval.	Damian Nussbaum; Dionne Corradine	04-May-2021	31-Mar-2027
CR30q Protecting vulnerable groups who are most likely to be impacted by climate change and fulfilling Public Sector Equalities Duty	Carry out impact assessments and equalities analysis on projects and stakeholder research and use their findings to shape future engagement and delivery	Subject to continuous assessment within implementation plans.	Andrew Carter; Dionne Corradine	04-May-2021	31-Mar-2027
CR30r That the scope, budget, timescales, targets and/or commitments of the climate action strategy are not delivered upon through the climate action programme of work	Agree to and implement appropriate governance to embed Climate Action in departmental scrutiny. Ensure appropriate capacity and capabilities are in place including for regular KPI progress reporting via the CPF. Ensure mechanisms in place for releasing staged financing. Set up regular tracking of impact of our actions on targets.	Full year 1 implementation plan approved at April P&R, including a strong PMO function providing oversight. Beta version of performance dashboard developed with 95% KPIs signed off and plan for addressing data gaps and quality. Programme management tools have been developed to ensure strong oversight.	Damian Nussbaum; Dionne Corradine	04-May-2021	31-Jul-2021
CR30s That key externalities such as UK grid decarbonisation, rate of adoption of Paris alignment	Ongoing horizon scanning of key externalities and remodelling of carbon emissions as required. Continue to exert influence as investor to the markets and customer to suppliers to increase the pace of innovation.	Remodelling of the carbon emission pathway for Scope 1 and 2 undertaken to incorporate changes to the Treasury Green Book grid decarbonisation rates. Continued engagement with all fund managers on Paris-alignment.	Damian Nussbaum	30-6-21	31-Mar-2027

in markets, pace of innovation in low carbon materials are not sufficient to achieve our targets					
--	--	--	--	--	--

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

Document is Restricted

This page is intentionally left blank