



Audit and Risk Management Committee

Date: MONDAY, 26 FEBRUARY 2024
Time: 11.00 am
Venue: COMMITTEE ROOMS, GUILDHALL

Members:

Alderman Prem Goyal, OBE (Chairman)	Aaron Anthony Jose Hasan D'Souza
Gail Le Coz (Deputy Chairman)	Alderman and Sheriff Bronek Masojada
Naresh Hari Sonpar (Deputy Chairman)	Judith Pleasance
Deputy Rehana Ameer	Karen Sanderson (External Member)
Deputy Randall Anderson	Ruby Sayed
Alderman Alexander Barr	Paul Singh
Deputy Christopher Boden	Dan Worsley (External Member)
Deputy Henry Colthurst (Ex-Officio Member)	

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<https://www.youtube.com/@CityofLondonCorporation/streams>

A recording of the public meeting will be available via the above link following the end of the public meeting for up to one civic 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.

Whilst we endeavour to livestream all of our public meetings, this is not always possible due to technical difficulties. In these instances, if possible, a recording will be uploaded following the end of the meeting.

Ian Thomas CBE
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 6 November 2023.

For Decision
(Pages 5 - 12)

4. **OUTSTANDING ACTIONS OF THE COMMITTEE**

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

For Information
(Pages 13 - 14)

5. **COMMITTEE WORK PROGRAMME**

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

For Information
(Pages 15 - 22)

Governance

6. **EXTERNAL MEMBER - RE-APPOINTMENT**

The Town Clerk to be heard.

For Decision

Financial Statements

7. **TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY (RELATING TO TREASURY MANAGEMENT) 2024/25**

Report of the Chamberlain.

For Information
(Pages 23 - 66)

Internal Audit

8. INTERNAL AUDIT UPDATE

Report of the Chamberlain.

For Information
(Pages 67 - 78)

Risk Management

9. RISK MANAGEMENT UPDATE

Report of the Chief Strategy Officer.

For Information
(Pages 79 - 122)

10. DEEP DIVE RISK REVIEWS

For Discussion

- a) CR16 Information Security and CR33 Major Capital Schemes (Pages 123 - 132)

Report of the Chamberlain.

- b) CR35 Unsustainable Medium-Term Finances - City Fund, CR37 Maintenance and Renewal of Corporate Physical Operational Assets (excluding housing assets) and CR38 Unsustainable Medium-Term Finances - City's Cash (Pages 133 - 146)

Report of the Chamberlain.

- c) CR39 Recruitment and Retention (Pages 147 - 174)

Report of the Chamberlain.

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

12. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

13. 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

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

To agree the non-public minutes of the previous meeting held on 6 November 2023.

For Decision
(Pages 175 - 176)

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

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

AUDIT AND RISK MANAGEMENT COMMITTEE

Monday, 6 November 2023

Minutes of the meeting of the Audit and Risk Management Committee held at Guildhall, EC2 on Monday, 6 November 2023 at 10.00 am

Present

Members:

Alderman Prem Goyal, OBE (Chairman)
Gail Le Coz (Deputy Chairman)
Deputy Randall Anderson
Alderman Alexander Barr
Deputy Christopher Boden
Karen Sanderson (External Member)
Ruby Sayed

Officers:

Caroline Al-Beyerty	- Chamberlain
Dionne Corradine	- Chief Strategy Officer
Kate Limna	- Chamberlain's Department
Matt Lock	- Chamberlain's Department
Daniel Peattie	- Chamberlain's Department
Sonia Virdee	- Chamberlain's Department
Karen Atkinson	- City Bridge Foundation
Julia Megone	- City Bridge Foundation
Nathan Omane	- City Bridge Foundation
Tabitha Swann	- Town Clerk's Department
Ben Dunleavy	- Town Clerk's Department

Also in attendance:

Tina Allison	- Crowe
Rachel Laws	- Crowe
Paul Dossett	- Grant Thornton

1. APOLOGIES

Apologies for absence were received from Deputy Chairman Naresh Sonpar, Alderman and Sheriff Bronek Masojada and Paul Singh.

Paul Martinelli, James St. John Davis and Dan Worsley observed the meeting virtually.

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

There were no declarations.

3. **MINUTES OF THE PREVIOUS MEETING**

The public minutes and non-public summary of the meeting held on 11 September 2023 were approved as a correct record.

4. **OUTSTANDING ACTIONS OF THE COMMITTEE**

Members received the Committee's list of outstanding actions.

The Deputy Chair asked for an update on review of risk appetite levels, and requested that this consider the fact that certain risks had increased. The Chief Strategy Officer replied that they aimed to complete the review by the end of the financial year.

At the request of the Chairman, the Head of Internal Audit provided an update on the Deep Dive into CR39 Recruitment and Retention. The Deep Dive has been discussed at the Chief Officer Risk Management Group, and a review scheduled to take place between January and March. The Committee would receive a report following this review.

5. **COMMITTEE WORK PROGRAMME**

Members received the Committee's work programme.

The Deputy Chair noted that the Internal Audit and Risk Management update reports should be included on the work programme for the November 2024 meeting.

6. **2022-23 CITY'S CASH FINANCIAL STATEMENTS**

Members received a report of the Chamberlain concerning the 2022-23 Financial Statements for City's Cash.

The Chamberlain and the External Auditors from Crowe all expressed their satisfaction with the experience of working on the 2022-23 accounts.

Officers informed the Committee of the adjustments to the Financial Statements that had been made as a result of the external audit but had not been ready for the final report. An initial imbalance of over £2m in the draft accounts had been reduced to £187k. Members noted that the imbalance was likely due to the challenges of compiling the City's Cash accounts, as these were the result of consolidating several entities.

RESOLVED, that – Members:

- a) Note the contents of the Draft City's Cash Initial Audit Findings Report 2022-23 issued by Crowe UK LLP as set out in Appendix 4; and
- b) Recommend approval of the 2022-23 City's Cash Financial Statements, and the financial statements of each of the 9 consolidated charities, for the year ended 31 March 2023 to Finance Committee.

7. **CITY BRIDGE FOUNDATION ANNUAL REPORT AND FINANCIAL STATEMENTS 2022/23**

Members received a Joint Report of the City Bridge Foundation & Charities Finance Director (representing The Chamberlain) and the Managing Director, City Bridge Foundation relative to the City Bridge Foundation Annual Report and Financial Statements for 2022-23.

Members noted the new branding for City Bridge Foundation (CBF), the highlights from the Annual Report, including progression on major work on the bridges and the increase in charitable activities expenditure.

RESOLVED, that – Members:

- a) Consider the contents of the audit completion report issued by Crowe.
- b) Recommend approval of the CBF Annual Report and Financial Statements for the year ended 31 March 2023 to the CBF Board; and
- c) Authorise the Managing Director of CBF and the CBF and Charities Finance Director (representing the Chamberlain), in consultation with the Chair and Deputy Chair of the CBF Board, approval of any material change to the financial statements required before the signing of the audit opinion by Crowe.

8. SUNDRY TRUSTS ANNUAL REPORT AND FINANCIAL STATEMENTS 2022/23

Members received a report of the City Bridge Foundation & Charities Finance Director (representing The Chamberlain) and the Managing Director, City Bridge Foundation.

RESOLVED, that – Members:

- a) Note the contents of the audit management report issued by Crowe U.K. LLP (comments related to these charities are included within the paper covering City's Cash);
- b) Note that the external auditor Crowe is anticipating giving an unqualified audit opinion on 3 audited charity annual reports;
- c) Note that the independent examiner Crowe is anticipating giving an unmodified report for the 8 independently examined charity annual reports;
- d) Note for information the 3 sets of annual reports which are not subject to audit and independent examination; and
- e) Recommend approval of the annual reports of the 14 charities presented for the year ended 31 March 2023, to the Finance Committee for those charities where the Corporation is Trustee; to the Aldermen for the Emmanuel Hospital charity where the Corporation is acting by the Court of Aldermen as the named corporate trustee; and to the individual trustees of the Sir William Coxen Trust Fund and the Samuel Wilson Loan Charity

9. CITY FUND AND PENSION FUNDS STATEMENT OF ACCOUNTS UPDATE

Members received a report of the Chamberlain providing an update on the Statements of Accounts for City Fund and the Pension Fund.

The Chamberlain informed Members that she expected that the 2020-2021 Statement of Accounts would be signed the following day.

A Member asked for an update on the outstanding follow-ups for the prior year recommendations on the 2021-2022 Statement of Accounts. In reply, officers said that they had responded to the recommendations.

The impact of staff turnover in the Chamberlain's team, and the measures that had been put in place, were noted.

A Member asked if there had been any improvement on the return of Related Parties Declarations. In reply, the Chamberlain said that there were still several outstanding, and noted there could be an issue with the process. Members considered ways in which to improve the response rate.

RESOLVED, that – Members:

- a) Note the progress made on the 2020-21 Statement of Accounts.
- b) Consider the Audit Findings Report for the City Fund 2021-22 as set out in Appendix 3.
- c) Consider the Audit Findings Report 2021-22 for the Pension Fund as set out in Appendix 4.
- d) Consider the Audit Progress Report for the City Fund 2022-23 as set out in Appendix 6.
- e) Consider the Audit Findings Report for the Pension Fund 2022-23 as set out in Appendix 7.
- f) Note the responses from Management as per Appendix 8 and Appendix 9.

10. TREASURY MANAGEMENT OUTTURN AS AT 31 MARCH 2023

Members received a report of the Chamberlain concerning treasury management.

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

11. INTERNAL AUDIT UPDATE

Members received a report of the Chamberlain concerning the work of Internal Audit.

Members welcomed the new format of the report.

During discussion, the following points were noted:

- The Internal Audit Team were developing a methodology for approaching outstanding actions. The implementation would start with the City of London Police.

- At the request of a Member, also the Chair of the Community and Children's Services Committee, Internal Audit would prioritise Children and Community Services in the follow-up work programme.
- The overdue red recommendations for the City Surveyor were related to the approach to operational property management. The creation of the Head of Profession for Estates and Facilities Management role, held by the City Surveyor, had not had the expected level of influence over tackling issues of facilities and property management across the City Corporation's asset base. It was being addressed at the Executive Leadership Management Board and there had been a number of changes in approach, and it was hoped it would be resolved within the year.
- The Head of Internal Audit expected that his team would carry out less audit work on IT as the functions of the latter became more technical and accordingly gained access to external assurance sources. The next years programme of work would look at various areas to ensure that operations performed by staff are properly managed.

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

12. **COUNTER FRAUD & INVESTIGATIONS - 2023/24 MID-YEAR UPDATE REPORT**

Members received a report of the Chamberlain concerning counter-fraud and investigations.

A Member welcomed the amount recovered through the Counter-fraud teams work, and asked if it would be cost-effective to devote greater resource to the team to enable even better results. The Chamberlain undertook to consider this.

A Member, recognising that the City of London differed greatly from other London local authorities, asked if the Head of Internal Audit could explore the opportunities for an exercise with the City Corporation's statistical neighbours on single-person discount fraud.

At the request of a Member, officers undertook to explore alternative terminology to 'polygamous working' for the phenomenon of employees holding multiple employers.

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

13. **RISK MANAGEMENT UPDATE**

Members received a report of the Chief Strategy Officer concerning risk management.

Following a request from a Member for further visibility on CR30 Climate Action, officers undertook to invite the Executive Director of Innovation and Growth to a future meeting.

RESOLVED, that – Members note:

- a) The report and the attached corporate and top red departmental risk registers
- b) That the total number of corporate risks remained at 15, with no changes to the risk ratings since the previous written update. However, consideration was being given to whether a red departmental risk on BT's decision to retire their Public Switched Telephone Network (PSTN) should be escalated to a corporate risk.
- c) The number of departmental red risks had decreased from 26 to 21, with five risks de-activated following a review of the Barbican risk register, and one risk de-escalated to Amber and one risk added from Chamberlain's since the last report to the Committee.

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

There were no questions.

15. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

There was no other business.

16. 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.

17. NON-PUBLIC MINUTES OF THE PREVIOUS MEETING

The non-public minutes of the meeting held on 11 September 2023 were approved as a correct record.

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

There were non-public questions on the City of London School for Girls, contract management and the City Fund Statement of Accounts.

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

There was no other business.

The meeting ended at 11:23

Chairman

Contact Officer: Ben Dunleavy
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AUDIT AND RISK MANAGEMENT COMMITTEE – Action Tracker – February 2024

Items from meeting held 22 November 2022		
ITEM	Action	Officer and target date
12. Any Other Business	Ensure that existing risk appetite levels are reviewed, along with broader stance on risk appetite and handling moving forwards, with a section on risk appetite to be added to the Annual Governance Statement moving forwards.	Chief Strategy Officer 31 March 2024

Items from meeting held 10 July 2023		
ITEM	Action	Officer and target date
8. Internal Audit Charter	Include information on next year's Audit Plan in the covering report for the Internal Audit Annual Report.	Head of Internal Audit – May 2024
11. Risk Management Update	Carry out a Deep Dive on CR39 Recruitment and Retention - Update from 6/11: CR39 is being reviewed between January and March 2024. It will need to return to CORMG before a report comes to the Committee.	Head of Internal Audit – February 2024
15. Non-Public Minutes	Investigate governance structures for donated assets	Chief Strategy Officer - ongoing

Items from meeting held 6 November 2023		
ITEM	Action	Officer and target date
9. City Fund and Pension Fund Statement of Accounts Update	Grant Thornton to provide a lessons learnt report for the next meeting	Chamberlain – February 2024
13. Risk Management Update	Arrange for the Executive Director of Innovation & Growth to attend a future meeting to discuss CR30	Chief Strategy Officer – February 2024
18. Non-Public Questions	Arrange meeting with the Chairs of the City School Boards on financial controls Report on fraud allegations to set out clear recommendations that the Community and Children’s Services Committee can take up to allow oversight	Head of Internal Audit – February 2024

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Audit and Risk Management Committee

Work Programme – Linked to CIPFA Audit Committees Position Statement 2022

26 February 2024	
Work Item	Link to CIPFA Position Statement
<p>External Audit Plans (Information) External Audit planning for City’s Cash, City Fund and Pension Fund, and City Bridge Foundation</p>	<p>Be satisfied that the authority’s accountability statements, including the annual governance statement, properly reflect the risk environment, and any actions required to improve it, and demonstrate how governance supports the achievement of the authority’s objectives.</p> <p>Support the maintenance of effective arrangements for financial reporting and review the statutory statements of account and any reports that accompany them.</p> <p>Consider the opinion, reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control, and monitor management action in response to the issues raised by external audit.</p> <p>Contribute to the operation of efficient and effective external audit arrangements, supporting the independence of auditors and promoting audit quality.</p>
<p>Internal Audit Update Report (information) Regular (approx. quarterly) update from the Head of Internal Audit, covering:</p> <ul style="list-style-type: none"> ▪ key findings from work completed during the period since the last Committee update (including recommendation follow-up) ▪ status update for work in progress ▪ intended programme of work for the period up to the next Committee update 	<p>In relation to the authority’s internal audit functions:</p> <ul style="list-style-type: none"> ▪ oversee its independence, objectivity, performance and conformance to professional standards ▪ support effective arrangements for internal audit ▪ promote the effective use of internal audit within the assurance framework.

Audit and Risk Management Committee

Work Programme – Linked to CIPFA Audit Committees Position Statement 2022

<p>Corporate Risk In-Depth Review (information)</p> <p>Report of the Head of Internal Audit covering findings from the programme of Corporate Risk Assurance Work undertaken by Internal Audit in consultation with the Corporate Strategy and Performance Team. Corporate Risks are reviewed on a rolling basis as minimum coverage, noting that the sequencing may be determined by proximity of risk, changing risk profile or other relevant factors.</p>	<p>Consider the effectiveness of the authority’s risk management arrangements. It should understand the risk profile of the organisation and seek assurances that active arrangements are in place on risk-related issues, for both the body and its collaborative arrangements.</p>
<p>Risk Management Update (information)</p> <ul style="list-style-type: none"> ▪ Summary report of corporate risks ▪ Summary report of red departmental risks 	

<p>13 May 2024</p>	
<p>Work Item</p>	<p>Link to CIPFA Position Statement</p>
<p>Internal Audit Update Report (information)</p> <p>Regular (approx. quarterly) update from the Head of Internal Audit, covering:</p> <ul style="list-style-type: none"> ▪ key findings from work completed during the period since the last Committee update (including recommendation follow-up) ▪ status update for work in progress ▪ intended programme of work for the period up to the next Committee update 	<p>In relation to the authority’s internal audit functions:</p> <ul style="list-style-type: none"> ▪ oversee its independence, objectivity, performance and conformance to professional standards ▪ support effective arrangements for internal audit ▪ promote the effective use of internal audit within the assurance framework.
<p>Internal Audit Charter (information)</p> <p>Report of the Head of Internal Audit, setting out the Internal Audit Charter. The Public Sector Internal Audit Standards require an annual review of the Charter.</p>	

Audit and Risk Management Committee

Work Programme – Linked to CIPFA Audit Committees Position Statement 2022

<p>New Internal Audit Standards (information)</p>	
<p>Counter Fraud and Investigations 12 Month Report (information) Report summarising the outcomes from Counter Fraud and Investigation activity for the 12 months from April to March.</p>	<p>Monitor the effectiveness of the system of internal control, including arrangements for financial management, ensuring value for money, supporting standards and ethics and managing the authority's exposure to the risks of fraud and corruption.</p>
<p>Corporate Risk In-Depth Review (information) Report of the Head of Internal Audit covering findings from the programme of Corporate Risk Assurance Work undertaken by Internal Audit in consultation with the Corporate Strategy and Performance Team. Corporate Risks are reviewed on a rolling basis as minimum coverage, noting that the sequencing may be determined by proximity of risk, changing risk profile or other relevant factors.</p>	<p>Consider the effectiveness of the authority's risk management arrangements. It should understand the risk profile of the organisation and seek assurances that active arrangements are in place on risk-related issues, for both the body and its collaborative arrangements.</p>
<p>Risk Management Update (information) Annexes included:</p> <ul style="list-style-type: none"> ▪ Full Corporate Risk Register (first meeting of new municipal year) ▪ Summary report of corporate risks ▪ Summary report of red departmental risks 	
<p>Head of Internal Audit Annual Opinion (information) Annual report of the Head of Internal Audit providing an overall opinion on the adequacy and effectiveness of the Internal Control Environment, Risk Management and Governance arrangements, as required by the Public Sector Internal Audit Standards.</p>	<p>Monitor the effectiveness of the system of internal control, including arrangements for financial management, ensuring value for money, supporting standards and ethics and managing the authority's exposure to the risks of fraud and corruption.</p>

Audit and Risk Management Committee

Work Programme – Linked to CIPFA Audit Committees Position Statement 2022

<p>Annual Report of the Committee (decision) To be prepared following a self-evaluation of the effectiveness of the Committee, to be approved by the Committee before presentation to the Court of Common Council.</p>	<p>Report annually on how the committee has complied with the position statement, discharged its responsibilities, and include an assessment of its performance. The report should be available to the public.</p>
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8 July 2024	
Work Item	Link to CIPFA Position Statement
<p>Internal Audit Update Report (information) Regular (approx. quarterly) update from the Head of Internal Audit, covering:</p> <ul style="list-style-type: none"> ▪ key findings from work completed during the period since the last Committee update (including recommendation follow-up) ▪ status update for work in progress ▪ intended programme of work for the period up to the next Committee update 	<p>In relation to the authority’s internal audit functions:</p> <ul style="list-style-type: none"> ▪ oversee its independence, objectivity, performance and conformance to professional standards ▪ support effective arrangements for internal audit ▪ promote the effective use of internal audit within the assurance framework.
<p>Internal Audit Charter (information) Report of the Head of Internal Audit, setting out the Internal Audit Charter. The Public Sector Internal Audit Standards require an annual review of the Charter.</p>	<p>In relation to the authority’s internal audit functions:</p> <ul style="list-style-type: none"> ▪ oversee its independence, objectivity, performance and conformance to professional standards ▪ support effective arrangements for internal audit ▪ promote the effective use of internal audit within the assurance framework.

Audit and Risk Management Committee

Work Programme – Linked to CIPFA Audit Committees Position Statement 2022

<p>Corporate Risk In-Depth Review (information)</p> <p>Report of the Head of Internal Audit covering findings from the programme of Corporate Risk Assurance Work undertaken by Internal Audit in consultation with the Corporate Strategy and Performance Team. Corporate Risks are reviewed on a rolling basis as minimum coverage, noting that the sequencing may be determined by proximity of risk, changing risk profile or other relevant factors.</p>	<p>Consider the effectiveness of the authority's risk management arrangements. It should understand the risk profile of the organisation and seek assurances that active arrangements are in place on risk-related issues, for both the body and its collaborative arrangements.</p>
<p>Risk Management Update (information)</p> <p>Annexes included:</p> <ul style="list-style-type: none">▪ Corporate Risk register above appetite▪ Summary report of corporate risks▪ Summary report of red departmental risks	
<p>Draft Annual Governance Statement (decision)</p> <p>In accordance with the Accounts and Audit Regulations (2015), the Committee should review and feed into the Annual Governance Statement. Note that this is a requirement only for City Fund activity.</p>	<p>Support a comprehensive understanding of governance across the organisation and among all those charged with governance, fulfilling the principles of good governance.</p>

Audit and Risk Management Committee

Work Programme – Linked to CIPFA Audit Committees Position Statement 2022

23 September 2024	
Work Item	Link to CIPFA Position Statement
Draft City's Estate Accounts (decision) Annual review of the Financial Statements for City's Estate	Be satisfied that the authority's accountability statements, including the annual governance statement, properly reflect the risk environment, and any actions required to improve it, and demonstrate how governance supports the achievement of the authority's objectives.
Draft City Fund Accounts (decision) Annual review of the Financial Statements for City Fund	
Draft City Bridge Foundation Annual Report and Financial Statements (decision) Annual Review of the Annual Report and Financial Statements for City Bridge Foundation.	Support the maintenance of effective arrangements for financial reporting and review the statutory statements of account and any reports that accompany them.
Draft Sundry Trusts Annual Report and Financial Statements (Decision) Annual review of the Financial Statements for the Sundry Trusts	Consider the opinion, reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control, and monitor management action in response to the issues raised by external audit. Contribute to the operation of efficient and effective external audit arrangements, supporting the independence of auditors and promoting audit quality.

Audit and Risk Management Committee

Work Programme – Linked to CIPFA Audit Committees Position Statement 2022

<p>Internal Audit Update Report (information)</p> <p>Regular (approx. quarterly) update from the Head of Internal Audit, covering:</p> <ul style="list-style-type: none"> ▪ key findings from work completed during the period since the last Committee update (including recommendation follow-up) ▪ status update for work in progress ▪ intended programme of work for the period up to the next Committee update 	<p>In relation to the authority’s internal audit functions:</p> <ul style="list-style-type: none"> ▪ oversee its independence, objectivity, performance and conformance to professional standards ▪ support effective arrangements for internal audit ▪ promote the effective use of internal audit within the assurance framework.
<p>Internal Audit Conformance with Public Sector Internal Audit Standards (information)</p> <p>Report of the Head of Internal Audit following completion of an assessment of conformance with the Public Sector Internal Audit Standards, the standards require an annual self-assessment supported by a periodic External Quality Assessment.</p>	<p>In relation to the authority’s internal audit functions:</p> <ul style="list-style-type: none"> ▪ oversee its independence, objectivity, performance and conformance to professional standards ▪ support effective arrangements for internal audit ▪ promote the effective use of internal audit within the assurance framework.
<p>Corporate Risk In-Depth Review (information)</p> <p>Report of the Head of Internal Audit covering findings from the programme of Corporate Risk Assurance Work undertaken by Internal Audit in consultation with the Corporate Strategy and Performance Team. Corporate Risks are reviewed on a rolling basis as minimum coverage, noting that the sequencing may be determined by proximity of risk, changing risk profile or other relevant factors.</p>	<p>Consider the effectiveness of the authority’s risk management arrangements. It should understand the risk profile of the organisation and seek assurances that active arrangements are in place on risk-related issues, for both the body and its collaborative arrangements.</p>
<p>Risk Management Update (information)</p> <ul style="list-style-type: none"> ▪ Summary report of corporate risks ▪ Summary report of red departmental risks 	

Audit and Risk Management Committee

Work Programme – Linked to CIPFA Audit Committees Position Statement 2022

<p>Counter Fraud and Investigations 6 Month Report (information) Report summarising the outcomes from Counter Fraud and Investigation activity for the 6 months from April to September.</p>	<p>Monitor the effectiveness of the system of internal control, including arrangements for financial management, ensuring value for money, supporting standards and ethics and managing the authority's exposure to the risks of fraud and corruption.</p>
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<p>4 November 2024</p>	
<p>Work Item</p>	<p>Link to CIPFA Position Statement</p>
<p>Internal Audit Update Report (information) Regular (approx. quarterly) update from the Head of Internal Audit, covering:</p> <ul style="list-style-type: none"> ▪ key findings from work completed during the period since the last Committee update (including recommendation follow-up) ▪ status update for work in progress <p>intended programme of work for the period up to the next Committee update</p>	<p>In relation to the authority's internal audit functions:</p> <ul style="list-style-type: none"> ▪ oversee its independence, objectivity, performance and conformance to professional standards ▪ support effective arrangements for internal audit ▪ promote the effective use of internal audit within the assurance framework.
<p>Risk Management Update (information)</p> <ul style="list-style-type: none"> ▪ Summary report of corporate risks ▪ Summary report of red departmental risks 	<p>Consider the effectiveness of the authority's risk management arrangements. It should understand the risk profile of the organisation and seek assurances that active arrangements are in place on risk-related issues, for both the body and its collaborative arrangements.</p>

Agenda Item 7

Committee: Investment Committee Finance Committee* Investment Committee of the City Bridge Foundation Board Audit & Risk Management (For Information)	Date: 12 February 2024 20 February 2024 Delegated 26 February 2024
Subject: Treasury Management Strategy Statement and Annual Investment Strategy (relating to Treasury Management) 2024/25	Public
Report of: The Chamberlain	For Decision
Report author: Kate Limna – Chamberlain’s Department	

* This report is for information for the Finance Committee. The Treasury Management Strategy Statement and Annual Investment Strategy 2024/25 is included as an appendix to the City Fund 2024/25 Budget report, which will be for approval.

Summary

The attached document sets out the Corporation’s Treasury Management Strategy Statement and Annual Investment Strategy (relating to Treasury Management) (TMSS) for 2024/25. The Treasury Management Strategy and Annual Investment Statement (relating to Treasury Management) for 2024/25 has been updated taking account of the latest information concerning the organisation’s capital plans and external factors, such as the prospects for interest rates.

The document includes various Treasury and Prudential Indicators required to be set for the City Fund to ensure that the Corporation’s capital investment plans are affordable, prudent and sustainable and to help the organisation identify and control the risks around its treasury management activity.

As has historically been the case, this report covers the treasury management activity carried out across the organisation, including in respect of City’s Estate (previously City’s Cash) and City Bridge Foundation (previously Bridge House Estates). As City’s Estate borrowing is not covered by the regulatory framework established for local authorities, the City has adopted its own formal policy in 2018/19 via the City’s Estate Borrowing Policy Statement which is included in the TMSS at Appendix 8.

The main proposals within the document are incorporated within the separate report entitled “City Fund 2024/25 Budget” being considered by the Finance Committee on 20 February 2024 and by the Court of Common Council on 7 March 2024.

Responsibility for approving the Corporation’s borrowing plans remains with the Court of Common Council, not the Investment Committee.

The Investment Committee of the City Bridge Foundation Board is responsible for approving the TMSS on behalf of City Bridge Foundation. A Supplemental Royal Charter was approved in June 2023, with various new powers being adopted. These included the power to borrow for the purposes of raising funds towards the cost of replacement, reconstruction and re-building of any of its Bridges. This may be undertaken without security or on the security of the permanent endowment fund or any part of it or its income. However, there are no current plans for borrowing to take

place in the short to medium term, and thus the most relevant section for the City Bridge Foundation Board is section 5, of the Annual Investment Strategy (for Treasury Management), which sets out how surplus cash balances will be managed in the forthcoming year (it does not apply to the Charity's longer term investments which are subject to City Bridge Foundation's Investment Strategy Statement). By adopting in the Corporation's treasury management policies, the City Bridge Foundation Board can ensure that treasury risks associated with the Charity's surplus cash balances are managed efficiently and effectively.

The key areas to highlight are:

Capital financing and borrowing

- The Corporation's capital plans create a borrowing requirement across both the City Fund and City's Estate. City's Estate has partially addressed this borrowing requirement through the issuance of £450m market debt in recent years. In addition, Stanhope Capital LLP has been appointed to provide a strategic investment advisory function working alongside the City's in-house Corporate Treasury and Investment Property teams, to provide expert advice on the investment strategy/allocation advice between property and financial investments; and advice on how to secure the best rates of return for the differing requirements for City Fund and City's Estate: this work is currently on-going.
- The City Fund borrowing requirement is expected to increase to £345.5m and £359.0m by 2025/26 and 2026/27 respectively, falling to £227.2m in 2027/28. For the City Fund, there is no immediate requirement to take on external borrowing as it is expected that the City Fund can continue to temporarily use its own cash balances (internal borrowing) for the foreseeable future. Any new external borrowing would serve to increase cash balances and create additional revenue pressures through a "cost of carry", as the rate payable on external borrowing is higher than the interest receivable from treasury management investment activity. Therefore, the proposed treasury management strategy recommends that the City Fund borrowing requirement is managed through the prudent use of internal resources during 2024/25.
- The benefits of this strategy (lower financing costs and reduced counterparty risk) need to be carefully evaluated against the risk of incurring higher borrowing costs in future. Interest rates are now assumed to have peaked at 5.25%, and LINK, the City's treasury investment consultants, are currently forecasting no further changes in the rate until a decrease in the third quarter of 2024, reaching 4.25% by December 2024, and 3.0% by September 2025, where it is assumed to plateau, as inflationary pressures subside. However, there remains uncertainty surrounding the forecast, particularly around the timing of the Bank of England's decision on interest rate reductions, if reduced too soon and inflationary pressures may well build up further, but reduced too late and any downturn or potential recession may be prolonged. Interest rates are monitored daily and should circumstances change, the Chamberlain will maintain the flexibility to meet some or all of the City Fund borrowing requirement through external borrowing. As such the operational boundary and authorised limit for external debt (Appendix 2 of the TMSS) have been revised to enable the Corporation to secure external debt to meet some or all of the borrowing requirement.

- Local authorities are legally required to set aside a prudent amount for the provision of the repayment of prudential borrowing from revenue each year. It should be noted that this requirement applies for all unfunded City Fund capital expenditure (i.e. spending that is not immediately financed through capital grants, capital receipts etc.) not just for actual external borrowing. The Minimum Revenue Provision (MRP) Policy Statement for 2024/25 sets out this policy for the forthcoming year and is included at Appendix 2 in the TMSS.

Investments

- As at 31 December 2023, the Corporation has “cash” balances totalling £1,005.1m the majority of which is invested in money market funds and fixed income instruments. Cash is expected to decrease in 2024/25 as the Corporation progresses spending on the major projects programme. Most of the treasury cash balances pertain to the City Fund and comprise of liabilities on City Fund’s balance sheet (cash that needs to be paid out to third parties or used for a specific purpose at some point in the future) together with cash backed reserves.
- The Corporation currently manages significant short term investment cash balances. Although these balances are expected to decline in the next few years as the capital programme progresses, a level of core cash will persist for the next ten years based on current financial plans. One of the most acute challenges within the treasury management strategy is preventing the gradual erosion of the real value of these long-term cash balances from the effects of inflation. This is particularly important in the current external environment which is characterised by relatively high inflation and low investment returns (by historical standards).
- It is proposed that the City continues to be prepared to lend monies for up to three years’ duration based on risk assessments for each opportunity undertaken by Treasury Officers and discussed with the Chamberlain. No changes to the Corporation’s creditworthiness policy (as set out in section 5 of the TMSS) are proposed. Officers judge that the current criteria allow the Corporation to achieve adequate diversification amongst a range of high-quality counterparties.

The main changes to the document from last year’s version are highlighted in yellow and underlined.

Training

- In November 2023, two Treasury Management training sessions were held for Members of the Investment Committee and Finance Committee.

Recommendations

It is recommended that the **Investment Committee** reviews and approves the attached Treasury Management Strategy Statement and Annual Investment Strategy for 2024/25 and submits it to the Finance Committee and the Court of Common Council as part of the City Fund 2024/25 Budget Report for formal adoption.

Under the delegated authority agreed at the **Investment Committee of the City Bridge Foundation Board** on 6 December 2023, the Town Clerk in consultation with the Chairman and Deputy Chairman of this Committee, is recommended to review and approve the Treasury Management Strategy Statement and Annual Investment Strategy for 2024/25 on behalf of **City Bridge Foundation**.

Appendix - Treasury Management Strategy Statement and Annual Investment Strategy (relating Treasury Management) 2024/25 (*for Finance Committee this appendix is within the City Fund 2024/25 Budget report*).

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TREASURY MANAGEMENT STRATEGY STATEMENT

AND

ANNUAL INVESTMENT STRATEGY (RELATING TO TREASURY MANAGEMENT)

2024/25

Issue Date: 12/02/2024
Agreed by Court of Common Council: XX/XX/2024

Treasury Management Strategy Statement and Annual Investment Strategy (relating to Treasury Management) 2024/25

1. Introduction

1.1. Background

The City of London Corporation (the City) is required in its local authority capacity to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the City's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of capital expenditure plans. These capital plans provide a guide to the borrowing needs of the City, essentially the longer-term cash flow planning, to ensure that the organisation can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans where permitted for individual Funds of the City, or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet risk or cost objectives.

Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day to day treasury management activities.

1.2. The Treasury Management Policy Statement

The City defines its treasury management activities as:

The management of the organisation's investments and cash flows, its banking, money market and capital market transaction; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The City regards the security of its financial investments through the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

The City acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

1.3. Reporting Requirements

The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised November 2009) was adopted by the Court of Common Council (the Court) on 3 March 2010, and is applied to all Funds held by the City. There have been subsequent revisions to the codes in 2017 and 2021.

The primary requirements of the Code are as follows:

- (i) The City of London Corporation will create and maintain, as the cornerstones for effective treasury management:
 - A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities
 - Suitable treasury management practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
- (ii) This organisation will receive reports on its treasury management policies, practices and activities, including as a minimum an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close.
- (iii) The Court of Common Council delegates responsibility for the implementation and regular monitoring of its treasury management policies to the Finance Committee and the Investment Committee with the Investment Committee of the City Bridge Foundation Board having responsibility on behalf of the charity; the execution and administration of treasury management decisions is delegated to the Chamberlain, who will act in accordance with the organisation's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.
- (iv) The Court of Common Council nominates the Audit and Risk Management Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

The CIPFA 2021 Prudential Code for Capital Finance in Local Authorities and Treasury Management Code of Practice require all local authorities to prepare a capital strategy. The capital strategy provides a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services as well as an overview of how the associated risk is managed and the implications for future financial sustainability. The Treasury Management Strategy Statement is reported separately from the Capital Strategy. This ensures the separation of the core treasury function under security, liquidity and yield principles from the policy and commercial investments usually driven by expenditure on an asset. It is considered good practice by the City to include all of its Funds within these strategies.

1.4. Recent changes to the CIPFA Treasury Management and Prudential Codes

CIPFA published revised versions of both the Treasury Management Code of Practice and the Prudential Code for Capital Finance in Local Authorities on 20 December 2021.

The revised Treasury Management Code requires all investments and investment income to be attributed to one of the following three purposes:-

- All investments and investment income must be categorised into one of three types:

Treasury management

Arising from the organisation's cash flows or treasury risk management activity, this type of investment represents balances which are only held until the cash is required for use. Treasury investments may also arise from other treasury risk management activity which seeks to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments.

Service delivery

Investments held primarily and directly for the delivery of public services including housing, regeneration and local infrastructure. Returns on this category of investment which are funded by borrowing are permitted only in cases where the income is "either related to the financial viability of the project in question or otherwise incidental to the primary purpose".

Commercial return

Investments held primarily for financial return with no treasury management or direct service provision purpose. Risks on such investments should be proportionate to a local authority's financial capacity – i.e., that 'plausible losses' could be absorbed in budgets or reserves without unmanageable detriment to local services. An authority must not borrow to invest primarily for financial return.

The revised Treasury Management Code requires an authority to implement the following: -

1. **Adopt a liability benchmark treasury indicator** to support the financing risk management of the capital financing requirement; the authority is required to estimate and measure the Liability Benchmark for the forthcoming financial year, and the following two financial years as a minimum; this is to be shown in chart form, with material differences between the liability benchmark and actual loans to be explained;
2. **Long-term treasury investments**, (including pooled funds), are to be classed as commercial investments unless justified by a cash flow business case;
3. **Pooled funds** are to be included in the indicator for principal sums maturing in years beyond the initial budget year;

4. Amendment to the **knowledge and skills register** for officers and members involved in the treasury management function - to be proportionate to the size and complexity of the treasury management conducted by each authority;
5. **Reporting to members is to be done quarterly.** Specifically, the Chief Finance Officer (CFO) is required to establish procedures to monitor and report performance against all forward-looking prudential indicators at least quarterly. The CFO is expected to establish a measurement and reporting process that highlights significant actual or forecast deviations from the approved indicators. However, monitoring of prudential indicators, including forecast debt and investments, is not required to be taken to Full Council and should be reported as part of the authority's integrated revenue, capital and balance sheet monitoring;
6. **Environmental, social and governance (ESG)** issues to be addressed within an authority's treasury management policies and practices (TMP1).

The main requirements of the Prudential Code relating to service and commercial investments are:

1. The risks associated with service and commercial investments should be proportionate to their financial capacity – i.e. that plausible losses could be absorbed in budgets or reserves without unmanageable detriment to local services;
2. An authority must not borrow to invest for the primary purpose of commercial return;
3. It is not prudent for local authorities to make any investment or spending decision that will increase the CFR, and so may lead to new borrowing, unless directly and primarily related to the functions of the authority, and where any commercial returns are either related to the financial viability of the project in question or otherwise incidental to the primary purpose;
4. An annual review should be conducted to evaluate whether commercial investments should be sold to release funds to finance new capital expenditure or refinance maturing debt;
5. A prudential indicator is required for the net income from commercial and service investments as a proportion of the net revenue stream;
6. Create new Investment Management Practices to manage risks associated with non-treasury investments, (similar to the current Treasury Management Practices).

An authority's Capital Strategy or Annual Investment Strategy should include:

1. The authority's approach to investments for service or commercial purposes (together referred to as non-treasury investments), including defining the authority's objectives, risk appetite and risk management in respect of these investments, and processes ensuring effective due diligence;
2. An assessment of affordability, prudence and proportionality in respect of the authority's overall financial capacity (i.e. whether plausible losses could be absorbed in budgets or reserves without unmanageable detriment to local services);

3. Details of financial and other risks of undertaking investments for service or commercial purposes and how these are managed;
4. Limits on total investments for service purposes and for commercial purposes respectively (consistent with any limits required by other statutory guidance on investments);
5. Requirements for independent and expert advice and scrutiny arrangements (while business cases may provide some of this material, the information contained in them will need to be periodically re-evaluated to inform the authority's overall strategy);
6. State compliance with paragraph 51 of the Prudential Code in relation to investments for commercial purposes, in particular the requirement that an authority must not borrow to invest primarily for financial return;

As this Treasury Management Strategy Statement and Annual Investment Strategy deals **solely** with treasury management investments, the categories of service delivery and commercial investments will be dealt with as part of the Capital Strategy report.

Furthermore it should be noted that any new requirements are mandatory for the City Fund only.

1.5. Treasury Management Strategy for 2024/25

The Local Government Act 2003 (the Act) and supporting regulations require the City to 'have regard to' the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential and Treasury Indicators for the next three years to ensure that the City's capital investment plans are affordable, prudent and sustainable. The City's Prudential Indicators are set in its annual Budget Report and Medium-Term Financial Strategy, while Treasury Indicators are established in this report (Appendix 2).

The Act requires the Court of Common Council to set out its treasury strategy for borrowing (section 4 of this report) and to prepare an Annual Investment Strategy (section 5 of this report). The Investment Strategy sets out the City's policies for managing its investments and for giving priority to the security and liquidity of those investments.

The suggested strategy for 2024/25 in respect of the required aspects of the treasury management function is based upon the treasury officers' views on interest rates, supplemented with leading market forecasts provided by the City's treasury adviser, **Link Group, Link Treasury Services Ltd.**

The strategy covers:

- the capital expenditure plans and the associated prudential indicators
- the minimum revenue provision (MRP) policy
- the current treasury position
- treasury indicators which limit the treasury risk and activities of the City

- prospects for interest rates
- the borrowing strategy
- policy on borrowing in advance of need
- debt rescheduling
- the investment strategy
- creditworthiness policy
- policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, the DLUHC Minimum Revenue Provision (MRP) Guidance, the CIPFA Treasury Management Code and the DLUHC Investment Guidance.

1.6. Current Portfolio Position

The City's treasury portfolio position at 31 December 2023 compared to the position at 31 March 2023 comprised:

Table 1: Treasury Portfolio				
	Actual 31/03/2023		Current 31/12/2023	
	£m	%	£m	%
Treasury investments				
Banks	£655.0	63%	£490.0	49%
Building societies (rated)	£20.0	2%	£90.0	9%
Local authorities	£0.0	0%	£0.0	0%
Liquidity funds	£82.5	8%	£120.2	12%
Ultra-short dated bond funds	£139.2	13%	£145.1	14%
Short dated bond funds	£151.0	14%	£159.8	16%
Total treasury investments	£1,047.7	100%	£1,005.1	100%
Treasury external borrowing				
LT market debt (City's Estate)	£450.0	100%	£450.0	100%
Total external borrowing	£450.0	100%	£450.0	100%

2. Capital Expenditure Plans and Prudential Indicators

2.1. City Fund

The City's capital expenditure plans are a key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist Members' overview and confirm capital expenditure plans.

The City's capital expenditure plans in respect of its local authority functions (the City Fund) are detailed in the 2024/25 Budget Report and Medium-Term Financial Strategy, which also contains the City's Prudential Indicators. The Prudential Indicators summarise the City Fund's annual capital expenditure and financing plans for the medium term. Table 2 summarises the capital expenditure and financing plans for City Fund for 2023/24 to 2027/28.

Estimate of Capital Expenditure and Financing (City Fund)

Table 2	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Actual £m	Estimate £m	Estimate £m	Estimate £m	Estimate £m	Estimate £m
Capital Expenditure:						
Non-HRA	95.3	264.2	327.3	394.6	133.7	44.8
HRA	11.3	50.8	66.3	31.8	10.0	0
Total	106.6	315.0	393.6	426.4	143.7	44.8
Financed by:						
Capital grants	36.7	125.6	139.4	167.3	64.4	18.6
Capital reserves	11.4	110.3	42.8	209.2	45.4	147.6
Revenue	54.8	19.2	41.5	24.6	20.4	10.4
Total	102.9	255.1	223.7	401.1	130.2	176.6
Net financing need:	3.7	59.9	169.9	25.3	13.5	(131.8)

The Prudential Indicators also establish the City Fund's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the City Fund's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource (the net financing need in Table 2), will increase the CFR which is summarised in table 3 below.

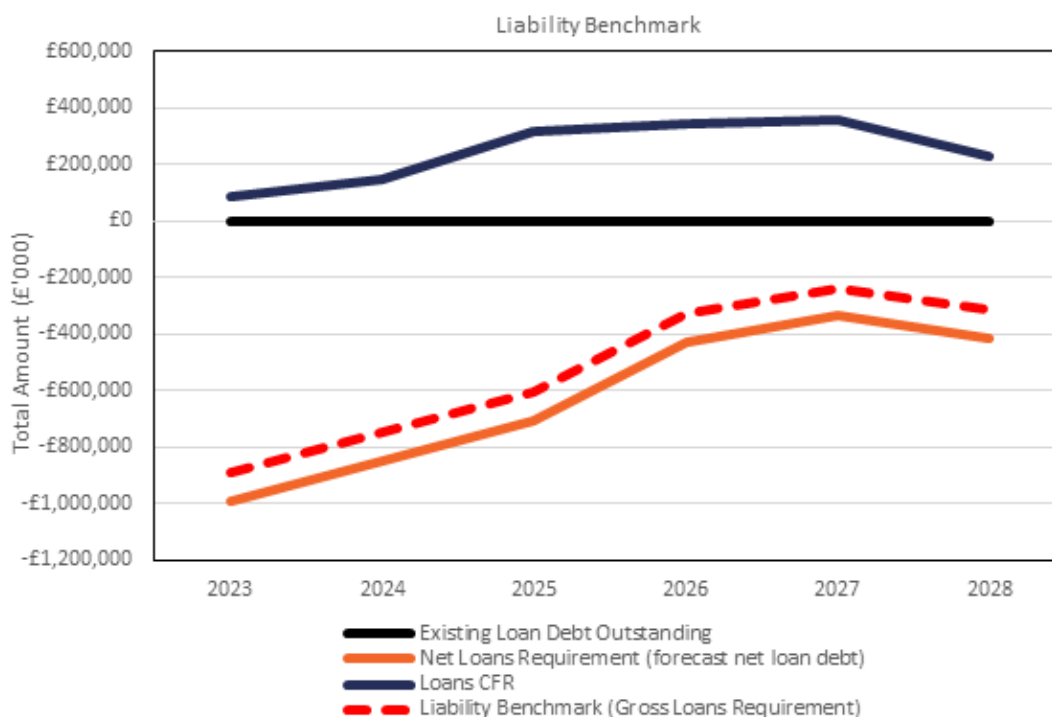
Estimate of the Capital Financing Requirement (City Fund)

Table 3	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Actual £m	Estimate £m	Estimate £m	Estimate £m	Estimate £m	Estimate £m
Non-HRA	90.4	148.3	305.6	339.7	356.8	227.2
HRA	0	2.0	14.6	5.8	2.2	0
Total	90.4	150.3	320.2	345.5	359.0	227.2

The City is required to estimate and measure the Liability Benchmark for the forthcoming financial year and the following two financial years, as a minimum. The prudential indicator for the liability benchmark is only relevant for City Fund, and therefore does not include City's Estate external borrowing.

There are four components to the Liability Benchmark which should be represented in a chart. These are:

1. **Existing Loan Debt Outstanding:** The City's existing loans that are outstanding into future years. This City Fund currently has no external loans, so this will not need to be shown.
2. **Loans Capital Financing Requirement:** calculated in accordance with the Prudential Code and projected into the future based on approved prudential borrowing and planned Minimum Revenue Provision.
3. **Net Loans Requirement:** The City Fund gross loan debt less treasury management investments, projected into the future and based on approved prudential borrowing, planned MRP and any other major cash flow forecasts. As the City plans to not undertake external borrowing the net loan requirement is shown as a negative and plots the expected cash balances across the years.
4. **Liability benchmark (or Gross Loans Requirement):** equals Net Loans Requirement plus a short-term liquidity allowance to allow for a level of excess cash to provide liquidity if needed.



Minimum Revenue Provision (City Fund)

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used. The City's MRP Policy is detailed in Appendix 2.

2.2. City's Estate

As with the City Fund, any capital expenditure incurred by City's Estate which has not immediately been paid for through a revenue or capital resource, will increase the City's Estate borrowing requirement. The medium term financial plan for City's Estate includes an increase in capital expenditure in the coming years, primarily relating to the major projects programme. All projected capital expenditure in 2024/25 will be financed from the existing £450m stock of debt or other sources. Table 4 summarises the planned City's Estate borrowing over the next few years.

Table 4	2022/23	2023/24	2024/25	2025/26	2026/27
	Actual £m	Estimate £m	Estimate £m	Estimate £m	Estimate £m
Borrowing	£450m	£450m	£450m	£450m	£450m

A debt financing strategy will be established to ensure borrowing for City's Estate is reduced gradually over time as set out in the City's Estate Borrowing Policy Statement (Appendix 8).

2.3. City Bridge Foundation

City Bridge Foundations' (CBF) financial plans focus on the charity's primary object, namely the support and maintenance of the five Thames bridges that the charity owns, alongside their future replacement. Any surplus income each year is available for its ancillary purposes, namely charitable funding. The charity's revenue expenditure plans over the short and medium term are currently funded from ongoing income and the returns on investments held within the unrestricted income fund. Capital spend on the charity's investment property portfolio is currently funded from the designated sales pool (DSP) held within the permanent endowment fund, with receipts from disposals or lease premiums which are deemed to be capital in nature being available for this. However, consideration is being given to reviewing the funding of potential capital plans on a case by case basis in comparison to other investment opportunities across the whole CBF investment portfolio due to a reduction in receipts of this nature.

A Supplemental Royal Charter was approved in June 2023, with various new powers being adopted as a result. These included the power to borrow in limited circumstances (see section 4.3) and the power to apply the total return approach to the permanent endowment fund. Put simply, this approach allows any increase in the value of an investment within the permanent endowment to be utilised as income. CBF has an approved policy that applies to the use of returns held within the permanent endowment fund, which ensures that the trustee considers the requirements of beneficiaries both now and in the future within its expenditure plans.

Treasury Indicators for 2024/25 – 2026/27

Treasury Indicators (as set out in Appendix 2) are relevant for the purposes of setting an integrated treasury management strategy.

3. Prospects for Interest Rates

The City of London has appointed **Link Group** (Link) as its treasury advisor and part of their service is to assist the City to formulate a view on interest rates. Appendix 1 draws together a number of forecasts for both short term (Bank Rate – also known as “the Bank of England base rate”) and longer term interest rates. The following table and accompanying text below gives the Link central view.

	Bank Rate %	PWLB Borrowing Rates % (including certainty rate adjustment)			
		5 year	10 years	25 year	50 year
Mar 2024	5.25	4.50	4.70	5.20	5.00
Jun 2024	5.25	4.40	4.50	5.10	4.90
Sep 2024	4.75	4.30	4.40	4.90	4.70
Dec 2024	4.25	4.20	4.30	4.80	4.60
Mar 2025	3.75	4.10	4.20	4.60	4.40
Jun 2025	3.25	4.00	4.10	4.40	4.20
Sep 2025	3.00	3.80	4.00	4.30	4.10
Dec 2025	3.00	3.70	3.90	4.20	4.00
Mar 2026	3.00	3.60	3.80	4.20	4.00
Jun 2026	3.00	3.60	3.70	4.10	3.90
Sep 2026	3.00	3.50	3.70	4.10	3.90
Dec 2026	3.00	3.50	3.70	4.10	3.90
Mar 2027	3.00	3.50	3.70	4.10	3.90

Link’s central forecast for interest rates was updated on 08 January 2024 and reflected a view that the Monetary Policy Committee (MPC) would be keen to further demonstrate its anti-inflation credentials by keeping the Bank Rate at 5.25% until at least the second half of 2024.

Link expect rate cuts to start when both the CPI inflation and wage/employment data are supportive of such a move, and when there is a likelihood of the overall economy enduring at least a slowdown or mild recession over the coming months (although most recent GDP releases have surprised with their ongoing robustness). Timing on this matter will remain one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.

Future forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but also international factors such as policy development in the US and Europe, the provision of fresh support packages to support the faltering recovery in China as well as the on-going conflict between Russia and Ukraine, and Gaza and Israel.

For PWLB rates, the short and medium part of the gilt curve has rallied since the start of November, as markets price in a quicker reduction in Bank Rate through 2024 and 2025. This reflects market confidence in inflation falling back in a similar manner to that already seen in the US and the Euro-zone.

3.1. The balance of risks to the UK economy

The overall balance of risks to economic growth in the UK is to the downside.

Downside risks to current forecasts for UK gilt yields and PWLB rates include:

- **Labour and supply shortages** prove more enduring and disruptive and depress economic activity (accepting that in the near-term this is also an upside risk to inflation and, thus, **could keep gilt yields high for longer**).
- **The Bank of England** acts too quickly, or too far, over the next year to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- **Geopolitical risks**, for example in Ukraine/Russia, China/Taiwan/US, Iran, North Korea and Middle Eastern countries, which could lead to increasing safe-haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates:

- **Despite the tightening in Bank Rate to 5.25%, The Bank of England allows inflationary pressures to remain elevated** for a longer period within the UK economy, which then necessitates the Bank Rate staying higher for longer than currently projected.
- **The pound** weakens because of a lack of confidence in the UK Government's fiscal policies, resulting in investors pricing in a risk premium for holding UK sovereign debt.
- Projected **gilt issuance, inclusive of natural maturities and quantitative tightening**, could be too much for the markets to comfortably digest without higher yields consequently.

3.2. Investment and borrowing rates

- **The Bank Rate is expected to remain at 5.25% until the second half of 2024, to combat on-going inflationary and wage pressures. It is not expected that the MPC will increase the Bank Rate above 5.25%.**
- **The overall longer-run trend is for gilt yields and PWLB rates to fall back over the forecast timeline, as inflation continues to fall through 2024.**
- **Link's long-term, i.e. beyond 10 years, forecast for the Bank Rate remains at 3%, and as all PWLB certainty rates are currently above this level, borrowing strategies need to be reviewed in that context. Temporary borrowing rates will remain elevated for some time to come but may prove the best option whilst the market continues to factor in Bank Rate reductions for 2024 and later.**
- Borrowing rates have also been impacted by changes in Government policy. In November 2020, the Chancellor introduced a prohibition to deny access to borrowing from the PWLB for any local authority which had purchase of assets for yield in its three-year capital programme.
- Because borrowing rates are generally expected to be higher than investment rates, any new borrowing undertaken by the City will have a "cost of carry" (the

difference between higher borrowing costs and low investment returns) to any new borrowing that causes a temporary increase in cash balances.

3.3. Interest Rate Exposure

The City is required to set out how it intends to manage interest rate exposure.

This organisation will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements and management information arrangements.

It will achieve this by the prudent use of its approved instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates.

4. Borrowing Strategy

The borrowing strategy is developed from the capital plans and prospect for interest rates outlined in sections 2 and 3 above, respectively.

For both the City Fund and **City's Estate**, the capital expenditure plans create borrowing requirements and the borrowing strategy aims to make sure that sufficient cash is available to ensure the delivery of the City's capital programme as planned. **The City Bridge Foundation, as stated in section 2.3, now has the power to borrow in limited circumstances following the approval of the Supplemental Royal Charter in June 2023.**

The City can choose to manage the borrowing requirements through obtaining external debt from a variety of sources; through the temporary use of its own cash resources ("internal borrowing"); or via a combination of these methods.

4.1. City Fund

The City Fund has a positive Capital Financing Requirement, and this is expected to grow over the next few years (see table 2 in section 2.1). As the City Fund currently has no external debt, it is therefore maintaining an under-borrowed position which is forecast to increase if the City Fund does not acquire external debt. This means that the capital borrowing need is being managed within internal resources, i.e. cash supporting the City Fund's reserves, balances and cash flow is being used as a temporary measure. This strategy is prudent because it helps the City Fund to minimise borrowing costs in the near term and because it leads to lower investment balances which reduces counterparty risk. Against these advantages the City is conscious of the increased exposure to interest rate risk that is inherent in internal borrowing (i.e. the risk that the City Fund will need to replace internal borrowing with external borrowing in the future when interest rates are high).

Therefore, against this background and the risks within the economic forecast, caution will be adopted with the **2024/25** treasury operations. The Chamberlain will

monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances. For example,

- *if it was felt that there was a significant risk of a sharp FALL in long and short term rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowing will be postponed.*
- *if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from an increase in central rates in the USA and UK, an increase in world economic activity, or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.*

Any decisions will be reported to the Finance Committee and the Court of Common Council at the next available opportunity.

The City must set two treasury indicators representing the upper limits for the total amount of external debt for City Fund. These limits are required under the Prudential Code in order to ensure borrowing is affordable and is consistent with the City Fund's capital expenditure requirements.

- The **operational boundary for external debt** should represent the most likely scenario for external borrowing. It is acceptable for actual borrowing to deviate from this estimate from time to time. The proposed limit is set to mirror the estimated CFR for the forthcoming year and the following two years.
- The **authorised limit for external debt** is the maximum threshold for external debt for over **2024/25**, **2025/26** and **2026/27**. This limit is required by the Local Government Act 2003 and is set above the operational boundary to ensure that the City is not restricted in the event of a debt restructuring opportunity.

The proposed limits for **2024/25** are set out in Appendix 2.

The City is also required to set a treasury indicator in respect of the maturity structure of external debt to ensure that the external debt portfolio remains appropriately balanced over the long term. Under the revised Treasury Management Code of Practice, the City is required to set limits for all borrowing (i.e. both fixed rate and variable debt), and the proposed limits are detailed in Appendix 2.

4.2. City's Estate

The capital expenditure plans for **City's Estate** also create a borrowing requirement. **City's Estate** has issued fixed rate market debt totalling £450m to fund its capital programme. Of this total, £250m was received in 2019/20 and the remaining £200m was received in 2021/22. **City's Estate** is likely to have a further temporary borrowing requirement arising in **2024/25**. However, the Chamberlain will keep this position under review and in doing so will have regard for liquidity requirements, interest rate risk and the implications for the revenue budget.

The regulatory framework established through the CIPFA professional codes and DLUHC guidance pertains to the City's local authority function, the City Fund. To facilitate effective management of the **City's Estate** borrowing requirement, this organisation has adopted the **City's Estate** Borrowing Policy Statement (Appendix 8), which sets out the principles for effectively managing the risks arising from borrowing on behalf of **City's Estate**. Under this framework, the City has resolved to establish two further treasury indicators, which will help the organisation to ensure its borrowing plans remain prudent, affordable and sustainable:

- **Estimates of financing costs to net revenue stream.** This indicator is given as a percentage and establishes the amount of the **City's Estate** net revenue that is used to service borrowing costs.
- **Overall borrowing limits.** This indicator represents an upper limit for external debt which officers cannot exceed.

The proposed indicators for **2024/25** are set out in Appendix 2 alongside the City Fund treasury indicators.

4.3. City Bridge Foundation

The City Bridge Foundation has the power to borrow in limited circumstances following the approval of the Supplemental Royal Charter in June 2023. That is, City Bridge Foundation may borrow for the purposes of raising funds towards the cost of replacement, reconstruction and re-building of any of its Bridges. This may be undertaken without security or on the security of the permanent endowment fund or any part of it or its income. There are no current plans for borrowing to take place in the short to medium term.

4.4. Policy on borrowing in advance of need

The City will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the City can ensure the security of such funds.

4.5. Debt rescheduling

The City does not anticipate any debt rescheduling in the near term. However, should any opportunities for debt rescheduling arise (through a decrease in borrowing rates, for instance), such cases will need to be considered in the context of the current treasury position and the size of the cost of debt repayment (i.e. any penalties incurred).

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy;
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

All rescheduling will be reported to the Court of Common Council, at the earliest meeting following its action.

4.6. Sources of borrowing

Historically, the main source of borrowing for UK local authorities has been the PWLB. Any new loans issued by the PWLB are subject to the PWLB's revised lending arrangements with effect from 26 November 2020. Currently the PWLB Certainty Rate is set at gilts + 80 basis points for new loans. The PWLB guidance was updated on 15 June 2023, in particular publishing a new Housing Revenue Account (HRA) rate, at 40 basis points above prevailing gilts, available from 15 June 2023 for 1 year, with its continuation subject to review. This rate is solely intended for use by HRA and primarily for new housing delivery.

Local authorities have recourse to other sources of external borrowing including financial institutions, other local authorities and the Municipal Bonds Agency. Our advisors will keep us informed as to the relative merits of each of these alternative funding sources.

5. Annual Investment Strategy (relating to Treasury Management)

The Annual Investment Strategy (relating to Treasury Management) sets out how the City will manage its surplus cash balances for the forthcoming year (i.e. investments held for treasury management purposes). It does not apply to other long-term investment assets, which are dealt with variously by other strategy documents (for instance the Capital Strategy for City Fund, or the Investment Strategy Statement for **The City Bridge Foundation**).

5.1. Investment Policy

The Department of Levelling Up, Housing and Communities (DLUHC - this was formerly the Ministry of Housing, Communities and Local Government (MHCLG)) and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This strategy deals solely with treasury (financial) investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy, (a separate report).

The City of London's investment policy will have regard to the DLUHC's Guidance on Local Government Investments ("the Guidance"), the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectorial Guidance Notes 2021 ("the CIPFA TM Code") and CIPFA Treasury Management Guidance Notes 2021.

The City's investment priorities are:

- (a) security; and
- (b) liquidity.

The City will also aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. The risk appetite of the City is low in order to give priority to the security of its investments.

The borrowing of monies purely to invest or on-lend and make a return is unlawful and the City will not engage in such activity.

In accordance with the above guidance from the DLUHC and CIPFA, and in order to minimise the risk to investments, the City applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration, the City will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

Investment instruments identified for use in the financial year are listed in Appendix 3 under the 'specified' and 'non-specified' investments categories.

- **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year.
- **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use. Once an investment is classed as non-specified, it remains non-specified all the way through to maturity i.e. an 18-month deposit would still be non-specified even if it has only 11 months left until maturity.

The City Fund will have exposure to Specified and Non-specified Investments. All other participants in the Treasury Management Strategy Statement and Annual Investment Strategy 2024/25 will have exposure to Specified Investments only.

The City will also set a limit for the amount of its investments which are invested for longer than 365 days (see Appendix 2).

5.2. Expected investment balances

The City's medium term financial plans for City Fund and City's Estate imply that total investment balances within the treasury investment portfolio are expected to decline over the next few years as the capital programme is progressed (City Bridge Foundation's cash balances are expected to remain consistent) but to remain above a minimum constant level of £412m.

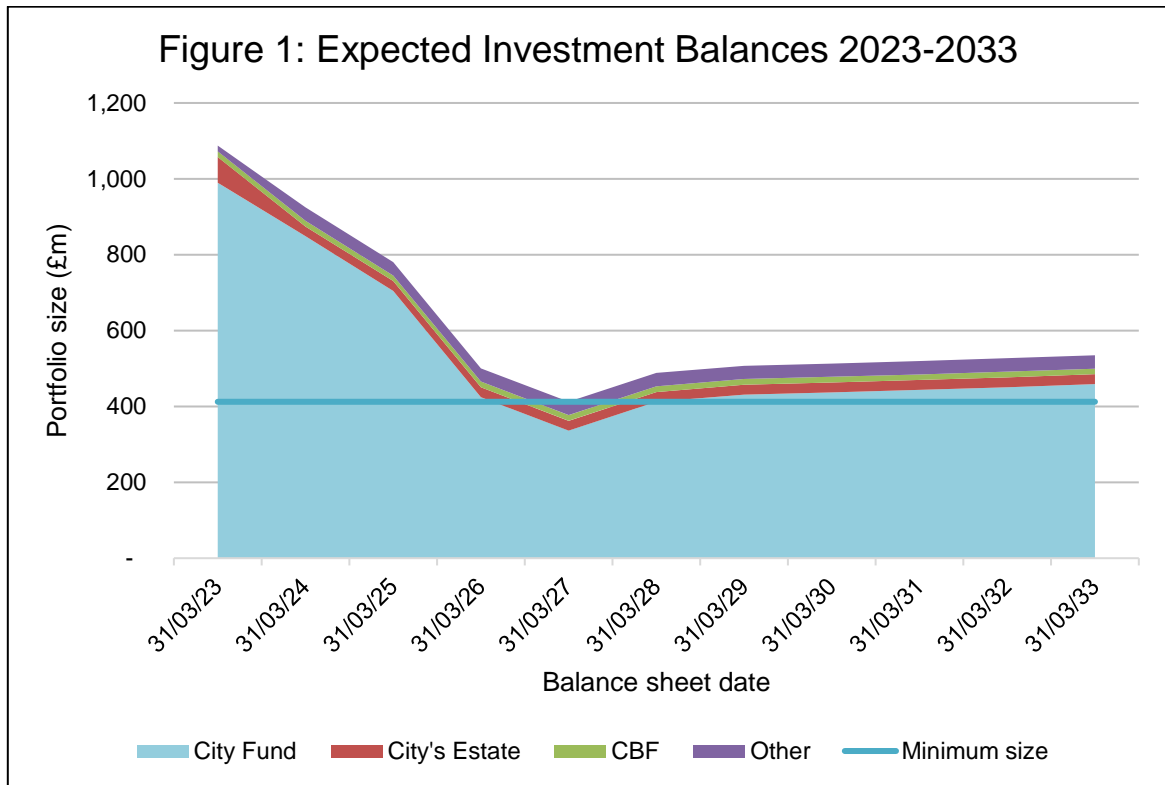


Figure 1 shows projected investment balances across the three funds and others over the coming years as at the end of each financial year.¹ Most of the investment balances relate to City Fund and it should be noted that generally investment balances are expected to be higher between reporting dates.

As the City, and the City Fund in particular, is expected to maintain cash balances over the forecast horizon, the treasury management strategy will duly consider how best to protect the capital value of resources, particularly in the context of elevated inflation. The City's liquidity requirements and will be subject to ongoing monitoring practices as the capital programme progresses as specified in paragraph 5.3 below.

5.3. Creditworthiness policy

The primary principle governing the City's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the City will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security.
- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the City's prudential indicators covering the maximum principal sums invested.

¹ "Other" refers to other entities for whom the City provides treasury management services.

The Chamberlain will maintain a counterparty list in compliance with the following criteria and will revise these criteria and submit them to the **Investment Committee** for approval as necessary. These criteria are separate to those which determine which types of investment instruments are classified as either specified or non-specified as it provides an overall pool of counterparties considered high quality which the City may use, rather than defining what types of investment instruments are to be used.

Regular meetings are held involving the Chamberlain, the Financial Services Director, Corporate Treasurer and members of the Treasury team, where the suitability of prospective counterparties and the optimum duration for lending is discussed and agreed.

Credit rating information is supplied by **Link Group**, our treasury advisors, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating Watches (notification of a likely change), rating Outlooks (notification of a possible longer-term bias outside the central rating view) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating Watch applying to a counterparty would result in a temporary suspension, which will be reviewed in light of market conditions.

All credit ratings will be monitored daily. The City is alerted to credit warnings and changes to ratings of all three agencies through its use of the Link creditworthiness service.

The criteria for providing a pool of high quality investment counterparties (both specified and non-specified investments) are:

- Banks 1 – good credit quality – the City will only use banks which:
 - (i) are UK banks; and/or
 - (ii) are non-UK and domiciled in a country which has a minimum sovereign long-term rating of AA+ (Fitch rating)

and have, as a minimum the following Fitch, credit rating:

- (i) Short-term – F1
 - (ii) Long-term – A-
- Banks 2 – Part nationalised UK banks – Royal Bank of Scotland ring-fenced operations. This bank can be included if it continues to be part nationalised, or it meets the ratings in Banks 1 above.
- Banks 3 – The City's own banker (Lloyds Banking Group) for transactional purposes and if the bank falls below the above criteria, although in this case, balances will be minimised in both monetary size and duration.
- Bank subsidiary and treasury operation - The City will use these where the parent bank has provided an appropriate guarantee or has the necessary

ratings outlined above. This criteria is particularly relevant to City Re Limited, the City's Captive insurance company, which deposits funds with bank subsidiaries in Guernsey.

- Building Societies – The City may use all societies which:
 - (i) have assets in excess of £10bn; or
 - (ii) meet the ratings for banks outlined above
- Money Market Funds (MMFs) Constant Net Asset Value (CNAV)* – with minimum credit ratings of AAA/mmf
- Money Market Funds (MMFs) Low-Volatility Net Asset Value (LVNAV)* – with minimum credit ratings of AAA/mmf
- Money Market Funds (MMFs) Variable Net Asset Value (VNAV)* – with minimum credit ratings of AAA/mmf
- Ultra-Short Dated Bond Funds with a credit rating of at least AAA/f (previously referred to as Enhanced Cash Plus Funds)
- Short Dated Bond Fund – These funds typically do not obtain their own standalone credit rating. The funds will invest in a wide array of investment grade instruments, the City will undertake all necessary due diligence to ensure a minimum credit quality across the funds underlying composition is set out within initial Investment Manager Agreements and actively monitor the on-going credit quality of any fund invested.
- Multi-Asset Funds – these funds have the potential to provide above inflation returns with a focus on capital preservation, thus mitigating the erosion in value of long-term cash balances by investing in a range of asset classes that will typically include equities and fixed income. The value of these investments will fluctuate and they are not suitable for cash balances that are required in the near term. Before any investment is undertaken a rigorous due diligence process will be undertaken to identify funds that align with the City's requirements.
- UK Government – including government gilts and the debt management agency deposit facility.
- Local authorities

A limit of £400m will be applied to the use of non-specified investments.

*Under EU money market reforms implemented in 2018/19, three classifications of money market funds exist:

- Constant Net Asset Value (“CNAV”) MMFs – must invest 99.5% of their assets into government debt instruments and are permitted to maintain a constant net asset value.
- Low Volatility Net Asset Value (“LVNAV”) MMFs – permitted to maintain a constant dealing net asset value provided that certain criteria are met,

including that the market net asset value of the fund does not deviate from the dealing net asset value by more than 20 basis points.

- Variable Net Asset Value (“VNAV”) MMFs – price assets using market pricing and therefore offer a fluctuating dealing net asset value

5.4. Environmental, Social and Governance Risks

The City of London Corporation is committed to being a responsible investor. It expects this approach to protect and enhance the value of the assets over the long term. The City recognises that the failure to identify and manage financially material environmental, social and governance risks can lead to adverse financial and reputational consequences. The City will incorporate ESG risk monitoring into its ongoing counterparty monitoring processes, alongside traditional creditworthiness monitoring. This risk analysis will be consistent with the City’s investment horizon, which in many cases will be short term (under one year) in nature.

5.5. Use of additional information other than credit ratings.

Additional requirements under the Code require the City to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating Watches/Outlooks) will be applied to compare the relative security of differing investment counterparties.

5.6. Time and monetary limits applying to investments.

The time and monetary limits for institutions on the City’s counterparty list are as follows (these will cover both specified and non-specified investments):

	Minimum Creditworthiness Criteria	Money Limit	Time Limit
Banks 1 higher quality	Fitch Rating Long Term: A+ Short Term: F1	£100m	3 years
Banks 1 medium quality	Fitch Long Term Rating Long Term: A Short Term: F1	£100m	1 year
Banks 1 lower quality	Fitch Long Term Rating Long Term: A- Short Term: F1	£50m	6 months
Banks 2 – part nationalised	N/A	£100m	3 years
Banks 3 – City’s banker (transactions only, and if bank falls below above criteria)	N/A	£150m	1 working day
Building Societies higher quality	Fitch Long Term Rating A or assets of £150bn	£100m	3 years
Building Societies medium quality	Fitch Long Term Rating A- or assets of £10bn	£20m	1 year
UK Government (DMADF, Treasury Bills, Gilts)	UK sovereign rating	unlimited	3 years
Local authorities	N/A	£25m	3 years
External Funds*	Fund rating	Money and/or % Limit	Time Limit
Money Market Funds CNAV	AAA	£100m	liquid
Money Market Funds LVNAV	AAA	£100m	liquid
Money Market Funds VNAV	AAA	£100m	liquid
Ultra-Short Dated Bond Funds	AAA	£100m	liquid
Short Dated Bond Funds	N/A	£100m	liquid
Multi Asset Funds	N/A	£50m	liquid

*An overall limit of £100m for each fund manager will also apply.

A list of suitable counterparties conforming to this creditworthiness criteria is provided at Appendix 4. The Chamberlain will review eligible counterparties prior

to inclusion on the approved counterparty list and will monitor the continuing suitability of existing approved counterparties.

5.7. Country limits

The City has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA+ (Fitch) or equivalent. The country limits list, as shown in Appendix 5, will be added to or deducted from by officers should individual country ratings change in accordance with this policy. The UK (which is currently rated as AA-) will be excluded from this stipulated minimum sovereign rating requirement.

5.8. Local authority limits

The City will place deposits up to a maximum of £25m with individual local authorities. In addition the City imposes an overall limit of £250m for outstanding lending to local authorities as a whole at any given time. Although the overall credit standing of the local authority sector is considered high, officers perform additional due diligence on individual prospective local authority borrowers prior to entering into any lending.

5.9. Investment Strategy

In-house funds: The City's in-house managed funds are both cash-flow derived and also represented by core balances which can be made available for investment over a longer period. Investments will accordingly be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

Investment returns expectations: Based on our Treasury Consultant's latest forecasts, the Bank Rate is forecast to have peaked at 5.25%, where it will remain until the second half of 2024, then incrementally reduce to 3.00% in the second half of 2025. In these circumstances it is likely that investment earnings from money-market related instruments will decrease compared to the earnings in 2023/24, however they remain above the very low levels experienced in previous years. Bank Rate forecasts for financial year ends (March) are:-

- 2023/24 5.25%
- 2024/25 3.75%
- 2025/26 3.00%

5.10. Investment Treasury Indicator and Limit

Total principal funds invested for greater than 365 days are subject to a limit, set with regard to the City's liquidity requirements and to reduce the need for an early sale of an investment, and are based on the availability of funds after each year end, and this is set out in table 5 below.

Table 5: Maximum principal sums invested for more than 365 days (up to three years)			
	2023/24	2024/25	2025/26
	£M	£M	£M
Principal sums invested >365 days	300	300	300

5.11. Investment performance benchmarking

The City will monitor investment performance against Bank Rate and 3- and 6-month compounded SONIA (Sterling Overnight Index Average).

5.12. End of year investment report

At the end of the financial year, the City will report on its investment activity as part of its Annual Treasury Report.

5.13. External fund managers

A proportion of the City's funds, **amounting to £425.1m as at 31 December 2023**, are externally managed on a discretionary basis by the following fund managers:

- Aberdeen Standard Investments
- CCLA Investment Management Limited
- Deutsche Asset Management (UK) Limited
- Federated Investors (UK) LLP
- Invesco Global Asset Management Limited
- Legal and General Investment Management
- Payden & Rygel Global Limited
- Royal London Asset Management

The City's external fund managers will comply with the Annual Investment Strategy, and the agreements between the City and the fund managers additionally stipulate guidelines and duration and other limits in order to contain and control risk.

The credit criteria to be used for the selection of the Money Market fund manager(s) is based on Fitch Ratings and is AAA/mmf. The Ultra-Short Dated Bond Fund managers (including the Payden & Rygel Sterling Reserve Fund, Federated Sterling Cash Plus Fund and Aberdeen Standard Liquidity Fund (Lux) Short Duration Sterling Fund) are all rated by Standard and Poor's as AAA.

The City also uses two Short Dated Bond Funds managed by Legal and General Investment Management and Royal London Asset Management. Both funds are unrated (as is typical of these instruments). The funds offer significant diversification by being invested in a wide range of investment grade instruments, rated BBB and above and limiting exposure to any one debt issuer or issuance. Exposure to these funds is ring-fenced to City Fund.

The City fully appreciates the importance of monitoring the activity and resultant performance of its appointed external fund managers. In order to aid this assessment, the City is provided with a suite of regular reporting from its

managers. This includes monthly valuations and fund fact sheets as well as quarterly and annual reports. In addition to formal reports, officers also meet with representatives of the fund manager on a regular basis. These meetings allow for additional scrutiny of the manager's activity as well as discussions on the outlook for the fund as well as wider markets.

6. Policy on the use of external service providers

The City uses **Link Group, Link Treasury Services Ltd** as its external treasury management advisers.

The City recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon its external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The City will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

7. Scheme of Delegation

Please see Appendix 6.

8. Role of the Section 151 officer

Please see Appendix 7.

9. Training

The CIPFA Code requires the responsible officer to ensure that Members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny.

Furthermore, the Code states that they expect *“all organisations to have a formal and comprehensive knowledge and skills or training policy for the effective acquisition and retention of treasury management knowledge and skills for those responsible for management, delivery, governance and decision making”*.

The scale and nature of this will depend on the size and complexity of the organisation's treasury management needs. Organisations should consider how to assess whether treasury management staff and **committee**/council members have the required knowledge and skills to undertake their roles and whether they have been able to maintain those skills and keep them up to date.

As a minimum, authorities should carry out the following to monitor and review knowledge and skills:

- a) Record attendance at training and ensure action is taken where poor attendance is identified.

- b) Prepare tailored learning plans for treasury management officers and **committee**/council members.
- c) Require treasury management officers and **committee**/council members to undertake self-assessment against the required competencies (as set out in the schedule that may be adopted by the organisation).
- d) Have regular communication with officers and **committee**/council members, encouraging them to highlight training needs on an ongoing basis.

In further support of the revised training requirements, CIPFA's Better Governance Forum and Treasury Management Network have produced a 'self-assessment by members responsible for the scrutiny of treasury management', which is available from the CIPFA website to download.

In November 2023 two training sessions were held, aimed at Members of the Investment Committee and Finance Committee, as each year it is the responsibility of these two committees to review and approve the Treasury Management Strategy before review by the Court of Common Council.

The first session was held on 13 November and provided an appreciation of what Treasury management involves, how it is undertaken, the roles of Members and Officers, and the risks in Treasury Management and how they should be managed, to develop the skills and knowledge for Member scrutiny of Treasury Management decisions.

The second session was held on 27 November and covered developing the Treasury Management Strategy - notably prudential indicators, cashflow forecasts, investment strategy, credit worthiness, counterparty list, ESG considerations – and a review of the investment portfolio and an economic outlook.

Both sessions were led by the Managing Director of Link Treasury Services and were well attended by Members. Further training will be arranged as required. The training needs of treasury management officers are periodically reviewed.

APPENDICES

1. Interest Rate Forecasts **2024 - 2027**
2. Treasury Indicators **2024/25 – 2026/27** and Minimum Revenue Provision Statement
3. Treasury Management Practice (TMP1) – Credit and Counterparty Risk Management
4. Current Approved Counterparties
5. Approved Countries for Investments
6. Treasury Management Scheme of Delegation
7. The Treasury Management Role of the Section 151 Officer
8. **City's Estate** Borrowing Policy Statement

LINK INTEREST RATE FORECASTS 2024 – 2027 (Dated 08/01/2024)

Link Group Interest Rate View 08.01.24		Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
BANK RATE		5.25	5.25	4.75	4.25	3.75	3.25	3.00	3.00	3.00	3.00	3.00	3.00	3.00
3 month ave earnings		5.30	5.30	5.00	4.50	4.00	3.50	3.30	3.00	3.00	3.00	3.00	3.00	3.00
6 month ave earnings		5.20	5.10	4.80	4.30	3.80	3.30	3.20	3.10	3.10	3.10	3.10	3.10	3.10
12 month ave earnings		5.00	4.90	4.60	4.10	3.70	3.20	3.20	3.10	3.10	3.10	3.10	3.20	3.20
5 yr PWLB		4.50	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.60	3.50	3.50	3.50
10 yr PWLB		4.70	4.50	4.40	4.30	4.20	4.10	4.00	3.90	3.80	3.70	3.70	3.70	3.70
25 yr PWLB		5.20	5.10	4.90	4.80	4.60	4.40	4.30	4.20	4.20	4.10	4.10	4.10	4.10
50 yr PWLB		5.00	4.90	4.70	4.60	4.40	4.20	4.10	4.00	4.00	3.90	3.90	3.90	3.90

		Interest Rate Forecasts							
Bank Rate		Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
Link		5.25%	5.25%	4.75%	4.25%	3.75%	3.25%	3.00%	3.00%
Cap Econ		5.25%	5.00%	4.50%	4.00%	3.50%	3.00%	3.00%	3.00%
5Y PWLB RATE									
Link		4.50%	4.40%	4.30%	4.20%	4.10%	4.00%	3.80%	3.70%
Cap Econ		4.50%	4.30%	4.20%	4.00%	3.90%	3.80%	3.80%	3.70%
10Y PWLB RATE									
Link		4.70%	4.50%	4.40%	4.30%	4.20%	4.10%	4.00%	3.90%
Cap Econ		4.50%	4.40%	4.20%	4.10%	4.10%	4.10%	4.10%	4.10%
25Y PWLB RATE									
Link		5.20%	5.10%	4.90%	4.80%	4.60%	4.40%	4.30%	4.20%
Cap Econ		5.10%	4.80%	4.60%	4.30%	4.40%	4.40%	4.50%	4.60%
50Y PWLB RATE									
Link		5.00%	4.90%	4.70%	4.60%	4.40%	4.20%	4.10%	4.00%
Cap Econ		4.70%	4.60%	4.50%	4.30%	4.30%	4.30%	4.40%	4.40%

Note: The current PWLB rates and forecast shown above have taken into account the 20 basis point certainty rate reduction effective since 1st November 2012.

TREASURY INDICATORS 2024/25 – 2026/27 AND MINIMUM REVENUE PROVISION STATEMENT

TABLE 1: TREASURY MANAGEMENT INDICATORS	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Actual	Probable Outturn	Estimate	Estimate	Estimate	Estimate
	£m	£m	£m	£m	£m	£m
Authorised Limit for external debt (City Fund) -						
Borrowing	190.4	250.3	420.2	445.5	459.0	327.2
other long-term liabilities	12.8	12.7	12.6	12.5	12.4	12.3
TOTAL	203.2	263.0	432.8	458.0	471.4	339.5
Operational Boundary for external debt (City Fund) -						
Borrowing	90.4	150.3	320.2	345.5	359.0	227.2
other long-term liabilities	12.8	12.7	12.6	12.5	12.4	12.3
TOTAL	103.2	163.0	332.8	358.0	371.4	239.5
Actual external debt (City Fund)*	0	0				
Upper limit for total principal sums invested for over 365 days (per maturity date)	£300m	£300m	£300m	£300m	£300m	£300m

*Actual external debt at the end of the financial year

TABLE 2: Maturity structure of borrowing during 2024/25	upper limit	lower limit
- under 12 months	50%	0%
- 12 months and within 24 months	50%	0%
- 24 months and within 5 years	50%	0%
- 5 years and within 10 years	75%	0%
- 10 years and above	100%	0%

TABLE 3: CITY'S ESTATE BORROWING INDICATORS	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Actual	Probable Outturn	Estimate	Estimate	Estimate	Estimate
	%	%	%	%	%	%
Estimates of financing costs to net revenue stream	15.0%	16.1%	15.6%	15.5%	15.5%	15.6%
	£m	£m	£m	£m	£m	£m
Overall borrowing limits	450	450	450	450	450	450

MINIMUM REVENUE PROVISION (MRP) POLICY STATEMENT 2023/24

To ensure that capital expenditure funded by borrowing is ultimately financed, the City Fund is required to make a Minimum Revenue Provision (MRP) when the Capital Financing Requirement (CFR) is positive. A positive CFR is indicative of an underlying need to borrow and will arise when capital expenditure is funded by 'borrowing', either external (loans from third parties) or internal (use of cash balances held by the City Fund).

DLUHC regulations have been issued which require the Court of Common Council to approve **an MRP Statement** in advance of each year. The regulatory guidance recommends four options for local authorities. Options 1 and 2 relate to government supported borrowing prior to 2008. As the City Fund does not have any outstanding borrowing from this period, these options are not relevant. For any prudential borrowing undertaken after 2008, options 3 and 4 apply:

- **Option 3: Asset life method** – MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction);
- **Option 4: Depreciation method** – MRP will follow standard depreciation accounting procedures;

For any new borrowing under the prudential financing system, the City Fund will apply the asset life method over the useful economic life of the relevant assets. MRP commences in the financial year following the one in which the expenditure was incurred. When borrowing to provide an asset, the asset life is deemed to commence in the year in which the asset first becomes operational. Therefore, MRP will first be made in the financial year following the one in which the asset becomes operational. 'Operational' here means when an asset transfers from Assets under Construction to an Assets in Use category under normal accounting rules.

As in previous years, the City will continue to apply a separate MRP policy for that portion of the CFR which has arisen through the funding of capital expenditure from cash received from long lease premiums which are deferred in accordance with accounting standards. This deferred income is released to revenue over the life of the leases to which it relates, typically between 125 and 250 years.

The City's MRP policy in respect of this form of internal borrowing is based on a mechanism to ensure that the deferred income used to finance capital expenditure is not then 'used again' when it is released to revenue. The amount of the annual MRP is therefore to be equal to the amount of the deferred income released, resulting in an overall neutral impact on the bottom line.

MRP will fall due in the year following the one in which the expenditure is incurred, or the year after the asset becomes operational.

The MRP liability for **2023/24 is £1.4m** and is estimated at **£1.4m for 2024/25**.

TREASURY MANAGEMENT PRACTICES (TMP 1) – Credit and Counterparty Risk Management

SPECIFIED INVESTMENTS: All such investments will be sterling denominated, with **maturities up to maximum of 1 year**, meeting the minimum ‘high’ quality criteria where appropriate.

	Minimum ‘High’ Credit Criteria	Use
Debt Management Agency Deposit Facility	--	In-house
Term deposits – local authorities	--	In-house
Term deposits – banks and building societies, including part nationalised banks	Short-term F1, Long-term A-,	In-house via Fund Managers
Money Market Funds CNAV	AAA/mmf (or equivalent)	In-house via Fund Managers
Money Market Funds LVNAV	AAA/mmf (or equivalent)	In-house via Fund Managers
Money Market Funds VNAV	AAA/mmf (or equivalent)	In-house via Fund Managers
Ultra-Short Dated Bond Fund	AAA/f (or equivalent)	In-house via Fund Managers
UK Government Gilts	UK Sovereign Rating	In-house & Fund Managers
Treasury Bills	UK Sovereign Rating	In-house & Fund Managers
Sovereign Bond issues (other than the UK government)	AA+	Fund Managers

NON-SPECIFIED INVESTMENTS: These are any investments which do not meet the Specified Investment criteria. A maximum of £400m will be held in aggregate in non-specified investment.

A variety of investment instruments will be used, subject to the credit quality of the institution, and depending on the type of investment made it will fall into one of the categories set out below.

	Minimum Credit Criteria	Use	Maximum	Maximum Maturity Period
Term deposits – other LAs (with maturities in excess of one year)	-	In-house	£25m per LA	Three years
Term deposits, including callable deposits – banks and building societies (with maturities in excess of one year)	Long-term A+, Short-term F1,	In-house and Fund Managers	£300m overall	Three years
Certificates of deposits issued by banks and building societies with maturities in excess of one year	Long-term A+, Short-term F1,	In-house on a buy-and-hold basis and fund managers	£50m overall	Three years
UK Government Gilts with maturities in excess of one year	AA-	In-house on a buy-and-hold basis and fund managers	£50m overall	Three years
UK Index Linked Gilts	AA-	In-house on a buy-and-hold basis and fund managers	£50m overall	Three years
Short Dated Bond Funds	--	In-house via Fund Managers	£100m per Fund	n/a*
Multi Asset Funds	--	In-house via Fund Managers	£50m overall	n/a*

*Short Dated Bonds Funds and Multi Asset Funds are buy and hold investments with no pre-determined maturity at time of funding, liquidity access is typically T + 3 or 4.

APPROVED COUNTERPARTIES AS AT 31 DECEMBER 2023**UK BANKS AND THEIR WHOLLY OWNED SUBSIDIARIES**

FITCH RATINGS		BANK*	LIMIT PER GROUP	DURATION
A+	F1	Barclays Bank PLC (NRFB)	£100M	Up to 3 years
A+	F1	Barclays Bank UK PLC (RFB)		
A+	F1	Goldman Sachs International Bank	£100M	Up to 3 years
AA	F1+	Handelsbanken PLC	£100m	Up to 3 years
AA-	F1+	HSBC UK Bank PLC (RFB)	£100M	Up to 3 years
AA-	F1+	HSBC Bank PLC (NRFB)		
A+	F1	Lloyds Bank Corporate Markets PLC (NRFB)	£150M	Up to 3 years
A+	F1	Lloyds Bank PLC (RFB)		
A+	F1	Bank of Scotland PLC (RFB)		
A+	F1	NatWest Markets PLC (NRFB)	£100M	Up to 3 years
A+	F1	National Westminster Bank PLC (RFB)		
A+	F1	The Royal Bank of Scotland PLC (RFB)		
A+	F1	Santander UK PLC (RFB)	£100M	Up to 3 years

*Under the ring-fencing initiative, the largest UK banks are now legally required to separate the core retail business into a ring-fenced bank (RFB) and to house their complex investment activities into a non-ring-fenced bank (NRFB).

BUILDING SOCIETIES

FITCH RATINGS		BUILDING SOCIETY	ASSETS	LIMIT PER GROUP	DURATION
A	F1	Nationwide	£275Bn	£100M	Up to 3 years
A-	F1	Yorkshire	£62Bn	£20M	Up to 1 year
A-	F1	Coventry	£62Bn	£20M	Up to 1 year
A-	F1	Skipton	£36Bn	£20M	Up to 1 year
A-	F1	Leeds	£27Bn	£20M	Up to 1 year

FOREIGN BANKS

(with a presence in London)

FITCH RATINGS		COUNTRY AND BANK	LIMIT PER GROUP	DURATION
		AUSTRALIA (AAA)		
A+	F1	Australia and New Zealand Banking Group Ltd	£100M	Up to 3 years
A+	F1	National Australia Bank Ltd	£100M	Up to 3 years
		CANADA (AA+)		
AA-	F1+	Bank of Montreal	£100M	Up to 3 years
AA-	F1+	Royal Bank of Canada	£100M	Up to 3 years
AA-	F1+	Toronto-Dominion Bank	£100M	Up to 3 years
		GERMANY (AAA)		
A+	F1+	Landesbank Hessen-Thueringen Girozentrale (Helaba)	£100M	Up to 3 years
		NETHERLANDS (AAA)		
A+	F1	Cooperatieve Rabobank U.A.	£100M	Up to 3 years
		SINGAPORE (AAA)		
AA-	F1+	DBS Bank Ltd.	£100M	Up to 3 years
AA-	F1+	United Overseas Bank Ltd.	£100M	Up to 3 years
		SWEDEN (AAA)		
AA-	F1+	Skandinaviska Enskilda Banken AB	£100M	Up to 3 years
AA-	F1+	Swedbank AB	£100M	Up to 3 years
AA	F1+	Svenska Handelsbanken AB	£100M	Up to 3 years

MONEY MARKET FUNDS

FITCH RATINGS	MONEY MARKET FUNDS Limit of £100M per fund	DURATION
AAA/mmf	CCLA - Public Sector Deposit Fund	Liquid
AAA/mmf	Federated Hermes Short-Term Sterling Prime Fund*	Liquid
AAA/mmf	Aberdeen Sterling Liquidity Fund*	Liquid
AAA/mmf	Invesco Liquidity Funds Plc - Sterling Liquidity Portfolio	Liquid
AAA/mmf	DWS Deutsche Global Liquidity Series Plc – Sterling Fund	Liquid

ULTRA SHORT DATED BOND FUNDS

FITCH RATINGS (or equivalent)	ULTRA SHORT DATED BOND FUNDS Limit of £100M per fund	DURATION
AAA/f	Payden Sterling Reserve Fund	Liquid
AAA/f	Federated Hermes Sterling Cash Plus Fund*	Liquid
AAA/f	Aberdeen Standard Investments Short Duration Managed Liquidity Fund*	Liquid

*A combined limit of £100m applies to balances across the Money Market Fund and Ultra Short Dated Bond Fund both managed by Federated Hermes and Aberdeen Standard

SHORT DATED BOND FUNDS

FITCH RATINGS (or equivalent)	SHORT DATED BOND FUNDS Limit of £100M per fund	DURATION
-	Legal and General Short Dated Sterling Corporate Bond Index Fund	Liquid
-	Royal London Investment Grade Short Dated Credit Fund	Liquid

LOCAL AUTHORITIES

**LIMIT OF £25M PER
AUTHORITY AND £250M
OVERALL**

Any UK local authority

APPROVED COUNTRIES FOR INVESTMENT

This list is based on those countries which have sovereign ratings of AAA and AA+ from Fitch Ratings as at 12 January 2024.

AAA

- Australia
- Denmark
- Germany
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- Finland
- United States

AA-

- United Kingdom

TREASURY MANAGEMENT SCHEME OF DELEGATION

The roles of the various bodies of the City of London Corporation with regard to treasury management are set out below.

(i) Court of Common Council

- Receiving and reviewing reports on treasury management policies, practices and activities
- Approval of annual strategy.

(ii) Investment Committee and Finance Committee

- Approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices
- Budget consideration and approval
- Approval of the division of responsibilities
- Receiving and reviewing regular monitoring reports and acting on recommendations
- Approving the selection of external service providers and agreeing terms of appointment.

(iii) Audit & Risk Management Committee

- Reviewing the treasury management policy and procedures and making recommendations to the responsible body.

(iv) Investment Committee of the City Bridge Foundation

- Review of the Treasury Management Strategy Statement on behalf of the Charity.

THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER

The Chamberlain

- Recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance
- Submitting regular treasury management policy reports
- Submitting budgets and budget variations
- Receiving and reviewing management information reports
- Reviewing the performance of the treasury management function
- Ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- Ensuring the adequacy of internal audit, and liaising with external audit
- Recommending the appointment of external service providers.

CITY'S ESTATE BORROWING POLICY STATEMENT

1. The City Corporation shall ensure that all of its **City's Estate** capital expenditure, investments and borrowing decisions are prudent and sustainable. In doing so, it will take into account its arrangements for the repayment of debt and consideration of risk and the impact, and potential impact, on the overall fiscal sustainability of **City's Estate**.
2. Borrowing shall be undertaken on an affordable basis and total capital investment must remain within sustainable limits. When assessing the affordability of its **City's Estate** investment plans, the City Corporation will consider both the **City's Estate** resources currently available and its estimated future resources, together with the totality of its **City's Estate** capital plans, income and expenditure forecasts.
3. To ensure that the benefits of capital expenditure are matched against the costs, a debt financing strategy will be established.
4. To the greatest extent possible, expected finance costs arising from borrowing are matched against appropriate revenue income streams.
5. The City Corporation will organise its borrowing on behalf of **City's Estate** in such a way as to ensure that financing is available when required to manage liquidity risk (i.e. to make sure that funds are in place to meet payments for capital expenditure on a timely basis). The City Corporation will only borrow in advance of need on behalf of **City's Estate** on the basis of a sound financial case (for instance, to mitigate exposure to rising interest rates).
6. The City Corporation will ensure debt is appropriately profiled to mitigate refinancing risk.
7. The City Corporation will monitor the sensitivity of liabilities to inflation and will manage inflation risks in the context of the inflation exposures across **City's Estate** (e.g. the City Corporation will be mindful of the potential impact of index-linked borrowing on the financial position of **City's Estate**).
8. The City Corporation will seek to obtain value for money in identifying appropriate borrowing for **City's Estate**. Where internal borrowing (i.e. from City Fund or **City Bridge Foundation**) is used as a source of funding, the City Corporation will keep under review the elevated risk of refinancing.
9. All borrowing is expected to be drawn in Sterling. Where debt is raised in foreign currencies, the City Corporation will consider suitable measures for mitigating the risks presented by fluctuation in exchange rates.
10. Interest rate movement exposure will be managed prudently, balancing cost against likely financial impact.
11. The City Corporation will maintain the following indicators which relate to **City's Estate** borrowing only:
 - Estimates of financing costs to net revenue stream
 - Overall borrowing limits

Committee(s)	Dated:
Audit and Risk Management Committee	26/02/2024
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 Internal Audit	For Information
Report author: Matt Lock, Head of Internal Audit	

Summary

This report provides an update on Internal Audit activity between 1 November 2023 and 31 January 2024. 4 Internal Audit reviews have been completed to Final Report stage and work is in progress at various stages for a number of Audit reviews.

The team currently has one vacancy (one of the recent appointments did not complete the probation period) and a long-term sickness absence. The resulting shortfall in resources has temporarily been met by the Head of Internal Audit and the Audit Manager taking on direct delivery of some assurance work.

Recommendation(s)

Members are asked to:

- Note the outcomes of completed Internal Audit work.

Main Report

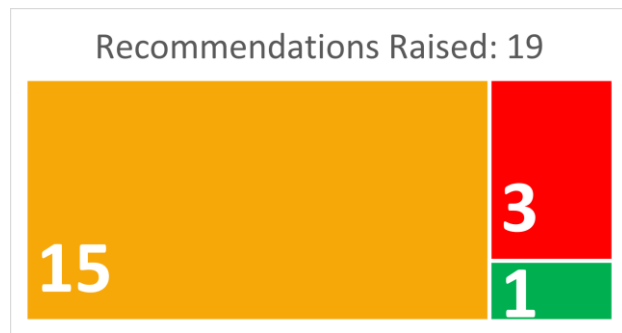
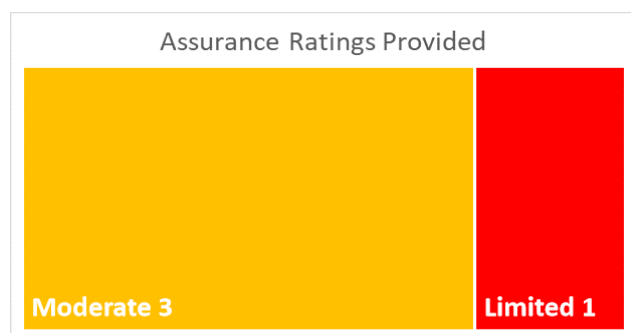
Background

1. This report provides an update on the work of Internal Audit during November and December 2023 and January 2024 and the update report provided to the November meeting of this Committee, specifically, an overview of the outcomes from completed Internal Audit reviews. Appendix 1 to the report shows a range of analysis in relation to completed Audit work, both since the last Committee update and a cumulative summary of work completed so far this year. The appendix also includes the forward programme of work for the remainder of 2023/24 and some analysis of live audit recommendations.

Current Position

2. Final Audit Reports have been issued in respect of 4 Audit Reviews since the last update, 1 Limited and 3 Moderate Assurance opinions were provided. The overall outcomes from the recently completed Audit reviews are summarised in the following table with further information provided in relation to the Limited Assurance opinion:

Audit Assignment	Assurance Rating	Recommendations Made		
		Red	Amber	Green
Barbican Centre – Purchase Card Compliance	Moderate	0	1	0
Community and Children’s Services – Barbican Estate – Charging for Repairs	Limited	3	3	0
Corporate Wide – Prompt Payment of Invoices	Moderate	0	3	0
Aldgate School – Key Financial Controls	Moderate	0	8	1



Community and Children’s Services – Barbican Estate – Charging for Repairs

3. This Audit examined the extent to which the contract for repairs and maintenance had been operated in accordance with the contract Schedule of rates. This included examining the system in place for calculating charges for works delivered, validating the accuracy of charges made and for ensuring completion of works to specification.
4. The Audit review raised significant concerns, leadership provided a positive response to the Audit Report and the recommendations made will be implemented by the new Housing management team.

Follow-up Work

5. Follow-up work has been undertaken in respect of 20 Internal Audit reviews covering 61 recommendations, of which 49 have been closed. Analysis of open recommendations shows a small reduction to the number of older recommendations past their original target implementation date, but an increase in the overall number of overdue recommendations. This is due to a high volume of recommendations with an implementation date of 31 December 2023, which Internal Audit has yet to have reviewed, the focus of attention having been given to the oldest live recommendations.

The Analysis of open recommendations is included in Appendix 1 together with a link to access the full schedule of open recommendations.

6. Internal Audit will continue to target follow-up work in relation to the oldest outstanding recommendations. A revised follow-up protocol will be launched from April 2024 whereby we will revert to escalation of non-implementation to Audit and Risk Management Committee following a first follow-up review, dispensing with the current 3 strike rule.

Internal Audit Resourcing

7. Whilst the recruitment campaign in the summer of 2023 appeared to be successful, only one of the two appointments made resulted in permanent appointment. As a result, the team has had a vacancy since November which, combined with the long-term sickness absence of one other team member (still requiring active management) has impacted resources available to the team and also the rate at which we are able to develop our Auditors in training. Recruitment has not been initiated until now to enable the Head of Internal Audit to focus attention on supporting the existing team and delivering planned audit work.
8. The expectation remains that, beyond the current year, the capacity of the team will grow from around 600 audit days in 2024/25 to over 1000 in 2025/26 as the Trainee Auditors reach a minimum level of technical and professional maturity.

Corporate & Strategic Implications

9. The work of Internal Audit 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

10. Given the capacity of the Internal Audit team over the year so far, delivery of planned Audit work is good. With one vacancy and one team member suffering poor health, the team is operating under capacity. The Trainee Auditors continue to make excellent progress which will significantly increase the delivery capability of the team within 6 months.
11. While Internal Audit work identifies areas for improvement within the systems and processes examined, the findings of Audit work have been well received by Management and appropriate actions have been identified to resolve the control weaknesses raised. There are, however, a large number of Internal Audit recommendations that have not been implemented in accordance with agreed timescales.

Appendices

- Appendix 1 – Internal Audit Dashboard

Matt Lock

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Internal Audit Dashboard

Indicative Overall Assurance Opinion: Internal control framework is considered overall to be adequate, although not consistently applied.

Work completed since last Committee Update

Final Audit Reports Issued

Barbican Centre	Purchase Cards Compliance	Moderate Assurance
Community and Children's Services	Barbican Estate – Charging for Repairs	Limited Assurance
Corporate Wide	Prompt Payment of Invoices	Moderate Assurance
Aldgate School	Key Financial Controls	Moderate Assurance

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Audit Reviews in Progress:

- Town Clerks – Members Financial Support
 - City of London Police – Income (Cost Recovery and Collection)
 - Barbican – Financial Management
 - Guildhall School – Financial Management
 - City of London Police - Employees
- (note also work in progress for London Councils and Museum of London)

Other key work to note (sources of assurance):

- Head of Internal Audit is a member of the Portfolio Management Implementation Working Party – meets weekly – providing advice and guidance that is shaping the design of the project management approach and associated governance.
- Grant Validation – Guildhall School Music Grant, CYM Music Grant

Follow-up
Reviews: 20

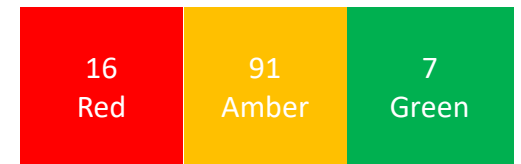
Committee
Updates: 5

Corporate Risk Assurance: 6
CR 35, CR37, CR38
CR 16, CR 33, CR39

Follow-up outcomes in period

Total Recommendations Reviewed:	
61	
49 Implemented	12 Outstanding

All Open Recommendations: 114



Cumulative Dashboard (from 01/04/2023)

Assurance Ratings Provided



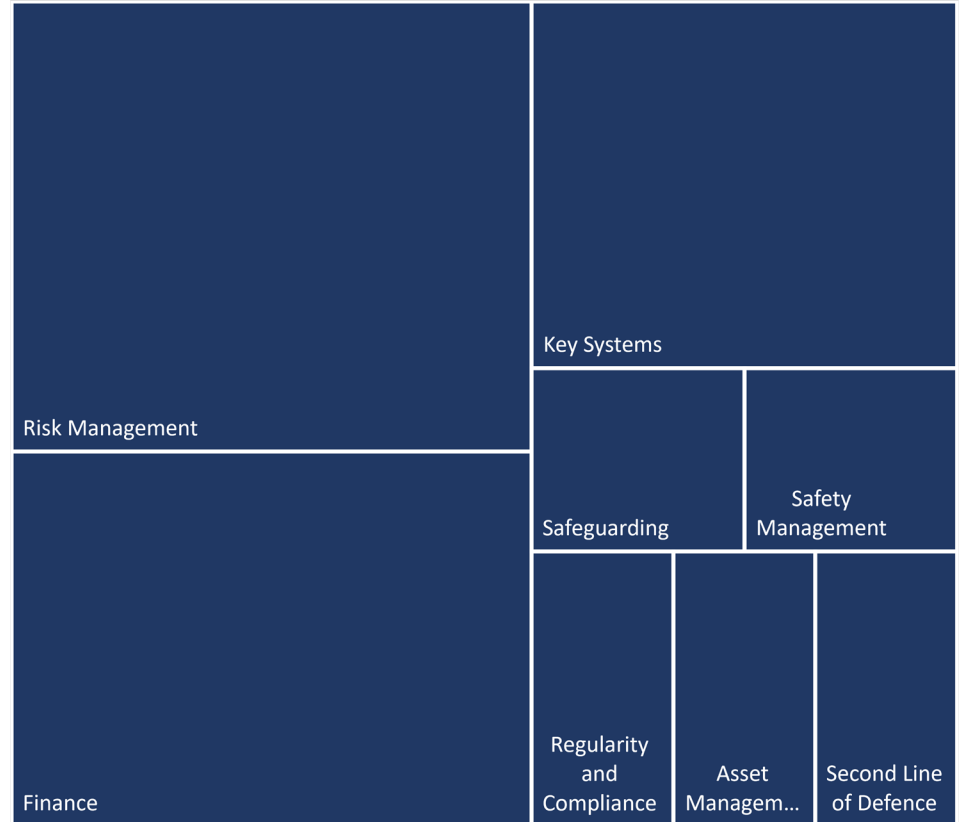
Recommendations Raised: 102



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Corporate Risk Assurance Reviews: 6

Distribution of Assurance Work



Follow-up Reviews Completed: 30

Committee Updates Provided: 15

Audit Reviews Completed in 2023/24 (cumulative report)

Audit Assignment	Assurance Rating	Recommendations Made		
		Red	Amber	Green
Barbican Centre - Purchase Cards Compliance	Moderate	0	1	0
Community and Children's Services – Barbican Estate – Charging for Repairs	Limited	3	3	0
Corporate Wide – Prompt Payment of Invoices	Moderate	0	3	0
Aldgate School – Key Financial Controls	Moderate	0	8	1
City of London Police - Premises Management	Moderate	0	4	0
City of London School for Girls - Key Financial Controls	Limited	2	13	0
Community and Children's Services - Housing Fire Safety	Moderate	4	0	0
City of London School - Key Financial Controls	Limited	3	21	0
City of London Police – Purchase Card Compliance	Moderate	0	3	0
Corporate Wide – Purchase Order Compliance	Moderate	0	2	0
Guildhall School – Safeguarding	Substantial	0	3	2
Guildhall School – Universities UK Code of Practice for the Management of Student Housing	Moderate	0	5	0
City of London Freemen's School - Key Financial Controls	Moderate	0	11	3
Corporate Wide – Data Protection 2 nd Line of Defence	Moderate	0	6	0

Internal Audit remaining programme of work – to 31/03/2024

Department	Audit
Deputy Town Clerk	Members' Financial Support
City of London Police	CoLP Employees including overtime (starters, movers, leavers etc. compliance focus)
City of London Police	CoLP Income Generation and Income Collection (including demand policing)
Barbican Centre	Financial Management
Barbican Centre	Contract Management
Barbican	Business Continuity
Guildhall School	Medium Term Financial Planning

Notes:

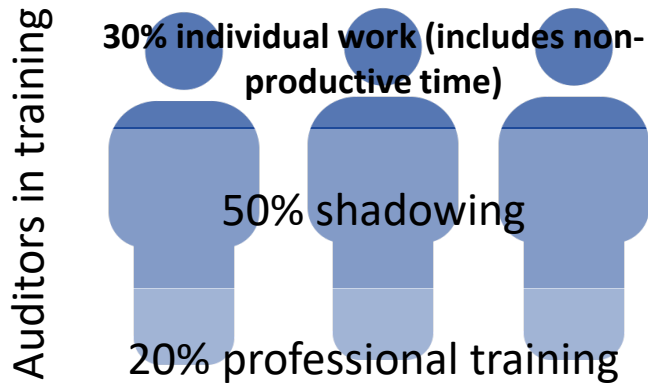
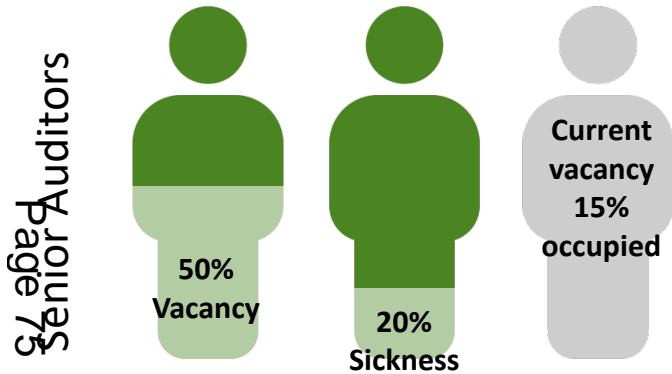
- Includes work in progress
- Represents approximately 30 Audit days
- Does not include Corporate Risk Coverage
- Does not include Follow-up work
- Does not include 30 Audit day commitment to London Councils and Museum of London

Resourcing:

- Currently managing a long-term sickness absence in team
- Approximately 60 Auditor working days available to 31/03/2024 – Sufficient to complete this programme of work

Internal Audit Resources

Resources available in 2023/24



Notes:

- A full time Senior Auditor equates to 180 “Audit days”.
- Auditors in training are all due to complete current professional studies by September 2024, from which point proportion of “individual work” increases to 50%, proportion of time shadowing decreases over the following year.
- Provision of Internal Audit Services to London Councils and Museum of London totals 100 Audit days (55% 1 FTE)
- Recruitment to vacancy initiated.



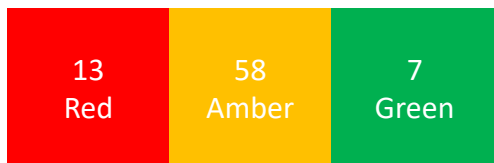
Shortfall between current capability and baseline target largely made up by Head of Internal Audit and Audit Manager directly delivering assurance work

Internal Audit Recommendation Analysis

114 Open Recommendations compared to 134 open recommendations at 31/10/2023.

102 recommendations have been raised in the current year 2023/24 some of which have been followed up and closed within the current year.

Recommendations past their original due date: 78



A schedule of all outstanding recommendations can be accessed here: [outstanding recommendations](#)

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Current Aged Analysis of overdue recommendations:

Time past original due date	Number of Recommendations
< 6 months	37
6-9 months	5
9-12 months	12
12-24 months	16
24-36 months	8
Total	78

Aged Analysis of overdue recommendations at November 2023:

Time past original due date	Number of Recommendations
< 6 months	11
6-9 months	13
9-12 months	8
12-24 months	22
24-36 months	18
Total	72

Key Risk Coverage (Corporate Risk Assurance Work)

Risk Code	Risk Title	Current Risk Score	Current risk score icon	Reviewed by Internal Audit
CR16	Information Security (formerly CHB IT 030)	24		Completed – 01 February 2024
CR37	Maintenance and Renewal of Corporate Physical Operational Assets (excluding housing assets)	16		Completed – 11 December 2023
CR38	Unsustainable Medium-Term Finances - City's Cash	16		Completed – 08 December 2023
CR39	Recruitment and Retention	16		Completed – 02 February 2024
CR01	Resilience Risk	12		Planned for delivery Feb-March 2024
CR02	Loss of Business Support for the City	12		Completed - 12 July 2022
CR09	Health Safety and Fire Risk Management System	12		Completed - 13 March 2023
CR29	Information Management	12		Completed - 27 Sept 2022
CR30	Climate Action	12		Planned for delivery Feb-March 2024
CR33	Major Capital Schemes	12		Completed – 24 January 2024
CR35	Unsustainable Medium-Term Finances - City Fund	12		Completed – 08 December 2023
CR36	Protective Security	12		Planned for delivery Feb-March 2024
CR10	Adverse Political Developments	8		Completed - 12 July 2022
CR17	Safeguarding	8		Completed - 22 Nov 2022
CR21	Air Quality	6		Planned for delivery Feb-March 2024

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Committee(s): Audit and Risk Management Committee	Dated: 26/02/2024
Subject: Risk Management 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/A
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: Chief Strategy Officer	For Information
Report author: Tabitha Swann, Head of Corporate Strategy and Risk	

Summary

This report provides the Committee with an update on the corporate and top red departmental risk registers since last reported to the Committee in November 2023. Further details can be found in the appendices listed at the end of this report.

Recommendation

Members are asked to note:

- This report and the corporate and top red departmental risk registers attached to this report. Since the previous update:
 - The total number of corporate risks has reduced to 14. CR17 Safeguarding has been removed from the Corporate Risk Register (with Chief Officers ensuring safeguarding risks are appropriately captured, mitigated and overseen at a local level).
 - The likelihood of CR36 Protective Security and CR39 Recruitment and Retention has been reduced so both now have a rating of Amber 12.
 - The number of departmental red risks has decreased from 21 to 18. Three risks have been added to the register and six risks have been removed (two deactivated and four de-escalated). A summary of the top red departmental risks is at Appendix 3.
- The briefing note (at Appendix 2) on the work of the Reinforced Autoclaved Aerated Concrete (RAAC) Working Group.
- The continuing work on the Risk Appetite Review and the updating of the Risk Management Policy – both of which are due to be reported back to the Committee at their next meeting (May).

- The verbal update on CR30 *Climate Action* given by officers from Innovation & Growth, as requested by Members at the November 2023 Committee meeting. The risk wording is available at Appendix 1.

Main Report

Background

1. The corporate and red departmental risks are reported to this Committee as a minimum on a quarterly basis to enable the Committee to exercise its role in the monitoring and oversight of risk management within the City of London Corporation (CoLC).
2. The corporate and red departmental risk registers were reviewed by the Chief Officers Risk Management Group (CORMG) on 7 December 2023 and the Executive Leadership Board (ELB) on 8 February 2024 as the Senior Officers accountable for CoLC risk management actions, decisions and outcomes (including consideration of developing risk areas and cross-corporation risk management themes). The CORMG are due to meet again on 6 March 2024.
3. The Reinforced Autoclaved Aerated Concrete (RAAC) Working Group, led by the City Surveyor on behalf of the Town Clerk and comprising key departmental leads, was established to assess the risk of RAAC in City Corporation-owned properties (c.1,200 assets). The inspection – which has now concluded – identified three properties containing RAAC (at the City of London School, the City of London School for Girls and at an investment property in Canning Town), classifying them all as medium to low risk with no expected impact on operations or future property values. Remedial actions are in place and all associated stakeholders have been fully informed. A briefing note on this work is available at Appendix 2.
4. A risk appetite and culture review, led by Zurich’s risk and resilience team, is underway. The aim of the review is to understand how the City Corporation can develop the risk management culture across all departments, institutions and services and ensure that risk is a key and consistent driver for strategic decision-making. Members of the Executive Leadership Board and the Risk Management Forum will be invited to complete a survey, and eleven Chief Officers – corporate risk owners plus the Town Clerk and Chief Strategy Officer (Senior Responsible Officer for corporate risk) - will meet with Zurich. The results of the survey, and the report’s recommendations (to be completed before 31 March 2024) will feed into the refresh of the City Corporation’s Risk Management Policy & Strategy. The refreshed strategy will be presented to the Committee in May 2024.

Current Position

All Risks

5. Table 1 below shows the overall number and risk ratings of all risks recorded on the Ideagen (formerly Pentana) Risk system as of 12 February 2024 compared with 19 October 2023 (the figures last seen by the Committee).

Risk rating (RAG)	February 2024	October 2023	Difference
Red	63	65	-2
Amber	249	262	-13
Green	109	115	-6
Total	421	442	-21

Table 1: February 2024: Overall Risk Numbers by RAG Rating on Ideagen (formerly Pentana)

6. Table 2 below shows the breakdown of the red, amber and green rated risks by risk level as of 12 February 2024 compared to 19 October 2023.

Risk rating	Red		Amber		Green	
	Feb 2024	Oct 2023	Feb 2024	Oct 2023	Feb 2024	Aug 2023
Corporate	3	4	11	11	0	0
Departmental	18	21	99	97	22	24
Service	42	40	139	154	87	91
Team	0	0	0	0	0	0
PPM	0	0	0	0	0	0
Total	63	65	249	262	109	115
Difference	-2		-13		-6	

Table 2: February 2024: Breakdown of RAG Risks by Risk Level

Corporate Risks

7. There are currently 14 corporate risks on the corporate risk register (3x Red, 11x Amber). Attached to this paper at Appendix 1 is the corporate risk register showing the eight risks above appetite.
8. Since the Committee last received an update, the number of corporate risks remains the same, although one risk has been added to the register and one risk removed.
9. At their September 2023 meeting, CORMG discussed whether the new red departmental risk relating to BT's decision to retire their Public Switched Telephone Network (PSTN) – COO DITS 045 PSTN Switch Off 2025 (now CHB DITS 045 PSTN Switch Off 2025) – should be escalated to a corporate risk. Taking place at the end of 2025, this will make current PSTN connections redundant and force an upgrade to digital fibre/mobile services. The re-drafted risk was considered again at the November 2023 CORMG meeting, with direction provided on mitigating actions and cross-corporation ownership. With further work undertaken, this risk will be added to the Corporate Risk Register with a risk score of Red 16 (Impact major 4 x likelihood likely 4).
10. With the agreement of CORMG, CR17 Safeguarding has been removed from the Corporate Risk Register. Chief Officers were briefed on this at the November Executive Leadership Board and will ensure safeguarding risks are appropriately captured, mitigated and overseen at a local level.

11. The likelihood of CR36 Protective Security has reduced from Amber 12 to Amber 8 (impact major 4 x likelihood unlikely 2). Security governance is now embedded as business as usual and a programme of delivery with security partners in 2023 has maintained the City’s international reputation as a safe and secure venue. The move of the Central Criminal Courts and wholesale markets into the City Surveyor’s department has further developed the standardisation of security operations across sites.

12. The likelihood of CR39 Recruitment and Retention has been reduced from Red 16 to Amber 12 (impact major 4 x likelihood possible 3) following a reduction in staff turnover from 18.69 per cent in December 2022 to between 10 and 11 per cent in December 2023.

13. The highest scoring corporate risks – 1x Red 24 (8x3 impact extreme, likelihood possible) and 3x Red 16 (4x4 impact major, likelihood likely) – are:

- CR16 Information Security – Red 24
- CR37 Maintenance and Renewal of Corporate Physical Operational Assets – Red 16
- CR38 Unsustainable Medium Term Finances City’s Estate¹ – Red 16

14. The RAG matrices below show the distribution of corporate risks as of 12 February 2024 (Table 4) and 19 October 2023 (Table 5):

	Minor	Serious	Major	Extreme
Likely			2	
Possible		1	8	1
Unlikely			2	
Rare				

Table 4: Feb 2024 Corporate Risk Heatmap

	Minor	Serious	Major	Extreme
Likely			3	
Possible		1	8	1
Unlikely			1	
Rare				1

Table 5: Oct 2023 Corporate Risk Heatmap

¹ Renamed ‘City’s Estate’ from ‘City’s Cash’.

15. Table 3 below shows a summary of all CoLC corporate risks as of 12 February 2024.











































Risk reference	Title	Current Risk Score	Current risk score icon	Trend Icon	Risk flight path	Risk creation date (Pentana/Ideagen)	Risk added to CR Register (year)
CR16	Information Security (formerly CHB IT 030)	24				10 May 2019	Pre-Pentana (2014)
CR37	Maintenance and Renewal of Corporate Physical Operational Assets (excluding housing assets)	16				04 Nov 2019	2022
CR38	Unsustainable Medium Term Finances - City's Estate	16				31 Oct 2022	2022
CR01	Resilience Risk	12				20 Mar 2015	Pre-Pentana (2014)
CR02	Loss of Business Support for the City	12				22 Sep 2014	Pre-Pentana (2014)
CR09	Health, Safety and Fire Risk Management System	12				22 Sep 2014	Pre-Pentana (2014)
CR29	Information Management	12				08 Apr 2019	Pre-Pentana (2014)
CR30	Climate Action	12				07 Oct 2019	2019
CR33	Major Capital Schemes	12				14 Feb 2020	2020
CR35	Unsustainable Medium Term Finances - City Fund	12				19 Jun 2020	2020
CR39	Recruitment and Retention	12				21 Feb 2023	2023
CR10	Adverse Political Developments	8				22 Sep 2014	Pre-Pentana (2014)
CR36	Protective Security	8				10 Jan 2022	2022
CR21	Air Quality	6				07 Oct 2015	2015

Table 3: February 2024: List of Current Corporate Risks by Current Risk Score

Red Departmental Risks

16. There are currently 18 departmental red risks. Since the last report to the Committee, three risks have been added to the register and six risks have been removed (two deactivated and four de-escalated). A summary of the top red departmental risks can be found at Appendix 3.

17. Changes to the register

Change	Risk	Note
Risks added	CLSG-13 <i>Governance</i>	Increased likelihood to Red 16 (impact major 4 x likelihood likely 4) reflecting challenges with the school's governance arrangements, including ongoing activity to work through Lisvane/Tomlinson reviews.
	CLSG-07 <i>School Facilities SA5-Operations</i>	Increased impact to Red 24 (impact extreme 8 x likelihood possible 3) covering aging facilities for teaching/activities and issues with FM contractor (work to improve standard underway).
	GSMD CROSCH 010 <i>Risk of not preparing for or managing a significant disruptive event</i>	Increased impact to Red 16 (impact extreme 8 x likelihood unlikely 2) from Amber 8. GSMD has a business continuity plan in place and Gold Group meets periodically to test preparedness.
Risks de-escalated to Amber	BBC Arts 023 <i>Failure to Manage EDI Correctly</i>	De-escalated with likelihood reduced to Amber 12 (impact major 4 x likelihood possible 3) as a team, strategy and action plan in place has strengthened mitigating activity.
	CJS 002 <i>Failure to recruit and retain high quality teaching and support staff</i>	De-escalated to Amber 12 (impact major 4 x likelihood possible 3) as recruitment for teaching and professional services staff has improved.
	CJS 004 <i>Failure to complete building and then to maintain buildings and site</i>	De-escalated to Amber 12 (impact major 4 x likelihood possible 3). This reflects the completion of the building in the spring term. More widely, new actions are being drafted to reflect mitigating activities relating to building maintenance.
	GSMD SUS 002 <i>Inability to deliver a balanced and sustainable model over the School's Business Cycle</i>	De-escalated to Amber 12 (impact major 4 x likelihood possible 3). This score change reflects the work to remodel the medium-term financial plan for the School, following on from the development of the School's new Strategic & Operational Plan to 2030.
Risks deactivated	BBC Finance 008 <i>Inadequate Levels of Staff in Key Areas of the Business</i>	Deactivated as the risk – which related to strikes and under investment in the buildings – has been successfully mitigated for 2024/2025.
	GSMD CROSCH 012 <i>Failure to invest in the renewal of buildings and estates infrastructure.</i>	Consolidated with GSMD SUS 001 <i>Inability to invest in new infrastructure and teaching spaces</i> due to the similarities between the two. The mitigating actions for the former have been moved

Change	Risk	Note
		across to the latter and the overall score remains unchanged, though it is hoped that developments with the City of London Surveyor's department, and progress in moving towards a more sustainable financial model will help drive this score down in the new year.
Risks renamed	CLSG-01 <i>External pressures on financial model (SA5-Operations)</i>	Renamed from CLSG-01 <i>Inadequate finances of financial plans (SA5-Operations)</i> following a review of school risks (see note below).

18. **City of London School for Girls** are reviewing their risk register to ensure it accurately reflects their challenges. These are reflected in the changes outlined above. The **Barbican Centre** are also continuing to review risks to ensure a consistent approach. GSMD SUS 001 *Inability to invest in new infrastructure and teaching spaces* is the highest rated red departmental risk with current risk score of Red 32 (impact extreme 8 x likelihood likely 4).

Corporate & Strategic Implications

Strategic implications – Reporting in line with CoLC Corporate Risk Management Strategy.

Financial implications – None applicable

Resource implications – None applicable

Legal implications – None applicable

Risk implications – None applicable

Equalities implications – None applicable

Climate implications – None applicable

Security implications – None applicable

Conclusion

This risk update and accompanying document (see appendices) are aimed at providing assurance to the Audit and Risk Management Committee that risks within the City of London Corporation are being effectively handled.

Appendices

- Appendix 1: Corporate Risk Register Report - above appetite risks only
- Appendix 2: Reinforced Autoclaved Aerated Concrete (RAAC) Working Group Briefing Note
- Appendix 3: All Red Departmental Risks - short summary report

Tabitha Swann

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Corporate Risk Detailed Register EXCLUDING completed actions by risk appetite

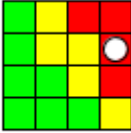
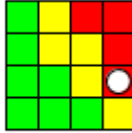

Generated on: 12 February 2024



Rows are sorted by Risk Score

Code & Title: CR Corporate Risk Register 8

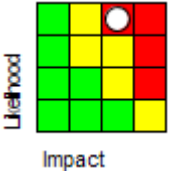
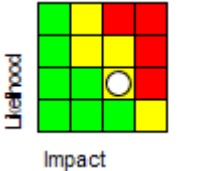

Risk Appetite Level Description Risk above appetite

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	Current Risk score change indicator
CR16 Information Security (formerly CHB IT 030)	<p>Cause: Breach of City of London Corporation IT Systems resulting in unauthorised access to data by internal or external sources.</p> <p>Event: The City Corporation does not adequately prepare, maintain robust (and where appropriate improve) effective IT security systems and procedures.</p> <p>Effect: a) Failure of all or part of the IT Infrastructure with associated business systems failures. b) Harm to individuals. c) A breach of legislation such as the Data Protection Act 2018 and UK-GDPR. d) Incurrence of a monetary penalty. e) Corruption of data. f) Reputational damage to City of London Corporation as an effective body.</p>	 Likelihood Impact	<p>24</p>	<p>The project to implement a raft of new security improvements is complete.</p> <p>A decision was made to define a minimum-security baseline for all parts of the corporation. The Director of DITS will work with IMS to put this together.</p> <p>The security service provided by Agilisys has now been brought in-house, giving greater control and visibility over Security controls.</p> <p>We are committed to increasing our Secure Score month on month, and this is now being reported to Digital</p>	 Likelihood Impact	<p>16</p>	<p>31-Mar-2024</p>	

10-May-2019 Caroline Al-Beyerty				Services Committee as well as Information Management Board. 31 Jan 2024			Reduce	Constant
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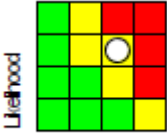
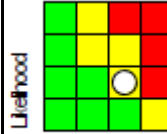

Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR16q User behaviour monitoring	Monitoring user activity on the network for any suspicious or unauthorized behaviour	Whilst we have monitoring of activity in place there is no behavioural analytical solution to identify anomalous behaviour. This capability is a significant control in detecting and preventing ransomware attacks.	Gary Brailsford-Hart	31-Jan-2024	31-Dec-2023
CR16r Access control monitoring	Monitoring access control systems and processes to ensure that only authorized users have access to sensitive information	Controls are in place to manage the access control to the estate; improvements have been made in the application of multifactor authentication. However, the escalation and acceptance of privileged accounts remains within the IT department and is not subject to independent scrutiny	Gary Brailsford-Hart	31-Jan-2024	31-Dec-2023
CR16s Incident response	Developing and implementing a plan to respond to any security incidents that occur.	We have drafted a Cyber Incident Plan as well as operating cyber testing exercises. However, there is a need to produce further playbooks and develop more testing and exercising events	Gary Brailsford-Hart	31-Jan-2024	31-Dec-2023
CR16t Security information and event management (SIEM)	Using software tools to collect and analyze data from various security sources to detect and respond to security incidents.	This is in place and operating. Microsoft Sentinel is in place and collecting activity from across CoL. This is monitored and managed by the InfoSec team who will detect and investigate incidents highlighted by the SIEM.	Gary Brailsford-Hart	31-Jan-2024	31-Dec-2023
CR16u Security awareness training	Providing regular training to staff and employees on cyber security best practices to prevent security breaches.	We have confirmed that MetaCompliance Learning is currently licensed for CoL but has not been deployed. InfoSec team will be engaging with learning and development to support, refresh and deliver this across CoL. We have developed an awareness plan and produce weekly cyber security articles which are being shared with communications colleagues 03/10/2023 - Launch of Cyber Security awareness training: Module 1, delivered to all staff October is cyber month and the security team will be distributing practice advice based on a	Gary Brailsford-Hart	31-Jan-2024	31-Mar-2024

		different theme for each week in October.			
CR16v Security Baseline assessment – COL/COLP/Institutions	Security Baseline assessment – COL/COLP/Institutions	Initial assessment complete, work is ongoing to identify trends and a developments plans and updates to the CAF will continue – reviewed bi-annually	Gary Brailsford-Hart	31-Jan-2024	31-Dec-2023

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	Current Risk score change indicator
CR38 Unsustainable Medium Term Finances - City's Estate 31-Oct-2022 Caroline Al-Beyerty	<p>Causes: The embedded increased impact of inflation, following the peak of 10.7% in Autumn 2022 (as reported by the Office for Budget Responsibility). Aging estate crystallising high levels of expenditure over short time period, putting pressure on Reserves. Reduction in rental income from the property investment portfolio following post pandemic changes in workplace attendance reducing demand for grade B office accommodation.</p> <p>Event: Inability to manage financial pressures within the fiscal year, resulting in an inability to achieve anticipated savings and generate expected income, may necessitate additional reliance on Reserves. Additionally, challenges in controlling construction inflation or the inability to readjust capital projects within budget parameters pose further risks.</p> <p>Effects: The City of London Corporation's reputation could suffer from failure to achieve financial goals or from reduced services to businesses and the community. Experience challenges in delivering the capital program and major projects within budgetary limits. Inability of expenditure to align with the corporate plan, leading to inefficient resource utilisation and reduced corporate performance.</p>		16	<p>Inflation rates to be monitored quarterly and an inflation contingency to be maintained in 2024/25.</p> <p>Earning more income from property investment portfolio – diversification of asset portfolio.</p> <p>The five-year financial plan includes cyclical works programme to cover bow-wave of outstanding works and provision of £62.7m p.a. for works going forward.</p> <p>Funding strategy identifies where best to bring third party capital into surplus operational property opportunities, reducing demand on own Reserves.</p> <p>Quarterly monitoring of capital programme against budgets.</p> <p>Developing income generation opportunities.</p> <p>11 Jan 2024</p>		8	31-Mar-2025	
							Reduce	

Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR38a Impact of inflation	Monitoring the impact of revenue inflationary pressures (including pressures on energy costs, cost of London living wage) and construction inflation impacts on capex	<ul style="list-style-type: none"> Regular monitoring the office of budget responsibility's inflation forecasts. Identify areas that are forecasting to exceed budget envelope due to inflation increases, and 	Sonia Virdee	11-Jan-2024	31-Mar-2025

	programme • Monitor the use of inflation contingency	review action.			
CR38e A reduction in key income streams and increase in bad Debt	Monitoring key income streams • i.e. rental income from the property investment portfolio.	This is being monitored monthly, with action being taken to within the portfolio to maximise income generation opportunities. Ensure income generation schemes are sustainable and on-going opportunities are explored, these include but not limited to: • Lord Mayor Show and events across the Corporation • Advertising • Filming inside and outside the square mile • Retail opportunities • Fees and Charges	Sonia Virdee; Genine Whitehorn e	11-Jan-2024	31-Mar- 2025
CR38f Achievement of current Savings Programme	Delivering the current savings programme and securing permanent year-on-year savings.	Quarterly revenue monitoring undertaken to ensure departments have appropriate plans in place to meet savings. High risk departments are undertaking monthly revenue monitoring.	Sonia Virdee	11-Jan-2024	31-Mar- 2024
CR38g Major Projects Financial Envelope	Remain within the financial envelopes approved for major projects.	Monthly updates on major projects forecasts and issues arising.	Sonia Virdee	11-Jan-2024	31-Mar- 2029
CR38h Third Party Capital Funding	Bringing third party capital to surplus operational property opportunities.	Identified initial opportunities which have been supported by Resource Allocation Sub Committee. Proposals for each opportunity to be worked up and submitted for member consideration to relevant Committees.	Sonia Virdee; Paul Wilkinson	11-Jan-2024	30-Jun- 2024
CR38i Charities Review (Natural Environment)	Undertake the Charities Review (Natural Environment)	The ability for charities to fundraise and generate more income to support ambitions for activities and operational property requirements.	Emily Brennan; Sonia Virdee	11-Jan-2024	31-Dec- 2024

Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CR01 Resilience Risk 20-Mar-2015 Gregory Moore	Cause - Lack of appropriate planning, leadership and coordination Event - Emergency situation related to terrorism or other serious event/major incident is not managed effectively Effect - Major disruption to City business, failure to support the community, assist in business recovery. Reputational damage to the City as a place to do business.	 Likelihood Impact	12	Castellan (formerly Clearview) BC management tool continues to be implemented rollout has begun across Col depts – Continues 17/01/2024 17 Jan 2024	 Likelihood Impact	8	30-Sep-2024	 Constant
							Accept	

Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR01L Business Continuity Management Page 92	Assurance process with Cabinet Office College Provide refresher and initial training for Col staff, this training intended to increase knowledge to ensure BC plans are able to support the Col maintain its business during a major incident, provide an in-depth independent oversight of the Col business impact analysis, identifying its most critical business areas Challenges around re structure of depts/teams identifying business continuity leads new member of the resilience team joining. Meetings have taken place with risk connect to continue supporting moving forward. There is an admin and user training session due to take place 29th January 2024	<p>The BC software product now Risk connect has been built with rollout beginning across the Colc January 2023 the onboarding process is now taking place. The intention is for the Dept BC leads end users to familiarise themselves and be confident using the system over the next few months and to input their BIA.</p> <p>Training set now for 29th January 2024. This will also cover admin users and the aim is for key depts staff to support others across the use of the system , this is in development . Work also started on identifying key depts BIA business impact analysis. Work also taking place with new member of the resilience team to develop BC policy linked to the BIA development</p>	Gary Locker	17-Jan-2024	30-Jun-2024
CR01M Review of LALO Local authority liaison officer	process, training, call out process to strengthen the City capability and resilience in responding to major incident and complying with the wider London boroughs standardisation programme	LALO support role. This is a revolving process and further refresher and new staff development training and exercise in this role will be sought during 2024	Gary Locker	17-Jan-2024	30-Jun-2024
CR01N Standardisation procedures including Gold leadership	to increase City capability and resilience in also supporting wider London boroughs during major incident response, covers the key support functions of emergency centres and Gold strategic leadership	<p>Gold major incident awareness training day completed for new Col Chief Officers 21/10/21 module 1 included Media.</p> <p>Training event planned for 22/9/23 implications, Humanitarian aspects, Civil Contingencies Act & Command structure responsibilities. Module 2/3 to follow 2022 Legal Implications &</p>	Gary Locker	17-Jan-2024	30-Sep-2024

Training		<p>Public Inquiries session New senior staff to be identified for further training and awareness process continues as organisation changes continue.</p> <p>All Completed</p> <p>To identify new course dates and potential new candidates. 2 senior staff Comptroller and COO have been given notice of MAGIC course dates 2023. National Multi agency Gold Incident Command</p> <p>GOLD course completed September 22nd, 2023; next course set for 26th March 2024</p> <p>Emergency centres staffed by Col Crisis support team 40 staff currently. Refresher training and call for new volunteers 2024</p>			
CR01Q Rolling DR tests	Plan an annual calendar of IT DR tests, covering critical systems and services	A 12 month plan of rolling failover/DR tests has been produced and will commence toward the end of the year. These will each cover a specific area of the technology service; starting with the lower risk, lower impact services and ending with a simulation of a cloud Data centre failure	Chris Rawding	22-Aug-2023	01-Dec-2023

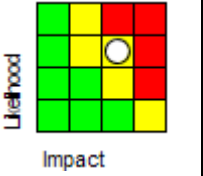
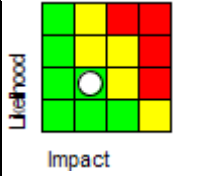

Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR30k Impact on City financial and ability to champion sustainable growth of not hitting net zero targets / maintaining resilience	Ongoing political and international relationship management	Strong progress towards 2027 net-zero target fuels positive media coverage. Stakeholder engagement plan unlocks political & international collaboration avenues.	Damian Nussbaum	20-Dec-2023	31-Mar-2027
CR30l Risk of not hitting net zero and resilience targets for City Corporation operational and investment assets, whilst optimising returns	Deliver programme of works across operational and investment portfolios	<p>Top 15 emitting buildings and all 118 investment properties across our corporate and housing estates have been surveyed to inform the operational and capital interventions across our corporate buildings. Reports were updated in April 2023 and discussed with individual Asset Managers, to inform an overall Operational Plan which is currently undergoing development and should be released not later than January 2024.</p> <p>Decisions outstanding on planned stock changes such as disposal strategies and major projects such as the Guildhall Master Plan, Barbican Arts Centre and Markets Co-location continue to create uncertainty in the Corporate Properties Group workstream for CAS. As these buildings are amongst the highest emitters for the operational estate, understanding their future is essential in planning for, and delivery of, the 2027 CAS target.</p> <p>Construction price inflation, both in terms of availability and pricing of materials, and through the availability of labour, will impact the delivery programme. This may result in additional budget pressures. This is an industry-wide issue that the department is tracking closely.</p> <p>Recent unprecedented rises in energy prices and the cost of capital works present a significant risk to CAS target delivery. CAS is supported by the delivery of planned cyclical maintenance works which are being delayed and the capture of energy cost savings to fund further measures. Avoiding delays due to cost pressures will be necessary to avoid knock-on impacts to CAS targets. The mitigation in place includes introduction of behavioural management programme in buildings and the implementation and potential expansion of the of Power Purchase Agreement (PPA) in January 2023, which between January and April generated 9M kWh. The cost saving fund is being designed and the first cost savings(circa 500k)should be transferred to fund during FY 2023/24.</p> <p>There is a risk that due to insufficient engagement, residents choose to not support the Climate</p>	Paul Wilkinson	20-Dec-2023	31-Mar-2027

		Action work proposed for their areas. As a result, critical works on e.g. improving the energy efficiency of old properties becomes delayed or does not progress due to opposition. Therefore, a dedicated engagement plan supported by housing team for this residential community is in place.			
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	<p>Purchased Goods and Services actions for the coming year:</p> <ul style="list-style-type: none"> * Implementation of the Carbon Net Zero Procurement Plan; FY 2022 – 2024 * Working with our supply chain to embed Climate Action KPIs into the supply chain through focus on the most impactful contracts. * Focusing on the most impactful contracts, migrate away from proxy values to track carbon performance more accurately. With a focus on the most impactful contracts, we have successfully transitioned from proxy values to enhance the accuracy of tracking carbon performance by implementing the new carbon accounting software, Avarni. As a result, six out of the top 25 suppliers have been migrated to the software, enabling them to report actual emissions instead of relying on spend-based proxies. * Developing low carbon, green and circular criteria, and standards to help decouple carbon from spend. * Additionally, all work undertaken is with the 55% reduction in supply chain emissions target, from the 2018 baseline, in mind. <p>Financial Investment actions for the coming year:</p> <ul style="list-style-type: none"> * Formulating and implementing plan to address financial physical and transition risks within the upcoming strategic asset allocation process. * Working with fund managers to ensure robust risk management on the portfolio and timely disclosures. * The report ‘Managing Climate Risk for our Financial Investments’ has been published in October 2021 aligning our financial investments with net zero emissions by 2040 	Caroline Al-Beyerty	20-Dec-2023	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>The Cool Streets & Greening Programme is trialling climate resilient measures in our streets and public realm at pilot sites across the Square Mile. The first two phases have made use of opportunities to make changes to the existing project pipeline, while the final two phases have instigated projects where they are likely to have the biggest impact. Phase 1 (advanced existing projects) - nine sites approved - seven complete - two at Gateway 5. Phase 2 (existing projects) - six sites approved - two onsite - three at Gateway 5 - one at Gateway 4. Phase 3 (Tree planting) - 100 targeted - 29 trees planted - 13 tree pits awaiting trees - 58 sites to be identified. Phase 3 (Landscaping) - four sites approved - four sites at Gateway 4. Phase 3 (Replanting) - fourteen sites approved - three sites complete - eleven sites at Gateway 4. Phase 4 (SuDS) - six sites approved - six sites at Gateway 2/3. Phase 3 and 4 make use of learning from the completed Cubic Mile (below ground mapping) project.</p> <p>Phase 1 of pedestrian priority programme has been approved. Phase 2 still needs approval and has political risk attached to it. If the programme of Pedestrian Priority restrictions and traffic reduction is not delivered this significantly undermines the ability to reach net zero.</p>	<p>Bob Roberts</p>	<p>20-Dec-2023</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>Current risks are:</p> <p>*Challenge by tenant to termination of farming tenancy which would make one of the key project sites unavailable. To mitigate this, additional consultancy has been retained to support fair and efficient process to negotiations. UPDATE: tenants did not agree to terminate tenancy.</p> <p>*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. UPDATE: Estimated project cost of the LUC was higher than the Carbon Removals budget at the time.</p> <p>Carbon Removals project is currently under review due to need of project rescoping. New plan is being developed following the LUC and Arcadis reports on opportunities to increase carbon sequestration and protect existing sequestration. The final draft of the project proposal is currently under review and will be presented to Policy and Resource Committee for approval in January 2024.</p>	<p>Bob Roberts</p>	<p>20-Dec-2023</p>	<p>31-Mar-2027</p>
<p>CR30p Delivery delays and failures due to stakeholder / public action / inaction</p>	<p>Run overarching engagement programme with our stakeholders and partners (phase 3 of engagement plan) and quality assure engagement for projects</p>	<p>Stakeholder engagement is incorporated as part of the Strategy Implementation Support plan and that there is also a dedicated engagement plan under each project. Dedicated stakeholder engagement lead built into PMO function. Stakeholder engagement plan approved at May Policy & Resources Committee.</p>	<p>Damian Nussbaum</p>	<p>20-Dec-2023</p>	<p>31-Mar-2027</p>

<p>CR30q Protecting vulnerable groups who are most likely to be impacted by climate change and fulfilling Public Sector Equalities Duty</p>	<p>Carry out impact assessments and equalities analysis on projects and stakeholder research and use their findings to shape future engagement and delivery</p>	<p>Subject to continuous assessment within implementation plans. A review of the findings from the initial Test of Relevance was conducted at half year and they remain the same. Impacts will be investigated and assessed on an ongoing basis in conjunction with the delivery of the CAS programme of work.</p>	<p>Judith Finlay</p>	<p>16-Nov-2022</p>	<p>31-Mar-2027</p>
<p>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</p>	<p>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.</p>	<p>In order to measure and report progress against our targets transparently, a Climate Action Dashboard has now been completed and is live on the external COL website and is being reviewed and updated each quarter. This update process is governed by a new Dashboard Data Governance & Reporting Procedure which has been shared with key officers in Q4 of 2022/23. The dashboard allows tracking to take place across an initial 31 management KPIs as well as the main 21 reporting KPIs of our carbon footprint as expressed in tonnes of CO2e (Carbon Dioxide Equivalent). Going forwards, it is intended that this dashboard will be used as the basis for progress reporting to Committees.</p> <p>To manage risk effectively in the programme, all projects have a risk log and the overall risks are reported at a programme level to Policy & Resources Committee and via this CR30 corporate risk update. The project risks are being monitored quarterly as part of the status report update in the Risks and Benefits Log.</p> <p>Project performances are monitored quarterly against their projected achievement trajectories. These movements are being closely monitored between Member and officer governance.</p>	<p>Damian Nussbaum</p>	<p>20-Dec-2023</p>	<p>31-Mar-2027</p>

Projects	projects.		Virdee		2029
CR35f Achievement of current Savings Programme	Delivering the current savings programme and securing permanent year-on-year savings (including Police Authority) • Develop income generation opportunities	Ensure income generation schemes are sustainable and on-going opportunities are explored, these include but not limited to: • HARC – Heathrow Animal Reception Centre • Events across the Corporation • Advertising • Filming inside the square mile • Retail opportunities • Fees and Charges.	Alistair Cook; Sonia Virdee; Genine Whitehorse	11-Jan-2024	31-Mar-2026
CR35n Prepare a balanced Medium Term Financial Plan	Prepare a balanced Medium Term Financial Plan	The next instalment of the MTFP presented to Finance Committee in February 2024.	Daniel Peattie	02-Feb-2024	31-Mar-2024

Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
CR39 Recruitment and Retention 21-Feb-2023 Alison Littlewood Page 101	Cause: The Corporation had an employee turnover rate of 18.69% for the period 1 January to 31 December 2022. This is a high and is affected by a wide range of factors including labour market shortages and high levels of employment in the wider economy. Like many employers, the Corporation is competing for scarce talent, particularly in highly skilled areas such professional services. Event: Unable to attract and retain the best talent due to factors such as remuneration, working conditions and benefits becoming out of line with competitor organisations. Effect: The corporation is at risk of failing to deliver its corporate objectives. Costs of delivering services increase due to high turnover, and increased reliance on agency workers and interims, particularly in shortage areas. This means our ability to deliver objectives is at risk. This affects both outcomes for policy objectives and statutory functions, as well as the brand and reputation of the organisation.		12	Since this Risk was created turnover has reduced, from 18.69% in December 2022 to 10 to 11% in December 2023. 02 Feb 2024		4	31-Dec-2024	 Decreasing
							Reduce	

Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR39a	Develop and consider alternative models of service delivery which are cost effective and ensure corporate and statutory objectives are met	<p>In November 2023 we received Member approval for the City to work with external consultants, Evolving Solutions to look at service delivery options across key types of engagements e.g. temporary and agency worker arrangements and permanent recruitment. Work is underway to include the approach to casual workers in this review. Following this review, a strategy view on contingent labour and best options for the new service model will be reported to the Corporate Services Committee for approval in April 2024.</p> <p>To facilitate this the Court of Common Council also approved an extension of the current Managed Service Temporary Agency Resource contract with Hays for 6 months to 30 June 2025.</p>	Alison Littlewood ; Cindy Vallance	02-Feb-2024	30-Apr-2025

		<p>This action also relates to a programme of work set out against CR39e on workforce planning.</p> <p>A new Workforce and HR dashboard has been developed to support HR Business Partners with workforce planning and strategic workforce discussions with their business areas. This is anticipated to be launched in April 2024.</p> <p>As part of our work on the People Strategy, one of our Y1 deliverables for 2024/25 and ahead of the implementation of the new ERP system will be the development of a high level manual workforce planning process - work is currently being scoped for this.</p> <p>A new Workforce and HR dashboard has been developed to support HR Business Partners with workforce planning and strategic workforce discussions with their business areas. This is anticipated to be launched in April 2024.</p> <p>We are also reviewing our Chief Officer and Senior Officer recruitment procedures in order to ensure they are both robust and allow for a efficient and seamless recruitment process in key positions in the organisation. This report is expected to go to Corporate Services Committee in April 24.</p>			
<p>CR39b Ambition 25 Reward Review</p>	<p>Full review of pay, terms and conditions to update working patterns and reward to improve recruitment and retention. Phase 1 completed by April 2023 with options for change. Phase 2 implementation of agreed options for change by Autumn 2024</p>	<p>Background</p> <p>Korn Ferry, on the basis of discussions with Members and Chief Officers, reported to CSC in April 2023 on the outcome of their pilot “diagonal slice” review</p> <p>Korn Ferry concluded with 11 recommendations, of which 4 are incorporated into the Ambition 25 project. The other 7 are incorporated into the wider People Strategy</p> <p>Primary Aims</p> <p>These four primary aims, as recommended by Korn Ferry, were approved by CSC in April 2023:</p>	<p>Alison Littlewood</p>	<p>01-Feb-2024</p>	<p>30-Apr-2025</p>

- Create a new total reward strategy that is designed to meet the ambitions of being a world class organisation, **attracting and retaining the best talent**
- Create a job family framework and associated suite of future-focused role profiles that supports the Corporation’s Head of Profession approach, tackles existing silos, and promotes transferable skills
- Implement a proven, robust job evaluation method to enable risk management, equity and fairness.
- Create and implement new pay and grading structures that address current challenges regarding market competitiveness and prevalence of allowances, with the appropriate controls to manage risk

Key Milestones Completed

- **Project initiation** – setting up the architecture, project and programme teams: completed
- **Data collection** (job descriptions and person specifications): completed (60%)
- **JD data** supported by Korn Ferry deep dives (95 carried out)
- **Project design principles** – ie, the key guiding principles that will direct the development of new structures for work: completed and approved October 2023
- **Development of job families** – ie, the high level ‘architecture’ of job families: draft completed and approved November 2023

Key Milestones – Future

- **Total reward strategy, pay and grading** – ie, what does our reward strategy look like, as well as how the new role profiles / ladders / clusters / job families fit into a new pay and grading matrix: February to May 2024

- **Consultation and negotiation** – ie, we will need to consult widely with all colleagues and also consult/negotiate with our recognised trade unions, GMB and Unite: June to October 2024
- **Knowledge transfer** – ie, this is the final milestone where KF and the project team will support knowledge transfer to BAU: October to December 2024 (but ongoing)
- **Administration and support** – ie, setting up the internal structures, policies, and processes to ensure easy implementation: Date TBA

Key Milestones Current

- **Development of role profiles** – ie, KF are drafting around 500 role profiles across the entirety of the Corporation: ongoing as at January 2024
- **Mapping current structures to new role profiles and job families / clusters / ladders** – ie, KF and the project team, supported by HRBPs, will meet with all Department and Institution senior teams (and cascaded where necessary) to present draft matrices for comment and ultimately approval: February to April 2024
- **KF job evaluation** – ie, KF are job evaluating all newly developed role profiles: February to April 2024 (ongoing in parallel with mapping)

In Scope

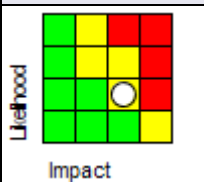
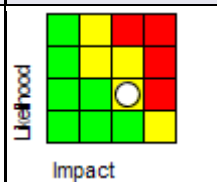

- Reward strategy
- Pay policy
- Benchmarking
- Job evaluation
- Pay and grading
- Market forces supplements

		<ul style="list-style-type: none"> • Pay-related allowances • Holiday entitlement • London weighting? 			
CR39c Agency provider renewal	<p>To assure the Corporation that a robust contingent labour provider and process is implemented, a review of the current service will be undertaken. Amongst other benefits this is to support with temporary workers to cover hard to fill roles and provide additional capacity when in house capacity is stretched.</p> <p>Options will be shared with SLT, ELB and CSC between February and April 2024 with a view to commissioning a new managed service supplier to supply both temporary and permanent workers by July 2025.</p>	<p>We are working with Evolving Solutions (ES) consultants to carry out a detailed review on our temporary agency worker contract; currently managed by Hays. This review was completed in January 2024. The next stage will be for ES to present a comprehensive report to key stakeholders which will advise the future model design and procurement options available to us ensuring we procure and implement a forward thinking, solutions focused temporary agency worker contract which aligns with the contract expiry date of June 25.</p> <p>Key milestones include:</p> <p>Phase 1 - Sept 23 to March 24</p> <ul style="list-style-type: none"> • Stakeholder engagement • Key supplier market engagement • Review of the current contingent labour MSP contract • Policy review that includes (Recruitment policy, governance and compliance) • Operational review • Current costs/utilisation analyst • Future contract cost Comparison / Contract Management Cost Recovery • Options Appraisal Preparation & Stakeholder Review • Options Appraisal Presentation and Support through Governance • Extension of existing Hays contract to enable review and presentation of options back to Officers and Corporate Services Committee <p>Phase 2</p> <ul style="list-style-type: none"> • Present committee report to CSC and P&P in April 24 • Finance - Present committee report May 24 • Publish Tender May 24 • Tender Returned June 24 	Alison Littlewood ; Dionne Williams-Dodoo	02-Feb-2024	30-Apr-2024

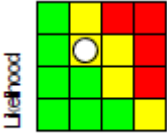
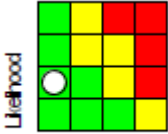

		<ul style="list-style-type: none"> • Governance Sept 24 • Final Award October 24 • Mobilisation November 24 - June 25 • Service to go live July 25 			
CR39d Effective recruitment review	<p>Identify “quick wins” in relation to current recruitment / applicant tracking system to improve user experience. Develop and put in place clear requirements for new ERP system.</p> <p>To improve candidate and hiring manager experience and enable a more proactive service model.</p> <p>Phase 1 June 2023 and phase 2 April 2025</p>	<p>In early 2023 People & HR recruited to the position of Head of Workforce & Resourcing who has been working with the wider HR team to refine and improve existing recruitment processes to streamline and improve the overall service provision. Key Performance Indicators (KPIs) on time to hire have been introduced to monitor effectiveness of the City’s recruitment and onboarding processes. Through the Midland HR Phase I project the People & HR unit have worked to minimise pain points as far as possible within the scope of the approved project and existing system limitations. Clear requirements for a new Enterprise Resource Planning system have been developed and communicated with a suitable provider identified and engaged.</p> <p>A new Corporate induction has also been launched to support the effective induction of new hires into the City of London Corporation.</p> <p>In 2024 the transformation focus will be centred on ERP as a Phase 2 of this action. The new ERP will enable us to further improve the quality of our candidate experience, improve data through the recruitment process to inform decision making, and further improve the onboarding process (with the introduction of a new onboarding module) for new starters. ERP is expected to be implemented by Spring 25. The Recruitment and Onboarding module is scheduled to be an early module for implementation on the project in 2024.</p>	Alison Littlewood ; Cindy Vallance; Dionne Williams-Dodoo	02-Feb-2024	30-Apr-2025
CR39e Development of HR data departmental dashboards and workforce planning reports	<p>Ahead of the ERP launch in April 2025, a plan to develop the HR data dashboards and manual workforce reports for each department will be implemented in Q1 2024/2025 the aim for these reports is to enable HR Business Partners to support the departmental resource planning process using data. This action is reliant upon accurate data and reporting from the current HR system and the new ERP system.</p>	<ul style="list-style-type: none"> • Departmental workforce planning will be supported by the implementation of our new ERP, expected in Spring 25. • In the interim and as detailed in our People Strategy, the People & HR unit have planned additional activity in 2024/25 on manual workforce planning to support the organisation in introducing a workforce planning approach to resourcing. This work is being scoped and will align with the specific date as detailed below. • A new Workforce and HR dashboard has been developed to support HR Business Partners with workforce planning and strategic workforce discussions with their business areas. This is anticipated to be launched in Q1 2024/2025. 	Dionne Williams-Dodoo	02-Feb-2024	30-Apr-2025

		<p>Work completed:</p> <p>-- An establishment data cleanse and establishment control process was introduced in September 2023 which will support department level reporting with increased accuracy.</p>			
CR39f People Strategy Approach	<p>The People Strategy is on track to launch in April 2024. The five identified workstreams will be captured as individual risks and will be tracked within the prioritised work plan of the People Strategy. The modernising our City Corporation and The My Talent My Development workstreams identify the work that will be completed to support the candidate attraction and retention of employees.</p>	<p>We have set out a number of activities as part of the People strategy and the HR Business plan for 2024/25 for which work is underway. These include:</p> <ul style="list-style-type: none"> • Learning and Development – a comprehensive review of the offer in place – including review of mandatory eLearning, Induction & Core offer Review by December 2024; Through Ambition 25 (Reward review) the introduction of Job Families will inform career pathways - employees will be better able to see their career path and opportunities across the organisation through the creation of job families - by Dec 24 • Management and Leadership Development (Launch of Leadership and Management Training and Forums) - this review is expected to launch by December 2024; • Performance Management – review of the appraisal process for 2024/25 and introduction of a new approach for the Senior Leadership Team and Executive Leadership Board by April 2024; • Continuing the growth of the Apprenticeship Scheme by February 2025. This includes embedding of the Graduate Scheme; • Launch of the next employee engagement survey in Spring 2024; • Launch of renewed values and behaviours framework for the City by Q4 2024/2025. 	Alison Littlewood ; Cindy Vallance	02-Feb-2024	30-Apr-2025
CR39h Data and metrics - turnover	<p>Employee turnover has been identified as a key metric and will continue to be monitored in 24/25. As part of the wider HR data dashboards.</p>	<p>The City currently monitors a KPI on voluntary turnover on a monthly basis, against a target of 15%. Voluntary turnover rates were 10.98%, 10.64% 10.44% for each of the three months to December 2023.</p>		02-Feb-2024	31-Mar-2024
CR39i Employee onboarding journey, Data and metrics - time to hire	<p>The metrics associated with the employee onboarding journey, continue to be monitored against the 3 KPI's as listed below.</p>	<p>Whilst a KPI on time to hire is monitored on a monthly basis, against a target of less than 45 days, the average up to October 2023 was between 49 – 52 days.</p> <p>We have found that the KPI set does not helpfully account for notice periods which are outside of the City's control and, therefore, distorted the performance data. This KPI will be revised as part of the implementation of the City's new People Strategy in April 2024. The KPI</p>		02-Feb-2024	31-Jul-2024

		<p>have been refined into three specific measures through the employee onboarding journey to make them more meaningful and specific.</p> <p>The new KPIs set and to be monitored following the launch of our new Workforce and HR dashboard are as follows: -</p> <p>Complete Information received from Manager to advertisement made live (Primarily Rectmt)</p> <ul style="list-style-type: none"> • KPI: 4 working days (target for advert posted on COL job site, timeline agreed to take into account payroll deadline period) • Benchmark data from current data: 4.93 (average) • Advertising close date to conditional offer (Joint Rectmt/Manager) • KPI: 12 working days (managers are encouraged to plan their recruitment, stating anticipated interview dates on adverts, and agreeing shortlisting time with panel members. Workforce and Resourcing are to work with recruiting managers in ensuring all the info needed for conditional offer to be sent out is received. <p>Benchmark data from current data: average 21.4 days.</p> <ul style="list-style-type: none"> • Conditional offer to all checks complete (Joint Rectmt/Candidate) • KPI: 20 working days (This is dependent on how quickly referees provide references and whether the role requires a DBS/vetting and may therefore increase due to processing times) • Benchmark data from current data: average 24.2 days 			
<p>CR39j Vision and Values/employer branding</p>	<p>We recognise that having a positive employment brand helps to attract potential candidates. This also relates closely to defining our employee offer and the work set out as part of The My Talent, My Development workstream of the 2024-2029 People Strategy sets out the elements of work associated with this important work. This work will help us to better define what it means to be an employee and sell the Corporation to future candidates.</p>	<p>The main elements of the modernising our City Corporation and My Talent, My Development are outlined on the People Strategy. Which will be launched in April 2024.</p>		<p>02-Feb-2024</p>	<p>31-Dec-2024</p>

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	Current Risk score change indicator
CR36 Protective Security	<p>Cause: Lack of appropriate governance, inadequate security risk assessments, prioritisation, and mitigation plans. Inadequate, poorly maintained or time expired security infrastructure and policies; lack of security culture and protective security mitigation; poor training, inadequate vetting, insufficient staff.</p> <p>Event: Security of an operational property and event space is breached, be that internal threat, protest and/or terrorist attack. Publicly accessible areas for which the Corporation are responsible for are subject to an undisrupted Terrorist attack.</p> <p>Effect: Injury or potential loss of life caused by an undisrupted attack, unauthorised access to our estate by criminals/protestors/terrorists; disruption of business/ high profile events; reputational damage.</p>		<p>8</p>	<p>Security governance is now embedded as business as usual. The move of the CCC and wholesale markets into the City Surveyor's department has further developed the standardisation of security operations across sites. The introduction of VSAT has extended security assessments across a wider segment of the property estate providing a more detailed audit of how vulnerability is managed. The creation of the Bridges Security Board and the Markets Security group is an additional positive step, demonstrating the City's commitment to security in the Square Mile and its areas of influence.</p> <p>2023 was yet another challenging year, with multiple protests occurring alongside the cycle of high-profile events that saw HM King Charles III become the King posts the Jubilee and funeral of HM Queen, the South Koren President, the UK Prime Minister, and many other visits by protected VIPs and high profile visitors. The excellent relationship with our security partners led to a programme of delivery that maintained the City's international reputation as a safe and secure venue.</p> <p>COLC has continued to protect both our public spaces through Protect Realm Board in partnership with COLP and TFL, mirrored with Protect</p>		<p>8</p>	<p>01-Jun-2024</p>	

<p>Corporation Buildings</p>		<p>Association. • Cross Sector Safety and Security Communications. • Global Terrorism Information Network TINYg. • POOLRE • City Security Council • CPNI Strategic and Tactical meetings structures.</p> <p>VSAT has extended the security assessment process across a more diverse section of the estate.</p> <p>Diverse attendance and support continues</p> <p>We are currently working with COLP in review all delivery of previous security footprints to ensure up to date and independent audit of works done.</p> <p>Continual monitoring continues.</p> <p>The previously report VSAT system has now been fully adopted and working parallel with site protect packs, this is now been reviewed across the City Surveyors estate to asses where we are in relation to protective security across our estate.</p> <p>COLP have introduced a new NaCTSO security assessment product that has been applied to Guildhall, Barbican, Tower Bridge, CCC, Mansion House and Leadenhall Market.</p> <p>The Protect Duty is anticipated and this is expected to create an additional level of governance but there is a high degree of confidence that City sites already exceed anything the Act will introduce.</p>			
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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	Current Risk score change indicator
CR21 Air Quality 07-Oct-2015 Bob Roberts	<p>Cause: Levels of air pollution in the City, specifically nitrogen dioxide and fine particles, impact on the health of residents, workers and visitors. The City Corporation has a statutory duty to take action to improve local air quality.</p> <p>Event: The City of London Corporation is insufficiently proactive and resourced, and does not have the right level of competent staff, to be able to fulfil statutory obligations, as a minimum, in order to lower levels of air pollution and reduce the impact of existing air pollution on the health of residents, workers and visitors.</p> <p>Effect: The City Corporation does not fulfil statutory obligations and air pollution remains a problem, impacting on health. Potential for legal action against the Corporation for failure to deliver obligations and protect health. Adverse effect on ability to deliver outcomes 2 and 11 of the Corporate Plan</p>	 Likelihood Impact	6	No change from the current risk rating 04 Jan 2024	 Likelihood Impact	2	31-Dec-2026	 Constant
							Reduce	

Page 12

Action no, Title	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR21 001h	Develop baseline model for compliance assessment and publish annual report of air quality data	The 2022 Annual Status report was submitted on time and approved by the GLA and Defra. Work is underway to assess the % area compliance for 2022.	Ruth Calderwood	12-Oct-2023	31-Dec-2025
CR21 001i	100% of vehicles owned or leased by the CoL are electric or hybrid by 2025	The City Corporation continues to add zero emission vehicles to its fleet with 8 hybrid and 19 pure electric vehicles. A database has been created of fleet carbon and air pollution (NOx and PM) emissions.	Ruth Calderwood	12-Oct-2023	31-Dec-2025

Reinforced Autoclaved Aerated Concrete (RAAC) Working Group Briefing Note

Updated on 12 February 2024

Produced by Jonathan Cooper – AD, Head of Surveying & Engineering (City Surveyors) & David Renshaw, Head of Health & Safety (Property) (Corporate H&S, Town Clerk’s Department)

Summary

A working group was formed that brought together key departmental leads, with the purpose of understanding any potential risk in relation to RAAC in any City of London owned property (c.1200 assets in total).

A systematic approach to filtering and consequently inspection, was rolled out to all properties. This exercise is now fully complete, with 3 properties being confirmed as containing RAAC. All properties containing RAAC are medium to low risk and its presence should not affect operations or residual values of those properties in the future.

The filtering process was developed and aligned with industry guidance. Whilst the group cannot categorically confirm that RAAC isn’t present in all areas of the portfolio, it can confirm that it is unlikely to be present in the rest of the portfolio. In addition, a process has been put in place that will enable individuals to highlight any areas of concern and information developed as part of the working groups exercise will be centrally held, much in the same way as registering asbestos.

Approach taken by working group:

1. No specific central asset data on RAAC was held, as it had previously never been a requirement of organisations to do so. All relevant departments have now undertaken full review of all properties and relevant structures to be able to satisfy this requirement. The Corporation had **over 1,200 properties** which needed to be assessed.
2. Departments with direct responsibility for the building and/or day-to-day estate management for each asset were tasked to undertake an initial review of their portfolio, using central guidance (tailored for the CoL as a best practice way of filtering). This was used to filter out properties unlikely to contain RAAC and enable prioritisation of remaining properties. Priority is based on the impact if RAAC were found rather than the likelihood of it being present.
3. Those properties identified as potentially containing RAAC, were then visually inspected following Dept for Education guidance. When RAAC was suspected or access prevented a suitable visual survey, a more detailed inspection was undertaken by a surveyor following The Institute of Structural Engineers guidance and where needed, intrusive work to establish the condition of any RAAC identified.

This task is now complete, the outcome is:

- Out of 1227 properties, 334 were identified through the filtering process as potentially containing RAAC.
- Visual inspection of the 334 properties, identified 48 which recommended an inspection survey.
- Inspection surveys of the 48 properties, identified 3 properties containing RAAC;

Property	Where found	Inspection undertaken	Next steps	Cost of works to date
City of London School (Boys)	Main Hall roof	Intrusive inspection undertaken by external consultants. These confirm the area can remain in use.	Additional inspections to internal roof void (restricted access) to ensure record drawings are correct, due to complete in Feb/March 24.	External surveys – c.£15k Further surveys – c.£10k
City of London Girls School	Several internal intermediate floor areas (4 in total)	Detailed visual inspection & intrusive survey inspections by external consultants <u>Remediation works completed in December 2023.</u>	Minor repair works required to one small area, planned over half-term period. 3 yearly inspection required to monitor going-forwards	Surveys c.£30k Completed works c.£70k
Units 1-5 Europa Trade Park, Canning Town (Investment Property)	External wall areas to warehouse units	Inspection by technical officer	Intrusive inspection by external consultant, no immediate remediation works have been required.	Proposed surveys c.£10k
Total				c.£135k

Noted in relation to identified RAAC

1. The Corporation undertook initial surveys of the City of London School for Girls in 2022 and RAAC was only identified in limited areas. Structural Engineers undertook further investigations, in late 2022/early 2023 that confirmed the RAAC to be in good condition.
2. Following updated guidance from the Institution of Structural Engineers (ISE), a detailed and intrusive inspection was undertaken in early October. This confirmed there were some minor issues that only require addressing once convenient, and a 3-yearly inspection cycle is sufficient to mitigate any risks for some time to come.
3. Just one area noted above required more rapid intervention to the City of London School for Girls. This is due to the original construction method of some floor planks in the New Hall that don't align with the new ISE guidance. Permanent remediation works were completed during the Christmas break (December 2023).
4. All properties remain in use. It is anticipated that there will be no impact on the residual value of any of these properties.

Conclusion

It must be noted that whilst all reasonably practical steps have been taken to identify RAAC, this cannot guarantee RAAC isn't present within inaccessible areas of a property. Going forward, including inspection for RAAC during major work projects will be implemented to manage any residual risk from unknown RAAC.

Appendix A – Background information

Background to RAAC

1. Reinforced Autoclaved Aerated Concrete (RAAC) is a lightweight, form of concrete commonly used in construction between the 1950s and mid-1990s. It is usually found as precast panels in roofs (commonly flat roofs) and in floor, cladding and wall construction.
2. In the 1980's many failures of RAAC roof planks installed in the 1960's was reported and many such installations were demolished. The review undertaken by the Standing Committee on Structural Safety (SCOSS) in 2019 noted that RAAC was used for walls, and it was possible that there were RAAC floor planks, but no failures of these had been identified in their review.
3. Failure of RAAC was associated with poor design, installation and most significantly - maintenance, especially in roof planks where exposure to moisture could have an adverse effect on the material.
4. In March and October 2022, the Department of Education emailed all schools, asking them to complete an online survey on the presence of RAAC in their properties.
5. Subsequently in September 2023, following the collapse of RAAC within two properties, previously assessed as being satisfactory under existing guidance, schools were advised to mitigate any area where RAAC had been identified.
6. Government have now advised that all properties should be checked for the presence of RAAC, and risk controls implemented where it is identified.

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Top red risks only - short summary by department

Report Type: Risks Report

Generated on: 12 February 2024



Rows are sorted by Risk Score







Department Description Barbican Centre

Department Description: Barbican Centre 3

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
BBC Buildgs 027	Failure to maintain and renew Buildings and Estates Infrastructure	8	3	24		4	1	4		30-Apr-2024	Reduce	
BBC H&S 002	Failure to deal with Emergency/Major Incident/Risk of Terrorism	8	2	16		8	1	8		31-Mar-2024	Reduce	
BBC H&S 005	Failure to Deliver the Fire-Related Projects	8	2	16		2	1	2		31-Dec-2025	Reduce	




Department Description Chamberlain's

Department Description: Chamberlain's 2

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
CHB 002	Housing Revenue Account Financials	4	4	16		4	2	8		31-Mar-2025	Reduce	
CHB DITS 045	PSTN Switch Off 2025	4	4	16		4	2	8		01-Jun-2026		







Department Description City of London Freeman's School

Department Description: City of London Freeman's School 1

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
CLF-016	Financial Sustainability	4	4	16		2	2	4		31-Aug-2025	Reduce	

Department Description City of London Schools for Girls

Department Description: City of London Schools for Girls 3

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
CLSG-07	School facilities (SA5-Operations)	8	3	24		8	2	16		31-Dec-2024	Reduce	
CLSG-01	External pressures on financial model (SA5-	4	4	16		4	3	12		31-Dec-2024	Reduce	

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
	Operations)											
CLSG-13	Governance	4	4	16		4	3	12		31-Dec-2024	Reduce	

Department Description City Surveyor's

Department Description: City Surveyor's 3

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
SUR SMT 005	Construction and Service Contracts Price Inflation beyond that which was anticipated or planned	4	4	16		2	3	6		31-Mar-2024	Reduce	
SUR SMT 006	Construction Consultancy Management	4	4	16		4	1	4		31-Mar-2024	Reduce	
SUR SMT 009	Recruitment and retention of property professional	4	4	16		4	2	8		31-Mar-2024	Reduce	




Department Description Department of Community & Children's Services

Department Description: Department of Community & Children's Services 1

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
DCCS HS 007	Blake Tower - Barbican Estate	4	4	16		2	2	4		31-Mar-2024	Reduce	



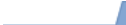






Department Description Environment

Department Description: Environment 1

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
ENV-SLT 001	DRAFT: Maintenance and renewal of physical assets	4	4	16		2	3	6		31-Mar-2024	Reduce	



Department Description Guildhall School of Music and Drama

Department Description: Guildhall School of Music and Drama 3

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
GSMD SUS 020	Inability to Invest in New Infrastructure and teaching spaces	8	4	32		2	3	6		31-Mar-2024	Reduce	
GSMD CROSCH 010	Risk of not preparing for or managing a significant disruptive event	8	2	16		4	2	8			Accept	
GSMD DDP 002	Reduced Recruitment and Retention of Key Staff	4	4	16		2	2	4		30-Sep-2023	Reduce	

Department Description Town Clerk's

Department Description: Town Clerk's 1

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
TC DTC PA 03	Fraud and Cyber Crime Reporting & Analysis Service (FCCRAS) Procurement	8	3	24		8	2	16		31-Mar-2024	Reduce	

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Committee(s)	Dated:
Audit and Risk Management Committee	26/02/2024
Subject: Corporate Risk – Deep Dive Reviews: CR16 Information Security; CR33 Major Capital Schemes	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: the Chamberlain	For Discussion
Report author: Matt Lock, Head of Internal Audit	

Summary

Internal Audit has undertaken deep dive reviews in relation to CR16 Information Security and CR33 Major Capital Schemes. The objective of the deep dive reviews is to examine the effectiveness of the arrangements in place for the systematic management of Corporate Risk.

The review found that:

- For CR16, the risk is being reviewed regularly on system and updated accordingly although this has not identified that the implementation dates of 5 of the 6 stated mitigating actions are now in the past.
- The impact of the mitigating actions for CR16 have not been quantified and so it was not possible to assess the extent to which these will contribute to reduced risk.
- CR33 has not been reviewed and updated on a regular or sufficiently frequent basis.
- No mitigating actions have been recorded for CR33 and the overall target date for achieving the reduced target risk score is 9 months in the past.

The responsible officers engaged fully with this process, resulting in a transparent and full exchange of information, the findings of the deep dive review have been shared and it is anticipated that this will inform subsequent management review accordingly.

Recommendation(s)

Members are asked to note the report.

Main Report

Background

1. Deep-dive reviews of the City of London Corporation’s Corporate Risks are undertaken by Internal Audit and reported to this Committee. The report is informed by in depth

review of the arrangements in place for managing risk, incorporating a quantitative assessment of the systematic application of the Corporate Risk Management Framework and a qualitative assessment as to the overall quality and completeness of the information provided in the risk register and, where possible, an objective review of the effectiveness of mitigating actions.

Current Position

2. The deep dive report takes the following format:

- i. Review of Risk Register Maintenance
- ii. Review of Completed Mitigating Actions
- iii. Review of Proposed Mitigating Actions
- iv. Review of Monitoring Arrangements
- v. General Observations and Overall Commentary

3. This report is focussed on Corporate Risks CR16 Information Security and CR33 Major Capital Schemes. The relevant extracts from the Risk Register are shown as Appendix 1 and 2 respectively.

CR16 Information Security

Area of Testing	Audit Findings
Risk Register Maintenance	<ul style="list-style-type: none"> ▪ All key information fields are populated. ▪ The risk register has been reviewed on system 12 times in 12 months, which meets the requirements of the Risk Management Framework and is considered sufficiently frequent to ensure that Chief Officers are presented with timely information.
Mitigating Actions	<ul style="list-style-type: none"> ▪ It is unclear to what extent mitigation actions will deliver positive outcomes and what impact these will have on the overall risk level. ▪ 5 out of 6 mitigating actions are overdue against stated timescales
Monitoring Arrangements	The risk has been reviewed monthly. From January 2024, Chief Officer responsibility for IT and, therefore, this risk, has transferred to the Chamberlain – the risk will be reviewed monthly by the Chamberlain’s Senior Leadership Team in addition to the operational review undertaken by the IT Leadership Team.
General Observations and Overall Commentary	Based on the information in the Corporate Risk Register, Internal Audit cannot provide assurance that the target risk score will be reached by the specified target date of 31 March 2024. Updates against individual actions include statements which do not facilitate independent review of incremental progress in mitigating the overall risk; in some cases it is unclear what specific action (and impact) was expected by the individual due dates (now passed) and whether or not delivery against these was on track.

CR33 Major Capital Schemes

Area of Testing	Audit Findings
Risk Register Maintenance	<ul style="list-style-type: none"> ▪ The basic information fields are populated and the risk is articulated, the mitigating action section, however, has not been populated. ▪ The risk has been reviewed infrequently, only 3 reviews in 2023 with the most recent being 5th September 2023. ▪ This does not meet the requirements of the Risk Management Framework and is not considered sufficiently frequent to ensure that Chief Officers are presented with timely information.
Mitigating Actions	<ul style="list-style-type: none"> ▪ There are no mitigating actions identified for this risk ▪ The target date for achieving the overall reduced target risk score is some 9 months in the past.
Monitoring Arrangements	From January 2024, Chief Officer responsibility for Major Programmes and, therefore, this risk, has transferred to the Chamberlain – the risk will be reviewed monthly by the Chamberlain’s Senior Leadership Team going forwards.
General Observations and Overall Commentary	On the basis of the limited information contained within the Corporate Risk Register and clarifications obtained from relevant officers, Internal Audit cannot provide assurance that the Corporate risk is being managed effectively through the Corporate Risk Management framework. The risk register does not reflect any planned mitigation activities within the ‘action plan’ section and it is unclear what action must be taken to achieve the target risk score; this is compounded by the target due date having been exceeded by over 9 months.

Corporate & Strategic Implications

4. Corporate Risks are those that threaten the City of London Corporation’s ability to achieve its strategic objectives and top priorities. The Risk Management process is designed to identify and manage risk to the organisation and incorporates various assurance mechanisms, this deep dive process is one source of assurance, examining the extent to which Corporate Risks are being managed within the Corporate Risk Management framework.

Conclusion

5. Internal Audit has identified opportunities to improve the application of a systematic approach to managing risk and the extent to which the Corporate Risk Management framework is applied.

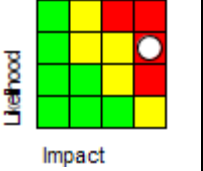
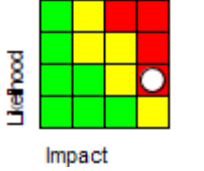

Appendices

- **Appendix 1:** Risk Register Extract – CR16
- **Appendix 2:** Risk Register Extract – CR33

Matt Lock

Head of Internal Audit

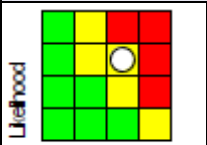
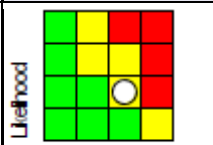
E: matt.lock@cityoflondon.gov.uk T: 020 7332 1276

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CR16 Information Security (formerly CHB IT 030) 10-May-2019 Caroline Al-Beyerty	<p>Cause: Breach of City of London Corporation IT Systems resulting in unauthorised access to data by internal or external sources.</p> <p>Event: The City Corporation does not adequately prepare, maintain robust (and where appropriate improve) effective IT security systems and procedures.</p> <p>Effect: a) Failure of all or part of the IT Infrastructure with associated business systems failures. b) Harm to individuals. c) A breach of legislation such as the Data Protection Act 2018 and UK-GDPR. d) Incurrence of a monetary penalty. e) Corruption of data. f) Reputational damage to City of London Corporation as an effective body.</p>		24	<p>The project to implement a raft of new security improvements is complete.</p> <p>A decision was made to define a minimum-security baseline for all parts of the corporation. The Director of DITS will work with IMS to put this together.</p> <p>The security service provided by Agilisys has now been brought in-house, giving greater control and visibility over Security controls.</p> <p>We are committed to increasing our Secure Score month on month, and this will be reported to Digital Services Committee.</p> <p>18 Dec 2023</p>		16	31-Mar-2024	 Constant
							Reduce	

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR16q	Monitoring user activity on the network for any suspicious or unauthorized behaviour	Whilst we have monitoring of activity in place there is no behavioural analytical solution to identify anomalous behaviour. This capability is a significant control in detecting and	Gary Brailsford-	18-Dec-2023	31-Dec-2023

		preventing ransomware attacks.	Hart		
CR16r	Monitoring access control systems and processes to ensure that only authorized users have access to sensitive information	Controls are in place to manage the access control to the estate; improvements have been made in the application of multifactor authentication. However, the escalation and acceptance of privileged accounts remains within the IT department and is not subject to independent scrutiny	Gary Brailsford-Hart	18-Dec-2023	31-Dec-2023
CR16s	Developing and implementing a plan to respond to any security incidents that occur.	We have drafted a Cyber Incident Plan as well as operating cyber testing exercises. However, there is a need to produce further playbooks and develop more testing and exercising events	Gary Brailsford-Hart	18-Dec-2023	31-Dec-2023
CR16t	Using software tools to collect and analyze data from various security sources to detect and respond to security incidents.	This is in place and operating. Microsoft Sentinel is in place and collecting activity from across CoL. This is monitored and managed by the InfoSec team who will detect and investigate incidents highlighted by the SIEM.	Gary Brailsford-Hart	18-Dec-2023	31-Dec-2023
CR16u	Providing regular training to staff and employees on cyber security best practices to prevent security breaches.	We have confirmed that MetaCompliance Learning is currently licensed for CoL but has not been deployed. InfoSec team will be engaging with learning and development to support, refresh and deliver this across CoL. We have developed an awareness plan and produce weekly cyber security articles which are being shared with communications colleagues 03/10/2023 - Launch of Cyber Security awareness training: Module 1, delivered to all staff. October is cyber month and the security team will be distributing practice advice based on a different theme for each week in October.	Gary Brailsford-Hart	18-Dec-2023	31-Mar-2024
CR16v	Security Baseline assessment – COL/COLP/Institutions	Initial assessment complete, work is ongoing to identify trends and a developments plans and updates to the CAF will continue – reviewed bi-annually	Gary Brailsford-Hart	18-Dec-2023	31-Dec-2023

CR33 - Major Capital Schemes

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
<p>CR33 Major Capital Schemes</p> <p>14-Feb-2020 Caroline Al-Beyerty</p>	<p>Cause: The City Corporation has set itself the ambition to deliver at least three landmark multi-million pound capital schemes over the next decade (currently programmed to complete 2028).</p> <p>Event: there is insufficient technical and professional capability and resource to effectively deliver the schemes.</p> <p>Effects:</p> <ul style="list-style-type: none"> • Schemes not delivered on time • Inability of the organisation to move at the required pace • Potential for increased capital costs as a result of delayed decision making • Reputational impact on the Corporation vis a vis key stakeholder across London and UK Govt. • Potential revenue impact of delayed delivery to services affected (e.g. Markets, Museum of London Grant, City of London Police) • failure to deliver on corporate outcomes 	 <p>12</p>	<p>The project governance review has recommended a move to a portfolio management model which will more effectively manage the prioritisation of projects aligned to strategic objectives and the allocation of resources to enable successful delivery. A high-level implementation plan was agreed by P&R in July 2023 and a detailed delivery plan is not in development. This new model will provide greater visibility of any risks and provide assurance regarding organisational capability and capacity.</p>	 <p>8</p>	<p>31-Mar-2023</p>	<p>Reduce</p>	<p>Constant</p>	
						<p>05 Sep 2023</p>	<p>Reduce</p>	<p>Constant</p>

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date

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Committee(s)	Dated:
Audit and Risk Management Committee	26/02/2024
Subject: Corporate Risk – Deep Dive Reviews: CR35 Unsustainable Medium-Term Finances - City Fund; CR37 Maintenance and Renewal of Corporate Physical Operational Assets (excluding housing assets); CR38 Unsustainable Medium-Term Finances - City's Cash	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: the Chamberlain	For Discussion
Report author: Matt Lock, Head of Internal Audit	

Summary

Internal Audit has undertaken deep dive reviews in relation to CR35 Unsustainable Medium-Term Finances - City Fund; CR37 Maintenance and Renewal of Corporate Physical Operational Assets (excluding housing assets); and CR38 Unsustainable Medium-Term Finances - City's Cash. The objective of the deep dive reviews is to examine the effectiveness of the arrangements in place for the systematic management of Corporate Risk.

The review found that:

- Risks are being reviewed regularly on system and updated accordingly.
- The impact of the mitigating actions had not been quantified and so it was not possible to assess the extent to which these will contribute to reduced risk.
- The target dates for all 3 risks are not the date by which the risk is expected to reach the target risk score, instead it is a significant review point.
- For CR37, progress against some of the mitigating actions is less advanced than anticipated.

The responsible officers engaged fully with this process, resulting in a transparent and full exchange of information, the findings of the deep dive review have been shared and it is anticipated that this will inform subsequent management review accordingly.

Recommendation(s)

Members are asked to note the report.

Main Report

Background

1. Deep-dive reviews of the City of London Corporation's Corporate Risks are undertaken by Internal Audit and reported to this Committee. The report is informed by in depth review of the arrangements in place for managing risk, incorporating a quantitative assessment of the systematic application of the Corporate Risk Management Framework and a qualitative assessment as to the overall quality and completeness of the information provided in the risk register and, where possible, an objective review of the effectiveness of mitigating actions.

Current Position

2. The deep dive report takes the following format:
 - i. Review of Risk Register Maintenance
 - ii. Review of Completed Mitigating Actions
 - iii. Review of Proposed Mitigating Actions
 - iv. Review of Monitoring Arrangements
 - v. General Observations and Overall Commentary
3. This report is focussed on Corporate Risks CR35 Unsustainable Medium-Term Finances - City Fund; CR37 Maintenance and Renewal of Corporate Physical Operational Assets (excluding housing assets); CR38 Unsustainable Medium-Term Finances - City's Cash. The relevant extracts from the Risk Register are shown as Appendix 1.

CR35 Unsustainable Medium-Term Finances - City Fund and CR38 Unsustainable Medium-Term Finances - City's Cash

Area of Testing	Audit Findings
Risk Register Maintenance	<ul style="list-style-type: none">▪ All key information fields are populated.▪ The risk register has been reviewed on system 6 times in 10 months, which meets the requirements of the Risk Management Framework and is considered sufficiently frequent to ensure that Chief Officers are presented with timely information.
Mitigating Actions	<ul style="list-style-type: none">▪ It is unclear in some instances what mitigation actions will deliver and what impact will be achieved by the individual due dates.
Monitoring Arrangements	<p>There are adequate monitoring arrangements in place to identify changes in the internal / external environment that may impact on the risk score:</p> <ul style="list-style-type: none">▪ Finance Committee – monthly▪ Senior leadership team – monthly▪ Star Chamber – officers (last held June 2023) and monitored by Finance Business partners on quarterly basis.

	Also, it should be noted that the above monitoring is supplemented by other officer forums which review performance and relate to mitigation of this corporate risk.
General Observations and Overall Commentary	On the basis of the information contained within the Corporate Risk Register and clarifications obtained from relevant officers, Internal Audit cannot provide assurance that the target risk score will be achieved by the stated due date of 31 March 2024. It is understood that the overall risk due date is being used as the next significant review date i.e. the date when further relevant financial information will be known. Updates against individual actions comprise statements which do not facilitate independent review of incremental progress in mitigating the overall risk; in some cases it is unclear what action (and impact) is expected by the individual due dates and whether or not delivery against these is on track.

CR37 Maintenance and Renewal of Corporate Physical Operational Assets (excluding housing assets)

Area of Testing	Audit Findings
Risk Register Maintenance	<ul style="list-style-type: none"> ▪ All key information fields are populated. ▪ The risk is subject to regular review; in the main this has been reviewed and updated on a monthly basis with some instances noted where there are two-month periods between updates. This meets the requirements of the Risk Management Framework and is considered sufficiently frequent to ensure that Chief Officers are presented with timely information.
Mitigating Actions	<ul style="list-style-type: none"> ▪ In 4 out of 6 cases, mitigating actions are considered not on target for completion by their stated due dates. ▪ The impact of the mitigations to this risk should be stated more explicitly to enable better understanding of their significance.
Monitoring Arrangements	<p>There are adequate monitoring arrangements in place to identify changes in the internal /external environment that may impact on the risk score. This conclusion has been made on the basis that:</p> <ul style="list-style-type: none"> ▪ The City Surveyor’s department has a dedicated Corporate Property Division together with an Operational Property Group which both employ highly qualified and experienced Surveyors that understand the risk implications for operational property maintenance arising from changes in both the internal and external environment. ▪ Asset Management Plans are in place and subject to monitoring for each operational property. ▪ The City Surveyors department has representation on the Chief Officers Risk Management Group and holds quarterly departmental risk management meetings which

	<p>are supported by directorate risks management meetings. These provide the opportunity to consider how changes in the internal and external environment impacts on risks under its control.</p>
<p>General Observations and Overall Commentary</p>	<p>On the basis of the information contained within the Corporate Risk Register and discussions with management, the planned mitigating actions are unlikely to reduce the current risk score to target level by the stated due date of 31 March 2024. The extent to which the current risk score can be reduced to the target level is highly dependent on allocation of funding of £133m required to bring operational assets up to the required standard; at the current time, the funding has yet to be made available. It is understood that the risk due date is being used as the 'next review date' i.e. the date when further information regarding available funding will be known, and it is unclear what the target date is for actually reducing the risk score to the target level</p> <p>In order to ensure that Members can provide effective oversight in respect of the management of this corporate risk, the register should clearly set out the extent to which the funding required to deliver the backlog maintenance programme has been secured, and if not, the likely impact on reducing the Corporate Risk Score to target level.</p>

Corporate & Strategic Implications

- Corporate Risks are those that threaten the City of London Corporation's ability to achieve its strategic objectives and top priorities. The Risk Management process is designed to identify and manage risk to the organisation and incorporates various assurance mechanisms, this deep dive process is one source of assurance, examining the extent to which Corporate Risks are being managed within the Corporate Risk Management framework.

Conclusion

- Internal Audit has identified opportunities to improve the application of a systematic approach to managing risk and the extent to which the Corporate Risk Management framework is applied.

Appendices

- **Appendix 1:** Risk Register Extract – CR35, CR37 & CR38

Matt Lock

Head of Internal Audit

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Corporate risks - detailed report EXCLUDING COMPLETED ACTIONS

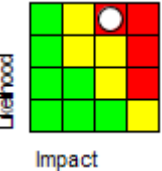


Report Author: Cirila Peall

Generated on: 14 November 2023



Rows are sorted by Risk Score

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Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CR37 Maintenance and Renewal of Corporate Physical Operational Assets (excluding housing assets)	<p>Cause: Poor property condition combined with insufficient budget allocation to maintain assets in line with strategy/ commitments/expectations.</p> <p>Event: Misalignment between funding available and that required by the asset (as defined by the relevant Asset Management Strategy).</p> <p>Impact: Built estate becomes not fit for purpose / functions / occupancy. Cost of maintenance and utility costs increases, placing further pressure on City resources. In extreme circumstances there will be H&S implications, leading to potential enforcement action, legal action by tenants or asset failure in whole or part with detrimental effects leading to impact on occupiers</p>		16	<p>The main driver of this risk is the adequacy of funding to manage and mitigate asset risks.</p> <p>This risk is corporate wide, so extending to sites where asset accountability sits with the relevant Premises Controller in occupation.</p> <p>This risk includes the Barbican and the Guildhall School of Music and Drama (GSMD). At these sites there is a requirement to ensure an appropriate experience for audiences, performers, students and staff, to sustain their business models. Similarly, sites across the Environment Department, including the City’s off-street car parks; the CoL Cemetery and Crematorium; and the Natural Environment Division’s green spaces, are open to the public – so adequate funding is critical to manage H&S and reputational impacts.</p> <p>The risk was discussed in depth at the organisation’s Chief Officer Risk Management Group meeting. It was agreed that having a single risk in relation to maintenance and renewal’ was correct for the organisation (as opposed to multiple related risks), and the scoring was also considered.</p> <p>The Guildhall Renewal Programme was considered by the Senior Leadership Team in November.</p>		8	31-Mar-2024	

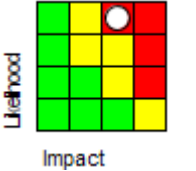
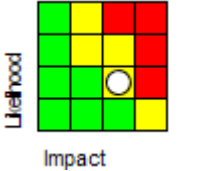
04-Nov-2019 Paul Wilkinson				<p>Delays to the renewal will increase property related risks, and this is highlighted in the actions below.</p> <p>Whilst funding remains the overriding mitigation, the City Surveyor is working to ensure that accountability and responsibilities for maintenance is understood across the organisation. Where gaps in expertise or capacity exist, the City Surveyor is looking to develop solutions with the Premises Controllers in line with his role as the Head of Profession.</p> <p>12 Nov 2023</p>			Reduce	Constant
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Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR37a	Cyclical Works Programme (CWP)	<p>The Cyclical Works Programme (CWP) is the principal way that the backlog of asset maintenance is delivered to Corporate properties (excluding ring-fenced assets).</p> <p>A paper was presented to Operational Property and Projects Sub Committee (OPPS) in April 2023, and subsequently to Resource Allocation Sub Committee (RASC) in June. This identified a funding requirement of circa £133m. This funding would address the repair backlog over a three-year period (including currently outstanding works plus those due over this time horizon).</p> <p>Colleagues in Chamberlain's Department are exploring funding options for this quantum of works, and the City Surveyor is supporting this work by providing data/intelligence on the works required. The objective is to get a clear steer in January in relation to prioritisation and financing.</p>	Peter Collinson; Sonia Virdee; Paul Wilkinson	10-Nov-2023	31-Mar-2024
CR37b	Ring fenced properties and budgets (CoLP estate, New Spitalfields, Billingsgate and the three private schools	The City Surveyor's Department (CSD) is communicating with ring fenced departments to identify appropriate building maintenance requirements and spend (forward maintenance). These departmental occupiers allocate their own funds for the maintenance of the built assets. Whilst CSD recommends work to be undertaken, it is the occupying department who holds the budget responsibility and thus decides with final control over maintenance activity.	Paul Wilkinson; Peter Young	10-Nov-2023	31-Mar-2024

		<p>This element is being mitigated through the delivery of the recommendations arising from the recent Internal Audit. Whilst there has been progress in some areas, the actions have not been implemented comprehensively across the Corporation.</p> <p>CSD continues to review risks held by departments across the organisation to ensure that this overarching corporate risk correctly captures the pressures felt by our various departments.</p>			
CR37f	Annual Major Capital Bids	<p>The City Surveyor's Department presented bids in relation to works at both the Guildhall and the Central Criminal Court. These were considered by Members in late October and have been recommended for progression.</p> <p>The department provides support to other departments to support their capital bids.</p>	Peter Young	10-Nov-2023	31-Mar-2024
CR37g	Operational Property Review	<p>The City Corporation has commenced an Operational Property Review (OPR) to consider the future property requirements to deliver the organisations services. This will align with the Resource Priority Refresh programme.</p> <p>The review is commencing and further details as to milestones and objectives will be available shortly. Environment, and Community & Children Services have completed the outcome of their reviews, and this will be presented to members in the new year. This initial review aims to establish baseline operational requirements, financial position, and state of repair, with the view that a detailed and costed options that can be considered.</p> <p>Rationalisation of the organisation's property estate will help alleviate pressure on maintenance budgets. However, it should be highlighted that rationalisation will only be able to make a small contribution to the overall position.</p>	Peter Young	12-Nov-2023	31-Mar-2024
CR37h	Renewal Programmes	<p>The Barbican Centre renewal project is a £50-£150m project which will repair the building to it can function long into the future, opening up under-utilised space, improving accessibility, whilst delivering against its sustainability aspirations. Public survey and workshops were completed in December 2022 with further public consultations scheduled for 2023 in advance of an initial business case being submitted to the City Corporation.</p> <p>The Guildhall School of Music and Drama (GSMD) are working closely with corporate colleagues to develop and further the Barbican Renewal Team. Further, it is working with the Department of Community and Children's Service in respect of waterproofing works, and the City Surveyor on Fire Safety. GSMD have also engaged space consultants who are undertaking a wide-ranging review of the site. This is with the view that current and future needs are detailed, and future funding bids align with this requirement.</p> <p>The Guildhall Renewal programme has developed a range of options varying by scope and speed of delivery. These will be presented to Members in the new year. The option progressed will be influenced by the availability of finance. Delays to the programme will exacerbate this risk unless funding can be achieved to mitigate short- and medium-terms issues.</p>	Claire Spencer; Jonathan Vaughan; Peter Young	10-Nov-2023	31-Mar-2024

CR37i	Income Generation in Natural Environment	The Natural Environment Division is developing an Income Generation Plan, which will be dependent upon production of a comprehensive asset register and completing the Natural Environment Charities Review. This will include seeking further opportunities for grant funding. The anticipated outcome is that more income will reduce dependence on City's Cash and help tackle some of the 'red' risks on the risk register such as the maintenance backlog.	Bob Roberts	12-Nov-2023	30-Jun-2024
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Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CR38 Unsustainable Medium Term Finances - City's Cash 30 Oct-2022 Caroline Al-Myerty Page 142	<p>Causes: High inflation –Office for Budget Responsibility forecasting peak in Autumn 2022 and although predicted to fall over the next two years, embedded increases. Construction inflation running at 4% for 2023/24. Contraction in key income streams and increase in bad debts following post pandemic change in working practices still continues into 2023.</p> <p>Event: Inability to contain financial pressures within year (2022/23) and deliver sustainable savings already baked in and/or increase income generation not realised requiring further draw down on Reserves. Inability to contain construction inflation or inability to rescope capital schemes within budgets.</p> <p>Effects: Additional savings over and above those identified to meet this challenge are required, reserves are utilised and/or services stopped. The City Corporation’s reputation is damaged due to failure to meet financial objectives or the need to reduce services / service levels to business and community. Inability to deliver capital programme and major projects within affordability parameters. Spend is not aligned to Corporate Plan outcomes resulting in suboptimal use of resources and/or poor performance. Stakeholders experiencing reduced services and service closures.</p>		16	<p>The five-year financial plan provides recommendations for one-off cost pressures and ongoing pressures, now approved via the carry forward process on 30 June, this also included approval of £3.5m central contingency to support unforeseen inflationary pressures.</p> <p>An officer Star Chamber took place during May/June to review savings yet to be delivered during 2023/24 and was presented to RASC sub away day</p> <p>16 Oct 2023</p>		8	31-Mar-2024	Constant
							Reduce	

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR38a	Impact of inflation <ul style="list-style-type: none"> • Rising inflationary pressures on energy costs • Rising inflationary pressures on construction and labour costs 	<p>The five year financial plan was approved by Court of Common Council on 9 March:</p> <p>2023/24 base budgets include 2% uplift plus increase in base to support July 2022 pay award.</p> <p>Mitigations approved by CoCo in March 2023 include: central contingencies held to support new pay pressures; carry forwards from 2022/23 underspends to support one-off pressures; transformation funding held centrally to support Resource Prioritisation Refresh workstreams</p>	Sonia Virdee	11-Jul-2023	31-Mar-2024

		<p>and the culture shift. Additional funding allocated to support the backlog of urgent Cyclical Works Programme.</p> <p>£3m contingency ringfenced for urgent health and safety works under capital programme.</p> <p>An update on the five year financial plan was presented to RASC away day, with recommendations on 2024/25 budget setting.</p>			
CR38b	<p>Impact of construction inflation on capital programme:</p> <ul style="list-style-type: none"> • Major projects • Business as usual capital programme <p>Remain within the financial envelopes approved for major projects</p>	Refer to CR35c.	Sonia Virdee	11-Jul-2023	31-Mar-2024
CR38e	<p>A reduction in key income streams and increase in bad Debt</p> <p><i>Triggers:</i> <i>Increase in loss of property investment portfolio income over £5m p.a.</i></p>	<p>This is being monitored monthly, with action being taken to reduce spend where possible.</p> <p>Budget forecast for 22/23 included reduced income, with recovery profiled across the medium term. In addition, Chief Officers continue to work with tenants on a payment plan to mitigate potential issues and this continues to prove effective.</p>	Phil Black; Sonia Virdee	31-Aug-2023	30-Jun-2024
CR38f	Achievement of current Savings Programme – includes flight path savings (Fundamental Review) and securing permanent year on year savings (12%).	<p>The five year financial plan provides recommendations for one-off cost pressures and on-going pressures.</p> <p>Quarterly revenue monitoring undertaken to ensure departments have appropriate plans in place to meet savings. High risk departments are undertaking monthly revenue monitoring.</p> <p>An officer Star Chamber was held during June which was to review savings yet to be delivered during 2023/24 and was presented to RASC sub away day.</p>	Sonia Virdee	16-Oct-2023	31-Mar-2024

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR35a	<p>Impact of inflation</p> <ul style="list-style-type: none"> • Rising inflationary pressures on energy costs • Rising inflationary pressures on construction and labour costs 	<p>2023/24 base budgets include 2% uplift plus increase in base to support July 2022 pay award.</p> <p>Mitigations approved by CoCo in March 2023 include: increase in Business Rate Premium; rise in core Council Tax and Adult Social Care; rise in HRA rents; central contingencies held to support new pay pressures; carry forwards from 2022/23 underspends to support one-off pressures; transformation funding held centrally to support Resource Prioritisation Refresh workstreams and the culture shift.</p> <p>Identified inflationary pressures are well within the contingencies held, in addition, interest rates are giving a welcome boost to City Fund finances.</p> <p>The £30m ringfenced reserves released to support the backlog of urgent Cyclical Works Programme.</p> <p>£3m contingency ringfenced for urgent health and safety works under capital programme.</p> <p>An update on the medium term financial plan was presented to RASC away day, with recommendations on 2024/25 budget setting.</p>	Sonia Virdee	16-Oct-2023	31-Mar-2024
CR35b	<ul style="list-style-type: none"> • Impact of inflation – capital schemes forecast to exceed budget as well as much increased repairs and maintenance and energy costs. • Need to monitor identified expenditure risks around recovery of leaseholder contributions following the decision not to allow the Appeal of the Great Arthur Cladding case. 	<p>Close monitoring of capital schemes is required during 2023/24, update to be provided in the regular reporting of capital forecasts, first forecast presented to Finance Committee in October. Continue to monitor the risk around non-recovery of leaseholder contributions to capital projects following the Great Arthur cladding case decision.</p> <p>The Savills report identified high repairs and maintenance costs, management costs and depreciation charges. The relatively high level of the depreciation charge is being reviewed as part of the Estimates process. At the same time the level of the internal recharge to the HRA is being investigated as part of a City wide review.</p> <p>The current repairs and maintenance contract has had to be extended but will be re-procured as soon as feasible. Further controls on R&M spend to be implemented by Housing.</p> <p>The latest financial position on the overall HRA, including the reviews noted above will form part of the HRA Estimates report to be presented in the autumn. Note the previous five year financial projections show the revenue funding position remained precarious and vulnerable to revenue overspends or significantly rising capital costs (leading to higher loan repayments and interest charges).</p>	Mark Jarvis; Paul Murtagh	16-Oct-2023	31-Mar-2024
CR35c	Remain within the financial envelopes approved for major projects	For Major Projects – Capital Buildings Board monitors delivery within the revised budget envelopes. Monthly updates on the cash flow requirements on the major projects are provided to Policy and Resources Committee, Investment Board and Finance Committee to understand	Sonia Virdee	16-Oct-2023	31-Mar-2024

		<p>the investment/asset disposal strategy. Regular reporting on the major projects programmes will be presented to Capital Buildings Board, Finance Committee, and Policy and Resources Committee monthly and draw down requirements to the Investment Committee.</p> <p>Capital financing options was presented to RASC sub away day, further discussions with RASC took place on 5th September.</p> <p>The Capital Finance Strategy for the Major Projects programme, included as an agenda item to this committee.</p>			
CR35f	Achievement of current Savings Programme – includes flight path savings (Fundamental Review) and securing permanent year on year savings (12%).	<p>The medium-term-financial plan provides recommendations for one-off cost pressures and on-going pressures.</p> <p>Quarterly revenue monitoring undertaken to ensure departments have appropriate plans in place to meet savings. High risk departments are undertaking monthly revenue monitoring.</p> <p>An officer Star Chamber was held during June which was to review savings yet to be delivered during 2023/24 and was presented to RASC sub away day.</p>	Alistair Cook; Sonia Virdee	16-Oct-2023	31-Dec-2023

Committee(s)	Dated:
Audit and Risk Management Committee	26/02/2024
Subject: Corporate Risk – Deep Dive Review: CR39 Recruitment and Retention	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: the Chamberlain	For Discussion
Report author: Matt Lock, Head of Internal Audit	

Summary

Internal Audit has undertaken a deep dive review in relation to CR39 Recruitment and Retention. The objective of the deep dive review is to examine the effectiveness of the arrangements in place for the systematic management of Corporate Risk.

The review found that:

- The risk register entry for CR39, has not been regularly reviewed or maintained, as a result the information available for review was out of date in a number of instances.
- The impact of the mitigating actions have not been quantified and so it was not possible to assess the extent to which these will contribute to reduced risk.
- Many of the mitigating actions are expected to align to the overall target date for the risk (now anticipated to be April 2025) and so it is not clear to what extent this risk will reduce over this time period.

The responsible officers engaged fully with this process, resulting in a transparent and full exchange of information. The findings of the deep dive review have been shared with the Interim Executive Director of HR & Chief People Officer and it is noted that substantial update to the Risk Register has been undertaken as a result of the findings of the Internal Audit review.

Recommendation(s)

Members are asked to note the report and that the Interim Executive Director of HR & Chief People Officer will be in attendance at the Committee meeting to address any questions raised by Members.

Main Report

Background

1. Deep-dive reviews of the City of London Corporation's Corporate Risks are undertaken by Internal Audit and reported to this Committee. The report is informed by in depth review of the arrangements in place for managing risk, incorporating a quantitative assessment of the systematic application of the Corporate Risk Management Framework and a qualitative assessment as to the overall quality and completeness of the information provided in the risk register and, where possible, an objective review of the effectiveness of mitigating actions.
2. The Audit and Risk Management Committee has previously expressed specific interest in this particular risk and so this is presented as a separate report in order to facilitate a more in depth discussion. The full Internal Audit report of the review of this risk is included as Appendix 1 to provide additional detail.

Current Position

3. The deep dive report takes the following format:
 - i. Review of Risk Register Maintenance
 - ii. Review of Completed Mitigating Actions
 - iii. Review of Proposed Mitigating Actions
 - iv. Review of Monitoring Arrangements
 - v. General Observations and Overall Commentary
4. The extract from the Risk Register, taken at the time of the review, is shown as Appendix 2.

CR39 Recruitment and Retention

Area of Testing	Audit Findings
Risk Register Maintenance	<ul style="list-style-type: none">▪ Most of the key information fields are populated, although owners are not identified for all mitigating actions and "latest note" updates are not consistently provided for all actions.▪ The risk register has only been reviewed 4 times in 2023 and this at irregular intervals, for such a critical risk to the organisation this is not considered sufficiently frequent to ensure that Chief Officers are presented with timely information.
Mitigating Actions	<ul style="list-style-type: none">▪ It is unclear to what extent mitigation actions will deliver positive outcomes and what impact these will have on the overall risk level.▪ 3 out of 9 mitigating actions were overdue against stated timescales at the time of the Audit review (although noted that the latest risk register update was October 2023, at which point these target dates were in the future).▪ Discussion with staff identified that timescales for actions needed to be realigned with the development of new service delivery models and the "Ambition 25" project.

	<ul style="list-style-type: none"> Given indicative timescales for completing the mitigating actions, the overall target date for achieving the reduced target risk score is not accurate.
Monitoring Arrangements	There are adequate arrangements in place for monitoring the extent to which internal and external factors impact this risk, although this has not translated into proactive maintenance of the Risk Register and the plan of action to manage the risk.
General Observations and Overall Commentary	<p>The anticipated target timescale for achieving the reduced risk score is April 2025, in light of this, it would be helpful to understand the expected profile of risk reduction over this period – consideration should be given to taking some action that secures an incremental reduction to the level of risk in the shorter term.</p> <p>Based on the information in the Corporate Risk Register, Internal Audit cannot provide assurance that the target risk score will be reached by the specified target date of 31 December 2024 or the anticipated later date of April 2025. Updates against individual actions do not include appropriate detail or information to facilitate independent review of incremental progress in mitigating the overall risk; in some cases it is unclear what specific action (and impact) was/is expected by the individual due dates and whether or not delivery against these was on track.</p>

Corporate & Strategic Implications

5. Corporate Risks are those that threaten the City of London Corporation’s ability to achieve its strategic objectives and top priorities. The Risk Management process is designed to identify and manage risk to the organisation and incorporates various assurance mechanisms, this deep dive process is one source of assurance, examining the extent to which Corporate Risks are being managed within the Corporate Risk Management framework.

Conclusion

6. Internal Audit has identified opportunities to improve the application of a systematic approach to managing risk and the extent to which the Corporate Risk Management framework is applied. The Corporate HR Leadership Team has since reviewed the risk register, although this has not been re-examined in any detail by Internal Audit.

Appendices

- **Appendix 1:** Internal Audit Report - CR39 Deep Dive
- **Appendix 2:** Risk Register Extract – CR39
- **Appendix 2:** Updated Risk Register Extract – CR39

Matt Lock

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Internal Audit – Corporate Risk Review Exercise

Prepared by: Ryan Wakefield

Date: January 2024

Assurance Rating: Moderate

Corporate Risk Reference: CR39	Corporate Risk Title: Recruitment and Retention		Current Risk Rating and Score: Red, 16
	Corporate Risk Owner: Alison Littlewood, Interim Chief People Officer		Target Risk Rating and Score: Green, 4 Target Risk Due Date: 31 December 2024
Risk Description (Cause, Event, Impact)	<p>Cause: The Corporation had an employee turnover rate of 18.69% for the period 1 January to 31 December 2022. This is a high and is affected by a wide of factors including labour market shortages and high levels employment in the wider economy. Like many employers, the Corporation is competing for scarce talent, particularly in highly skilled areas such professional services.</p> <p>Event: Unable to attract and retain the best talent due to factors such as remuneration, working conditions and benefits becoming out of line with competitor organisations.</p> <p>Impact: The corporation is at risk of failing to deliver its corporate objectives. Costs of delivering services increase due to high turnover, and increased reliance on agency workers and interims, particularly in shortage areas. This means our ability to deliver objectives is at risk. This affects both outcomes for policy objectives and statutory functions, as well as the brand and reputation of the organisation.</p>		
Risk Register Maintenance	Frequently/regularly reviewed	Completeness of information	Quality of information
	Examination of the City's Risk Management System, Pentana, confirmed that Corporate Risk 39 is not subject to regular monthly review; in the last 12 months the risk was reviewed in February, June, September and October. The latest risk update (17/10/2023) states:	The Risk Register is not complete in all respects. Internal Audit identified that not all planned mitigation actions, as set out within the 'Action Description' fields have been assigned an 'Action Owner'.	There are key areas where the quality of information is insufficient; this may adversely impact on the extent to which Members can provide effective oversight of the adequacy of the City's Corporate Risk Management arrangements in this respect. The quality of information could be enhanced by: <ul style="list-style-type: none"> stating, within the Risk Update section, the key outcomes that need to be delivered to achieve the target risk rating and score;

Internal Audit – Corporate Risk Review Exercise

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Our data tells us that voluntary turnover is declining which is a positive improvement for the City of London corporation, however we recognise that the actions set out within the risk which are being worked towards, are essential to both maintaining a satisfactory level of employee retention and position ourselves in the market as an employer of choice.

Furthermore, the Latest Note field has not been completed for all planned mitigation action.

- providing an overall statement, again within the Risk Update section, setting out whether the key outcomes are likely to be delivered and, therefore, whether the risk rating and score are likely to be reduced in line with target, within the planned timeframe. Where delivery is at risk, the revised delivery timescales should be stated;
- ensuring that planned mitigation actions, as stated in the 'Action Description' column, are clearly and concisely articulated, setting out how these will address the risk identified. For example, the following action descriptions lack sufficient clarity to support effective monitoring:
 - 'develop workforce reports for each department' (action 39e) – it is suggested that the risk register should set out the information that workforce reports are planned to provide, as well as their expected impact
 - 'we recognise that having a positive employment brand helps to attracts potential candidates and key stakeholders' (action 39j). In this case, the intended action(s) should be stated.
- making it clear which planned mitigation actions are expected to have the most significant impact on reducing the risk score, to facilitate effective oversight;

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			<ul style="list-style-type: none"> • in terms of the ‘Latest Note Fields’ the information presented could be enhanced by: <ul style="list-style-type: none"> ○ stating <u>only</u> the specific tasks that have been undertaken in respect of each planned mitigation action since the last update of the Corporate Risk Register; ○ Make clear what further action is required by / planned for delivery by the individual due date. ○ stating the extent to which planned mitigation actions are likely to be implemented by the assigned due dates and where not, their expected implementation dates; ○ avoiding the unnecessary duplication of information reported. Three examples were identified (actions 39a, 39d and 39e) where the information recorded in respect of planned mitigation actions within the Action Description fields, were duplicated within the corresponding Latest Note fields. ○ ensuring that ‘latest notes’ are recorded in respect of <u>all</u> planned mitigating actions. • ensuring that planned mitigation action due dates have not passed or do not exceed the overall Target Risk Due Date.
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Date: January 2024

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Planned Mitigating Actions and Due Dates	Action 1 (CR39a): Develop options for new models of service delivery in services facing significant recruitment and retention issues and will improve service delivery. Options to include, commissioning, joint arrangements and shared services with partners and outsourcing. Latest note date: 8 September 2023.	Due Date 30 April 2025	On Target? Yes In November 2023, the Court of Common Council approved for the City to work with external consultants, Evolving Solutions, to look at service delivery options across key types of engagements e.g. temporary and agency worker arrangements and permanent recruitment. Work is underway to include the approach to casual workers in this review. Following this review, a strategy view on contingent labour and best options for the new service model will be reported to the Corporate Services Committee for approval in April 2024. To facilitate this the Court of Common Council also approved an extension of the current Managed Service Temporary Agency Resource contract with Hays for 6 months to 30 June 2025. This action also relates to a programme of work set out against CR39e on workforce planning. In the view of City’s People & HR unit, there is sufficient time to develop new models of service delivery prior to the Due Date.

Internal Audit – Corporate Risk Review Exercise

Prepared by: Ryan Wakefield

Date: January 2024

Assurance Rating: Moderate

	<p>Action 2 (CR39b):</p> <p>Full review of pay, terms and conditions to update working patterns and reward to improve recruitment and retention. Phase 1 completed by April 2023 with options for change. Phase 2 implementation of agreed options for change by Autumn 2024.</p> <p>Latest note date: 17 October 2023.</p>	<p>Due Date</p> <p>31 July 2024</p>	<p>On Target? No.</p> <p>It is understood that in line with the People Strategy the scope of work been developed and extended further and is included as part of Total Reward Project (in place to review and update the pay and reward offer for all employees with the organisation). The People & HR unit have communicated its intentions around this piece of work to the organisation and the project which is now entitled 'Ambition 25'. Feedback on priorities, including on Reward has been received through engagement on the Corporate plan and People Strategy. All actions are expected to be implemented by April 2025.</p> <p>The target date should be updated to reflect this.</p>
	<p>Action 3 (CR39c):</p> <p>Support recruitment in hard to fill roles and provide additional capacity when in house capacity is stretched.</p> <p>Options will be developed in early 2023 as part of developing new options to commission a managed service supplier to supply both temporary and permanent workers.</p> <p>Latest note date: 26 September 2023.</p>	<p>Due Date</p> <p>30 April 2024</p>	<p>On Target? No.</p> <p>Internal Audit was advised that the due date has been recorded in error and should be 30 April 2025; this action is closely linked to Action 39a.</p>

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Prepared by: Ryan Wakefield

Date: January 2024

Assurance Rating: Moderate

Action 4 (CR39d):

Identify “quick wins” in relation to current recruitment / applicant tracking system to improve user experience. Develop and put in place clear requirements for new ERP system.

To improve candidate and hiring manager experience and enable a more proactive service model.

Phase 1 June 2023 and phase 2 April 2025.

Latest note date: 8 September 2023.

Due Date

30 April 2024

On Target? Unclear.

It is unclear what actions are expected to be completed by April 2024, as the action description refers to two phases of activity: June 2023 and April 2025.

Internal Audit was advised that the following activities are relevant to this mitigation and that City’s People and HR unit is of the view that delivery is on target.

People & HR have recruited to the position of Head of Workforce & Resourcing who has been working with the wider HR team to refine and improve existing recruitment processes to streamline and improve the overall service provision. Key Performance Indicators (KPIs) on time to hire have been introduced to monitor effectiveness of the City’s recruitment and onboarding processes. Through the Midland HR Phase I project the People & HR unit have worked to minimise pain points as far as possible within the scope of the approved project and existing system limitations. Clear requirements for a new Enterprise Resource Planning system have been developed and communicated with a suitable provider identified and engaged.

A new Corporate induction has also been launched to support the effective induction of new hires into the City of London Corporation.

Internal Audit – Corporate Risk Review Exercise

Prepared by: Ryan Wakefield

Date: January 2024

Assurance Rating: Moderate

	<p>Action 5 (CR39e):</p> <p>Develop workforce reports for each department. HR Business Partners to support the planning process using data. This action is reliant upon accurate data and reporting from the new ERP system.</p> <p>Latest note date: 8 September 2023.</p>	<p>Due Date</p> <p>2 January 2024</p>	<p>On Target? No.</p> <p>The due date is now in the past. Internal Audit was advised that the action relates to the implementation of the City’s Enterprise Resource Planning System which is due for implementation in April 2025. It is understood that, in the interim, the People & HR unit have planned additional activity in 2024/25 on manual workforce planning to support the organisation in introducing a workforce planning approach to resourcing.</p> <p>Further, it is understood that:</p> <ul style="list-style-type: none"> • a new Workforce and HR dashboard has been developed to support HR Business Partners with workforce planning and strategic workforce discussions with their business areas. This is anticipated to be launched in April 2024; • an establishment data cleanse and establishment control process was introduced in September 2023 which will support department level reporting with increased accuracy.
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Internal Audit – Corporate Risk Review Exercise

Prepared by: Ryan Wakefield

Date: January 2024

Assurance Rating: Moderate

	<p>Action 6 (CR39f):</p> <p>As part of People Strategy, review organisational approach to talent management and succession planning. This will include review of ERP module that can support a consistent approach.</p> <p>Career pathways will be part of the Reward Refresh project.</p> <p>Latest note date: 26 September 2023.</p>	<p>Due Date</p> <p>2 January 2024</p>	<p>On Target? No.</p> <p>The due date is now in the past. It is understood that the majority of related actions are expected to be launched by December 2024.</p> <p>Succession planning has been identified as an activity in 2025/26 within the City's People Strategy (this will follow the launch of the new Enterprise Resource Planning System). It is also understood that other talent management activity referenced as part the People strategy and the HR Business plan for 2024/25 for which work is underway include:</p> <ul style="list-style-type: none"> • Learning and Development – a comprehensive review of the offer in pace – including review of mandatory eLearning, Induction & Core offer Review by December 2024; • Management and Leadership Development (Launch of Leadership and Management Training and Forums) - this review is expected to launch by December 2024; • Performance Management – review of the appraisal process for 2024/25 and introduction of a new approach for the Senior Leadership Team and Executive Leadership Board by April 2024;
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Internal Audit – Corporate Risk Review Exercise

Prepared by: Ryan Wakefield

Date: January 2024

Assurance Rating: Moderate

		<ul style="list-style-type: none"> Continuing the growth of the Apprenticeship Scheme by February 2025. This includes embedding of the Graduate Scheme; Launch of the next employee engagement survey in Spring 2024; Launch of renewed values and behaviours framework for the City by September 2024.
	<p>Action 7 (CR39h – abridged description):</p> <p>We have set a KPI on voluntary turnover for the organisation which has been set out within the HR Business Plan for 2023/24. The target set is to remain below 15%. We are now monitoring this KPI on a monthly basis and reporting performance against this target to the organisation through the COO Monthly Reporting Pack which is published each month.</p> <p>Latest note date: 17 October 2023.</p>	<p>Due Date</p> <p>31 March 2024</p> <p>On Target? Yes</p> <p>The City currently monitors a KPI on voluntary turnover on a monthly basis, against a target of 15%. Voluntary turnover rates were 10.98%, 10.64% 10.44% for each of the three months to December 2024.</p> <p>It is understood that voluntary turnover has consistently remained below target over the last twelve months. In the last three months the figure has been between 10 – 11% which indicates that the risk on retention is stabilising at a Corporate level. The development of a new Workforce and HR dashboard will assist Senior Officers and HR in monitoring key turnover risks and trends within specific departments.</p>

Internal Audit – Corporate Risk Review Exercise

Prepared by: Ryan Wakefield

Date: January 2024

Assurance Rating: Moderate

	<p>Action 8 (CR39i – abridged description):</p> <p>As part of our development of improved workforce data, the Corporate HR team have worked to define a KPI around time to hire to help us monitor the effectiveness of the candidate onboarding journey and speed in which we can onboard candidates. The current target of 45 days is deemed an industry standard that we should be striving towards and measures the amount of working days from advert close to start date.</p> <p>Latest note date: 17 October 2023.</p>	<p>Due Date</p> <p>31 March 2024</p>	<p>On Target? No</p> <p>Whilst a KPI on time to hire is monitored on a monthly basis, against a target of less than 45 days, the average up to October 2023 was between 49 – 52 days.</p> <p>Internal Audit was advised that the KPI calculations did not correctly account for notice periods which are outside of the City’s control and, therefore, distorted the performance data. This KPI will be revised as part of the implementation of the City’s new People Strategy in April 2024. The KPI have been refined into three specific measures through the employee onboarding journey to make them more meaningful and specific.</p>
	<p>Action 9 (CR39j):</p> <p>We recognise that having a positive employment brand helps to attract potential candidates and key stakeholders. This also relates closely to defining our employee offer and work set out as part of our People Strategy on resetting our Vision and Values. This will help us to better define what it means to be an employee.</p> <p>Latest note date: N/A – the latest note field has not been completed.</p>	<p>Due Date</p> <p>31 December 2024</p>	<p>On Target? No</p> <p>There are plans to re-launch the values and behaviours at the City by September 2024. Following this, time is required to embed these values and behaviours; this is expected to be completed by March 2025. The target date should be updated to reflect this.</p>

Internal Audit – Corporate Risk Review Exercise

Prepared by: Ryan Wakefield

Date: January 2024

Assurance Rating: Moderate

IA Assessment of the Extent to Which Planned Mitigating Actions Will Be Effective in Reducing the Risk Score in line with Target by the Due Date

Having examined the information contained within the Corporate Risk Register and following discussions with management, it is not possible to provide assurance as to the extent to which planned mitigating actions are likely to reduce the current risk rating and score to the intended target level by the stated due date of 31 December 2024. As per the commentary made in respect of the individual planned mitigating actions, as above, it is expected that the required reduction in the risk rating and score to target level will take until April 2025 at the earliest.

In order to ensure that Members and Senior Leadership can provide effective oversight in respect of the management of this corporate risk, updates to the corporate risk register should include an overall statement setting out whether the risk rating and score are likely to be reduced in line with target, within the planned timeframe. Where delivery is at risk, the revised delivery timescales should be stated. Other opportunities to improve the content of the register and facilitate effective risk management are set out below.

Issues Identified (By Exception):

- Review and update of the register is not frequent and timely.
- Overall updates to the register do not make clear whether progress in mitigating the risk is in line with the latest target date.
- Some of the mitigation actions are not clearly (and concisely) articulated, and do not set out their intended impact.
- There is scope to improve the effectiveness of the risk register by making it clear which planned mitigation actions are expected to have the most significant impact on reducing the risk score.
- Two of the mitigation actions do not have owners and one of these does not have an update note to communicate progress.
- Some of the due dates for mitigating actions have passed and one, not yet reached, is incorrect (should refer to 2025 rather than 2024).

IA Assessment of Adequacy of Monitoring Arrangements in Place to Identify Changes in the

There are adequate monitoring arrangements in place to identify changes in the internal and external environment that may impact on the risk score. This conclusion has been made that there are a wide range of monitoring mechanisms in place as follows:

Internal Monitoring Mechanisms:

Key changes in the Internal Environment are gauged by:

- undertaking Staff Surveys (the next Staff Survey is due for completion in April 2024);

Internal Audit – Corporate Risk Review Exercise

Prepared by: Ryan Wakefield

Date: January 2024

Assurance Rating: Moderate

Internal /External Environment that may Impact on the Risk Score

- undertaking Staff Exit Interviews to determine the key reasons why staff have opted to leave the City's employment. In the main, staff generally leave the City's employment for better pay or more flexibility to work from home.

External Monitoring Mechanisms

Key changes in the External Environment are gauged with reference to:

- information on the government's website (Direct.gov.);
- the Arbitration, Conciliation and Arbitration Service (ACAS);
- Xpert HR website which provides a key source of information in respect of employment law compliance and HR good practice;
- Linked in recruitment website;
- London Councils Recruitment and Workforce Planning Network;
- Recruitment and Retention Data from London Councils and Croner, provide of HR, Employment Law, Health & Safety Services.

Appendix 2

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CR39 Recruitment and Retention 21-Feb-2023 Alison Littlewood	<p>Cause: The Corporation had an employee turnover rate of 18.69% for the period 1 January to 31 December 2022. This is a high and is affected by a wide of factors including labour market shortages and high levels employment in the wider economy. Like many employers, the Corporation is competing for scarce talent, particularly in highly skilled areas such professional services.</p> <p>Event: Unable to attract and retain the best talent due to factors such as remuneration, working conditions and benefits becoming out of line with competitor organisations.</p> <p>Effect: The corporation is at risk of failing to deliver its corporate objectives. Costs of delivering services increase due to high turnover, and increased reliance on agency workers and interims, particularly in shortage areas. This means our ability to deliver objectives is at risk. This affects both outcomes for policy objectives and statutory functions, as well as the brand and reputation of the organisation.</p>	<p style="text-align: center;">Likelihood Impact</p>	16	Our data tells us that voluntary turn over is declining which is a positive improvement for the City of London corporation, however we recognise that the actions set out within the risk which are being worked towards, are essential to both maintaining a satisfactory level of employee retention and position ourselves in the market as an employer of choice. 17 Oct 2023	<p style="text-align: center;">Likelihood Impact</p>	4	31-Dec-2024	 Constant
							Reduce	

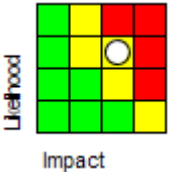
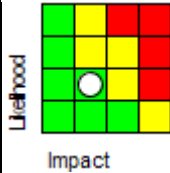

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR39a	Develop options for new models of service delivery in services facing significant recruitment and retention issues and will improve service delivery. Options to include, commissioning, joint arrangements and shared services with partners and outsourcing	<p>Develop options for new models of service delivery in services facing significant recruitment and retention issues and will improve service delivery. Options to include, commissioning, joint arrangements and shared services with partners and potential for outsourcing.</p> <p>City Corporation wide workforce planning is at a very nascent stage. With the exception of current TOM work and bespoke interventions on an ad hoc basis, organisation-wide workforce planning will require basics to be in place including a robust and accurate establishment structure, improved identification of job families accompanied by a standardised job evaluation approach and a ERP system that connects employees and finance to support analysis and decision-making; all work underway. Skilled capacity to work closely with business areas to identify current and future workforce needs will be required to work with the management community.</p>	Alison Littlewood; Emma Moore; Cindy Vallance	08-Sep-2023	30-Apr-2025

CR39b	<p>Full review of pay, terms and conditions to update working patterns and reward to improve recruitment and retention.</p> <p>Phase 1 completed by April 2023 with options for change. Phase 2 implementation of agreed options for change by Autumn 2024</p>	<p>We have now launched our Total Reward Project to review and update our pay and reward offer for all employees with the organisation. We have communicated our intentions around this piece of work to the organisation and the project which is now titled 'Ambition 25'. A data review is underway to support the next phase of the project which will be to consider design options. So far, responses to this has been widely positive. Feedback on our priorities, including on Reward has been received through our engagement on the Corporate plan and People Strategy.</p>	Alison Littlewood	17-Oct-2023	31-Jul-2024
CR39c	<p>Support recruitment in hard to fill roles and provide additional capacity when in house capacity is stretched.</p> <p>Options will be developed in early 2023 as part of developing new options to commission a managed service supplier to supply both temporary and permanent workers</p>	<p>Evolving Solutions began work first week of Sep 23, creating a comprehensive timeline and meeting key contacts. They are reviewing the current contract and associated policies and organising workshops for key stakeholders. They are supporting a committee paper to Finance in Oct 23 to extend the current contract with Hays for 12 - 18 months.</p>	Alison Littlewood; Cindy Vallance	26-Sep-2023	30-Apr-2024
CR39d	<p>Identify “quick wins” in relation to current recruitment / applicant tracking system to improve user experience. Develop and put in place clear requirements for new ERP system.</p> <p>To improve candidate and hiring manager experience and enable a more proactive service model.</p> <p>Phase 1 June 2023 and phase 2 April 2025</p>	<p>Identify “quick wins” in relation to current recruitment / applicant tracking system to improve user experience. Develop and put in place clear requirements for new ERP system. Phase 1 June 2023 and phase 2 April 2025</p> <p>Areas for improvements in current processes already identified and underway. Quick wins work to be completed in January 2023 and actioned by March 2023. Planning for additional short-term improvements in iTrent are underway, subject to budget approval. Phase 2 work to be completed as part of ERP programme. Procurement to Nov 2023. Implementation Nov 2023 – Apr 2025</p>	Alison Littlewood; Cindy Vallance; Dionne Williams-Dodoo	08-Sep-2023	30-Apr-2024
CR39e	<p>Develop workforce reports for each department. HR Business Partners to support the planning process using data. This action is reliant upon accurate data and reporting from the new ERP system</p>	<p>Develop workforce reports for each department. HR Business Partners to support the planning process using data. This action is reliant upon accurate data and reporting from the new ERP system</p> <p>Data cleanse and establishment data improvement work will commence in early 2023 in preparation for ERP. This will support department level reporting with increased accuracy. Completion date Sep 23.</p>	Dionne Williams-Dodoo	08-Sep-2023	02-Jan-2024
CR39f	<p>As part of People Strategy, review organisational approach to talent management and succession planning. This will include review of ERP module that can support a consistent approach.</p> <p>Career pathways will be part of the Reward Refresh project.</p>	<p>People strategy engagement is confirming priorities across City Corporation to ensure time is allocated for the areas of greatest need. Pay project, effective leadership, belonging and wellbeing, inclusive recruitment and manager and culture development are critical. ERP is a basic necessity to enable decision-making.</p>	Alison Littlewood; Cindy Vallance	26-Sep-2023	02-Jan-2024

<p>CR39h</p>	<p>We have set a KPI on voluntary turnover for the organisation which has been set out within the HR Business Plan for 2023/24. The target set is to remain below 15%. We are now monitoring this KPI on a monthly basis and reporting performance against this target to the organisation through the COO Monthly Reporting Pack which is published each month. At the end of December 2022 we were reporting a turnover figure of 18% which was above the current target. However, we have seen this steadily decrease and stabilise over the last few months which is positive to see. A likely contributor to this decrease is a stabilising of leaver movement over time post TOM. As of September 2023 we are reporting a voluntary turnover figure of 11.46%. Overall turnover is at 14.26%. We will continue to monitor this target and review with senior leadership to determine any appropriate actions or response.</p> <p>We are continuing to develop how we utilise people data to help inform decisions for the City of London Corporation. We are currently developing a dynamic HR dashboard for ELB and our Business Partnering team to delve further into relevant people metrics such as EDI, Workforce, sickness, turnover and other key business information. The intention will be to allow leaders to drill down further into their areas to understand how trends such as turnover are impacting their departments. This will help inform appropriate and bespoke strategic responses at a department level and at any other level which may be identified from the data, not assuming a one size fits all approach.</p>	<p>As of September 2023 voluntary turnover is in line with our target of remaining below 15% and is a 11.46%.</p> <p>We have established a working group within corporate HR lead by the HR Transformation Team to develop a new people dashboard through the use of Microsoft power BI.</p> <p>This will help to inform appropriate responses at a department level to turn over and other important people metrics.</p>		<p>17-Oct-2023</p>	<p>31-Mar-2024</p>
<p>CR39i</p>	<p>As part of our development of improved workforce data, the Corporate HR team have worked to define a KPI around time to hire to help us monitor the effectiveness of the candidate onboarding journey and speed in which we can onboard candidates into the City of London Corporation. The current target of 45 days is deemed as an industry standard that we</p>	<p>As of September 2023, the average time to hire is at 55 days which is higher than the target than the average 45 days. This was partially due to candidate notice periods impacting start date.</p> <p>However, we recognise that our largely manual processes and systems need improving to help the team work to consistently meet this KPI. Other related actions on process and systems improvements, including the purchasing of a new ERP are sited as related to this action.</p>		<p>17-Oct-2023</p>	<p>31-Mar-2024</p>

	<p>should be striving towards and measures the amount of working days from advert close to start date.</p> <p>In the last few months, the average time to hire has ranged between 43 days and 55 days in any given month. In cases where the time to hire was higher than the target of 45 days, this was partially due to candidate notice periods. However, we recognise that our largely manual processes and systems need improving to help the team work to consistently meet this KPI. Other related actions on process and systems improvements, including the purchasing of a new ERP are sited as related to this action.</p> <p>The team will continue to monitor and report against our KPI on time to hire. We have also begun work to develop a new dashboard which will provide further data and metrics on recruitment and the candidate journey to inform decisions.</p>				
CR39j	<p>We recognise that having a positive employment brand helps to attracts potential candidates and key stakeholders. This also relates closely to defining our employee offer and work set out as part of our People Strategy on resetting our Vision and Values. This will help us to better define what it means to be an employee</p>				31-Dec-2024

Appendix 3

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
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Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR39a	Develop options for new models of service delivery for both contingent, casual and permanent recruitment in services facing significant recruitment and retention issues to improve service delivery. Options to include, service redesign work to recognise and rectify the current challenges in the recruitment service. This is to include commissioning, joint arrangements and shared services with partners and possibly outsourcing. This fits into the modernising our City corporation workstream of the 2024/29 People Strategy.	<p>In November 2023 we received Member approval for the City to work with external consultants, Evolving Solutions to look at service delivery options across key types of engagements e.g. temporary and agency worker arrangements and permanent recruitment. Work is underway to include the approach to casual workers in this review. Following this review, a strategy view on contingent labour and best options for the new service model will be reported to the Corporate Services Committee for approval in April 2024.</p> <p>To facilitate this the Court of Common Council also approved an extension of the current Managed Service Temporary Agency Resource contract with Hays for 6 months to 30 June 2025.</p> <p>This action also relates to a programme of work set out against CR39e on workforce planning.</p>	Alison Littlewood; Cindy Vallance	02-Feb-2024	30-Apr-2025

		<p>A new Workforce and HR dashboard has been developed to support HR Business Partners with workforce planning and strategic workforce discussions with their business areas. This is anticipated to be launched in April 2024.</p> <p>As part of our work on the People Strategy, one of our Y1 deliverables for 2024/25 and ahead of the implementation of the new ERP system will be the development of a high level manual workforce planning process - work is currently being scoped for this.</p> <p>A new Workforce and HR dashboard has been developed to support HR Business Partners with workforce planning and strategic workforce discussions with their business areas. This is anticipated to be launched in April 2024.</p> <p>We are also reviewing our Chief Officer and Senior Officer recruitment procedures in order to ensure they are both robust and allow for a efficient and seamless recruitment process in key positions in the organisation. This report is expected to go to Corporate Services Committee in April 24.</p>			
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 168^{39b}</p>	<p>Full review of pay, terms and conditions to update working patterns and reward to improve recruitment and retention. Phase 1 completed by April 2023 with options for change. Phase 2 implementation of agreed options for change by Autumn 2024</p>	<p>Background</p> <p>Korn Ferry, on the basis of discussions with Members and Chief Officers, reported to CSC in April 2023 on the outcome of their pilot “diagonal slice” review</p> <p>Korn Ferry concluded with 11 recommendations, of which 4 are incorporated into the Ambition 25 project. The other 7 are incorporated into the wider People Strategy</p> <p>Primary Aims</p> <p>These four primary aims, as recommended by Korn Ferry, were approved by CSC in April 2023:</p>	<p>Alison Littlewood</p>	<p>01-Feb-2024</p>	<p>30-Apr-2025</p>

		<ul style="list-style-type: none"> • Create a new total reward strategy that is designed to meet the ambitions of being a world class organisation, attracting and retaining the best talent • Create a job family framework and associated suite of future-focused role profiles that supports the Corporation’s Head of Profession approach, tackles existing silos, and promotes transferable skills • Implement a proven, robust job evaluation method to enable risk management, equity and fairness. • Create and implement new pay and grading structures that address current challenges regarding market competitiveness and prevalence of allowances, with the appropriate controls to manage risk <p>Key Milestones Completed</p> <ul style="list-style-type: none"> • Project initiation – setting up the architecture, project and programme teams: completed • Data collection (job descriptions and person specifications): completed (60%) • JD data supported by Korn Ferry deep dives (95 carried out) • Project design principles – ie, the key guiding principles that will direct the development of new structures for work: completed and approved October 2023 • Development of job families – ie, the high level ‘architecture’ of job families: draft completed and approved November 2023 <p>Key Milestones – Future</p> <ul style="list-style-type: none"> • Total reward strategy, pay and grading – ie, what does our reward strategy look like, as well as how the new role profiles / ladders / clusters / job families fit into a new pay and grading matrix: February to May 2024 • Consultation and negotiation – ie, we will need to consult widely with all colleagues and 			
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		<p>also consult/negotiate with our recognised trade unions, GMB and Unite: June to October 2024</p> <ul style="list-style-type: none"> • Knowledge transfer – ie, this is the final milestone where KF and the project team will support knowledge transfer to BAU: October to December 2024 (but ongoing) • Administration and support – ie, setting up the internal structures, policies, and processes to ensure easy implementation: Date TBA <p>Key Milestones Current</p> <ul style="list-style-type: none"> • Development of role profiles – ie, KF are drafting around 500 role profiles across the entirety of the Corporation: ongoing as at January 2024 • Mapping current structures to new role profiles and job families / clusters / ladders – ie, KF and the project team, supported by HRBPs, will meet with all Department and Institution senior teams (and cascaded where necessary) to present draft matrices for comment and ultimately approval: February to April 2024 • KF job evaluation – ie, KF are job evaluating all newly developed role profiles: February to April 2024 (ongoing in parallel with mapping) <p>In Scope</p> <ul style="list-style-type: none"> • Reward strategy • Pay policy • Benchmarking • Job evaluation • Pay and grading • Market forces supplements • Pay-related allowances 			
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Appendix 3

		<ul style="list-style-type: none"> • Holiday entitlement • London weighting? 			
CR39c	<p>To assure the Corporation that a robust contingent labour provider and process is implemented, a review of the current service will be undertaken. Amongst other benefits this is to support with temporary workers to cover hard to fill roles and provide additional capacity when in house capacity is stretched.</p> <p>Options will be shared with SLT, ELB and CSC between February and April 2024 with a view to commissioning a new managed service supplier to supply both temporary and permanent workers by July 2025.</p>	<p>We are working with Evolving Solutions (ES) consultants to carry out a detailed review on our temporary agency worker contract; currently managed by Hays. This review was completed in January 2024. The next stage will be for ES to present a comprehensive report to key stakeholders which will advise the future model design and procurement options available to us ensuring we procure and implement a forward thinking, solutions focused temporary agency worker contract which aligns with the contract expiry date of June 25.</p> <p>Key milestones include:</p> <p>Phase 1 - Sept 23 to March 24</p> <ul style="list-style-type: none"> • Stakeholder engagement • Key supplier market engagement • Review of the current contingent labour MSP contract • Policy review that includes (Recruitment policy, governance and compliance) • Operational review • Current costs/utilisation analyst • Future contract cost Comparison / Contract Management Cost Recovery • Options Appraisal Preparation & Stakeholder Review • Options Appraisal Presentation and Support through Governance • Extension of existing Hays contract to enable review and presentation of options back to Officers and Corporate Services Committee <p>Phase 2</p> <ul style="list-style-type: none"> • Present committee report to CSC and P&P in April 24 • Finance - Present committee report May 24 • Publish Tender May 24 • Tender Returned June 24 • Governance Sept 24 	Alison Littlewood; Dionne Williams-Dodoo	02-Feb-2024	30-Apr-2024

Appendix 3

		<ul style="list-style-type: none"> • Final Award October 24 • Mobilisation November 24 - June 25 • Service to go live July 25 			
Page 172	<p>CR39d</p> <p>Identify “quick wins” in relation to current recruitment / applicant tracking system to improve user experience. Develop and put in place clear requirements for new ERP system. To improve candidate and hiring manager experience and enable a more proactive service model. Phase 1 June 2023 and phase 2 April 2025</p>	<p>In early 2023 People & HR recruited to the position of Head of Workforce & Resourcing who has been working with the wider HR team to refine and improve existing recruitment processes to streamline and improve the overall service provision. Key Performance Indicators (KPIs) on time to hire have been introduced to monitor effectiveness of the City’s recruitment and onboarding processes. Through the Midland HR Phase I project the People & HR unit have worked to minimise pain points as far as possible within the scope of the approved project and existing system limitations. Clear requirements for a new Enterprise Resource Planning system have been developed and communicated with a suitable provider identified and engaged.</p> <p>A new Corporate induction has also been launched to support the effective induction of new hires into the City of London Corporation.</p> <p>In 2024 the transformation focus will be centred on ERP as a Phase 2 of this action. The new ERP will enable us to further improve the quality of our candidate experience, improve data through the recruitment process to inform decision making, and further improve the onboarding process (with the introduction of a new onboarding module) for new starters. ERP is expected to be implemented by Spring 25. The Recruitment and Onboarding module is scheduled to be an early module for implementation on the project in 2024.</p>	Alison Littlewood; Cindy Vallance; Dionne Williams-Dodoo	02-Feb-2024	30-Apr-2025
	<p>CR39e</p> <p>Ahead of the ERP launch in April 2025, a plan to develop the HR data dashboards and manual workforce reports for each department will be implemented in Q1 2024/2025 the aim for these reports is to enable HR Business Partners to support the departmental resource planning process using data. This action is reliant upon accurate data and reporting from the current HR system and the new ERP system.</p>	<ul style="list-style-type: none"> • Departmental workforce planning will be supported by the implementation of our new ERP, expected in Spring 25. • In the interim and as detailed in our People Strategy, the People & HR unit have planned additional activity in 2024/25 on manual workforce planning to support the organisation in introducing a workforce planning approach to resourcing. This work is being scoped and will align with the specific date as detailed below. • A new Workforce and HR dashboard has been developed to support HR Business Partners with workforce planning and strategic workforce discussions with their business areas. This is anticipated to be launched in Q1 2024/2025. <p>Work completed:</p>	Dionne Williams-Dodoo	02-Feb-2024	30-Apr-2025

Appendix 3

		-- An establishment data cleanse and establishment control process was introduced in September 2023 which will support department level reporting with increased accuracy.			
CR39f	The People Strategy is on track to launch in April 2024. The five identified workstreams will be captured as individual risks and will be tracked within the prioritised work plan of the People Strategy. The modernising our City Corporation and The My Talent My Development workstreams identify the work that will be completed to support the candidate attraction and retention of employees.	<p>We have set out a number of activities as part of the People strategy and the HR Business plan for 2024/25 for which work is underway. These include:</p> <ul style="list-style-type: none"> • Learning and Development – a comprehensive review of the offer in pace – including review of mandatory eLearning, Induction & Core offer Review by December 2024; Through Ambition 25 (Reward review) the introduction of Job Families will inform career pathways - employees will be better able to see their career path and opportunities across the organisation through the creation of job families - by Dec 24 • Management and Leadership Development (Launch of Leadership and Management Training and Forums) - this review is expected to launch by December 2024; • Performance Management – review of the appraisal process for 2024/25 and introduction of a new approach for the Senior Leadership Team and Executive Leadership Board by April 2024; • Continuing the growth of the Apprenticeship Scheme by February 2025. This includes embedding of the Graduate Scheme; • Launch of the next employee engagement survey in Spring 2024; • Launch of renewed values and behaviours framework for the City by Q4 2024/2025. 	Alison Littlewood; Cindy Vallance	02-Feb-2024	30-Apr-2025
CR39h	Employee turnover has been identified as a key metric and will continue to be monitored in 24/25. As part of the wider HR data dashboards.	The City currently monitors a KPI on voluntary turnover on a monthly basis, against a target of 15%. Voluntary turnover rates were 10.98%, 10.64% 10.44% for each of the three months to December 2023.		02-Feb-2024	31-Mar-2024
CR39i	The metrics associated with the employee onboarding journey, continue to be monitored against the 3 KPI's as listed below.	<p>Whilst a KPI on time to hire is monitored on a monthly basis, against a target of less than 45 days, the average up to October 2023 was between 49 – 52 days.</p> <p>We have found that the KPI set does not helpfully account for notice periods which are outside of the City's control and, therefore, distorted the performance data. This KPI will be revised as part of the implementation of the City's new People Strategy in April 2024. The KPI have been refined into three specific measures through the employee onboarding journey to make them more meaningful and specific.</p>		02-Feb-2024	31-Jul-2024

<p>Page 174</p>		<p>The new KPIs set and to be monitored following the launch of our new Workforce and HR dashboard are as follows: -</p> <p>Complete Information received from Manager to advertisement made live (Primarily Rectmt)</p> <ul style="list-style-type: none"> • KPI: 4 working days (target for advert posted on COL job site, timeline agreed to take into account payroll deadline period) • Benchmark data from current data: 4.93 (average) • Advertising close date to conditional offer (Joint Rectmt/Manager) • KPI: 12 working days (managers are encouraged to plan their recruitment, stating anticipated interview dates on adverts, and agreeing shortlisting time with panel members. Workforce and Resourcing are to work with recruiting managers in ensuring all the info needed for conditional offer to be sent out is received. <p>Benchmark data from current data: average 21.4 days.</p> <ul style="list-style-type: none"> • Conditional offer to all checks complete (Joint Rectmt/Candidate) • KPI: 20 working days (This is dependent on how quickly referees provide references and whether the role requires a DBS/vetting and may therefore increase due to processing times) • Benchmark data from current data: average 24.2 days 			
<p>CR39j</p>	<p>We recognise that having a positive employment brand helps to attract potential candidates. This also relates closely to defining our employee offer and the work set out as part of The My Talent, My Development workstream of the 2024-2029 People Strategy sets out the elements of work associated with this important work. This work will help us to better define what it means to be an employee and sell the Corporation to future candidates.</p>	<p>The main elements of the modernising our City Corporation and My Talent, My Development are outlined on the People Strategy. Which will be launched in April 2024.</p>		<p>02-Feb-2024</p>	<p>31-Dec-2024</p>

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

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