



Audit and Risk Management Committee

Date: MONDAY, 3 FEBRUARY 2025
Time: 11.00 am
Venue: COMMITTEE ROOMS, GUILDHALL

Members:

Alderman Prem Goyal, OBE (Chairman)	Karen Sanderson (External Member)
Deputy Randall Anderson	Ruby Sayed
Alderman Alexander Barr	Naresh Hari Sonpar
Deputy Christopher Boden	Gail Le Coz (External Member)
Alderwoman Elizabeth Anne King, BEM JP	Alderman Kawsar Zaman
Alderman Bronek Masojada	James St John Davis, Finance Chairman
Judith Pleasance	Dan Worsley

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

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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**

To agree the public minutes and non-public summary of the previous meeting held on 4 November 2024.

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 - 16)

5. **COMMITTEE WORK PROGRAMME**

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

For Information
(Pages 17 - 24)

6. **RECRUITMENT OF AN EXTERNAL MEMBER**

Report of the Town Clerk.

For Decision
(Pages 25 - 28)

7. **INTERNAL AUDIT UPDATE**

Report of the Chamberlain.

For Information
(Pages 29 - 46)

8. **RISK MANAGEMENT UPDATE**

Report of the Chief Strategy Officer.

For Information
(Pages 47 - 102)

9. **MID-YEAR TREASURY MANAGEMENT REVIEW 2024/25**

Report of the Chamberlain.

For Information
(Pages 103 - 110)

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

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

12. **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

13. **NON-PUBLIC APPENDIX**

Non-Public Appendix to be read in conjunction with item 6.

(Pages 111 - 130)

14. **DRAFT RISK APPETITE STATEMENT**

Report of the Chief Strategy Officer.

For Decision
(Pages 131 - 144)

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**

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AUDIT AND RISK MANAGEMENT COMMITTEE

Monday, 4 November 2024

Minutes of the meeting of the Audit and Risk Management Committee held at Guildhall, EC2 on Monday, 4 November 2024 at 11.00 am

Present

Members:

Alderman Prem Goyal, OBE (Chairman)
Alderman Alexander Barr
Deputy Christopher Boden
Alderwoman Elizabeth Anne King, BEM JP
Karen Sanderson (External Member)
Ruby Sayed
Naresh Hari Sonpar
Gail Le Coz (External Member)
Dan Worsley (External Member)

In Attendance:

Judith Pleasance
James St John Davis

Officers:

Caroline Al-Beyerty	- Chamberlain
Dionne Corradine	- Chief Strategy Officer
Iain Jenkins	- Chamberlain's Department
Kate Limna	- Chamberlain's Department
Matt Lock	- Chamberlain's Department
Pauline Mouskis	- Chamberlain's Department
Daniel Peattie	- Chamberlain's Department
Blair Stringman	- Town Clerk's Department
Tabitha Swann	- Town Clerk's Department
Sonia Virdee	- Chamberlain's Department
Edward Wood	- Comptroller & City Solicitor's
Thomas Wrench	- Town Clerk's Department

Also in attendance:

Sophia Brown	- Grant Thornton
Jasmine Kemp	- Grant Thornton
Grant Patterson	- Grant Thornton

1. APOLOGIES

Apologies were received from Alderman Kawsar Zaman and Deputy Randall Anderson.

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**

RESOLVED – That, the public and non-public summary minutes of the meeting held on 23 September 2024 be agreed as a correct record.

4. **OUTSTANDING ACTIONS OF THE COMMITTEE**

The Committee received a report of the Town Clerk concerning outstanding actions.

The following points were noted:

- **School Meetings:** Officers reported that meetings were held with two schools, and the third meeting was deemed unnecessary due to shared financial services. The schools reported good progress in implementing recommendations. Follow-up work for the Boys' and Girls' schools is scheduled for January 2025.
- **Member Declarations:** Officers updated that the number of related party declarations had been reduced from 15 to 8, and further action would be escalated to the Chief Commoner.
- **CR36 Protective Security:** Officers noted that CR36 had been completely overhauled, with mitigations reviewed and inconsistencies addressed. The full update was available in the main agenda pack, and it was requested that the action be closed.
- **Nominations & Effectiveness Sub-Committee:** A Member asked that the sub-committee actions be reviewed and appropriately closed.

5. **COMMITTEE WORK PROGRAMME**

The Committee received a report of the Town Clerk concerning the Committee Work Programme.

6. **ANNUAL REVIEW OF TERMS OF REFERENCE OF THE AUDIT RISK MANAGEMENT COMMITTEE**

The Committee considered a report of the Town Clerk concerning the annual review and approval of the Terms of Reference for the Audit Risk Management Committee.

The following points were noted:

- **Membership Updates:** Amendments were requested to update titles and Membership. The Town Clerk advised that this takes place prior to submission to the Court of Common Council meeting in April 2025.
- **Service Periods:** Members noted that three Members, were nearing the maximum service period of nine years within any 12-year period. They suggested starting a campaign to find replacement talents for those stepping down next year.
- **Net Zero Reporting:** A question was raised about the committee's role in mandatory net zero reporting. Officers discussed the upcoming international standards on sustainability reporting and the potential for early adoption by the corporation.

- **Risk Appetite:** A Member noted that risk appetite was not included in the terms of reference and emphasised its importance. It was agreed to take this away for further consideration.
- **Public vs. Private Items:** A Member suggested clarifying how decisions are made about what items are public versus private, The Town Clerk clarified that this is defined in Part I of Schedule 12A of the Local Government Act and is set out for any materials that are to be considered in non-public.
- **Hybrid Meetings:** A Member raised the possibility of hybrid meetings following the announcement by the Government. The Town Clerk noted that any implications may not be seen for some time, however, this would be kept under review and monitored.

RESOLVED – That Members, Agree that the terms of reference of the Audit Risk Management Committee, subject to any comments, be approved for submission to the Court of Common Council in April, and that any further changes required in the lead up to the Court’s appointment of Committees be delegated to the Town Clerk in consultation with the Chairman and Deputy Chairman.

7. **EXTERNAL MEMBER APPOINTMENT**

The Committee considered a verbal update from the Town Clerk concerning an external Member appointment to the committee.

The following points were noted:

- **Notice of Non-Reappointment:** It was noted that Karen Sanderson has given notice that she does not intend to stand for reappointment following the expiry of her term.
- **Timeline for Appointment:** The Town Clerk outlined the proposed timeline which included advertising the position in December-January, shortlisting applicants in January, interviewing in February, and recommending a candidate to the Court of Common Council in April, with a new Member starting in May.
- **Authorisation for Recruitment:** The committee agreed to authorise the Town Clerk to finalise a role profile and application form for an external member of the Audit Risk Management Committee for a term of three years.

RESOLVED – That Members, authorise the Town Clerk to finalise the role profile and application form for External Member of The Audit and Risk Management Committee, for a term of three years.

8. **INTERNAL AUDIT UPDATE**

The Committee received a report of the Head of Internal Audit concerning an update on Internal Audit activity during September and since the last update provided to the Committee.

The following points were noted:

- **Audit Findings:** The internal audit report highlighted that most completed audits resulted in limited assurance, with only one providing moderate assurance. This reflects a focus on higher-risk areas. Members requested additional information on the audit universe for the upcoming calendar year, extending beyond Q3/Q4.
- **Community and Children's Services:** The audit of Community and Children's Services revealed issues with risk management processes, including risk owners not managing their risk registers. This raised concerns about the consistency of risk management across the organisation.
- **Outstanding Recommendations:** There were several high-priority recommendations still outstanding, particularly related to schools and housing. Follow-up work is planned for January 2025 to assess progress.
- **Team Development and Strategy:** The internal audit team was focusing on developing the skills of junior auditors and creating an internal audit strategy to align with new global standards.
- **Value for Money (VFM) Audit:** The internal audit plan for the rest of the year does not yet incorporate findings from the recent VFM audit, but these will be considered for the 2025-2026 plan.
- **Flexibility of Audit Plan:** While the audit plan is designed to be dynamic, there are practical limitations to making significant changes within the remaining months of the year. Urgent audits can still be prioritised as needed.

9. RISK MANAGEMENT UPDATE

The Committee received a report of the Chief Strategy Officer concerning an update on the corporate and top red departmental risk registers since they were last reported to the Committee in September 2024.

The following points were noted:

- **Policy and Strategy:** The update included references to the ongoing implementation of the Risk Management Strategy, which aims to improve the consistency and effectiveness of risk management practices across the organisation.
- **Training and Culture:** Emphasis was placed on the importance of training and developing a risk-aware culture among staff, with plans for further training sessions and initiatives to embed risk management into daily operations.
- **Chief Officer Risk Management Group:** The Chief Officer Risk Management Group continues to play a key role in overseeing risk management activities and ensuring that risk management practices are aligned with organisational objectives.
- **Next Steps:** The next steps involve further socialisation of the risk management policy, ongoing training, and continued monitoring and reporting of risk management activities to ensure continuous improvement.

10. COUNTER FRAUD & INVESTIGATIONS – 2024/25 MID-YEAR UPDATE REPORT

The Committee received a report of the Head of Internal Audit concerning counter fraud and investigation, mid-year update.

The following points were noted:

- **Fraud Investigations:** The report detailed ongoing and completed fraud investigations, highlighting key cases and outcomes. Specific details on the nature of the frauds and the actions taken were included.
- **Preventive Measures:** Emphasis was placed on preventive measures and initiatives to reduce the risk of fraud within the organisation. This includes training, awareness programs, and the implementation of robust internal controls.
- **Collaboration:** The update mentioned collaboration with other departments and external agencies to enhance the effectiveness of fraud detection and prevention efforts.
- **Future Plans:** Future plans include continuing to strengthen the counter fraud framework, conducting regular risk assessments, and ensuring that all staff are aware of their roles in preventing and detecting fraud.

11. **CITY OF LONDON CORPORATION RISK MANAGEMENT POLICY**

The Committee considered a report of the Chief Strategy Officer concerning a draft Risk Management Policy outlines the City of London Corporation's risk management framework and expectations.

In response to a Member's question, it was noted that the Risk Management Policy aims to ensure effective risk management across the City Corporation and its Institutions. It integrates risk management into daily operations and decision-making processes.

Members noted their appreciation for the progress in developing risk management and highlighted the importance of distinguishing between risks and issues. They were impressed by the policy's clear explanation of this distinction. Members emphasised the need for the appetite statements, which are under development, to be owned by Members, not Officers. It was suggested that examples would help illustrate how committees would use these statements.

Members suggested that training, especially for committee chairs and deputy chairs, would bolster Members' understanding of risk management. Officers confirmed that training would coincide with the March 2025 elections. One Member proposed the inclusion of time, in addition to impact and likelihood, in the assessment of risk.

The following points were also noted:

- **Policy Overview:** The policy aims to provide a comprehensive framework for managing risks across the City of London Corporation, ensuring consistency and effectiveness in risk management practices.
- **Governance and Applicability:** The policy will be applied across all departments and institutions within the Corporation, including the City

Bridge Foundation and the City of London Police (subject to agreement). It emphasises the roles and responsibilities of officers at various levels.

- **Key Components:** The policy includes definitions of risk management, the difference between risks and issues, and the importance of risk appetite. It also outlines the processes for identifying, assessing, managing, and reporting risks.
- **Training and Culture:** There is a strong focus on training and developing a risk-aware culture among staff. This includes integrating risk management into training programs and performance management.
- **Implementation and Monitoring:** The policy will be socialised through various forums and training sessions. Regular reviews and updates will be conducted to ensure the policy remains relevant and effective.
- **Next Steps:** The next steps involve finalising the policy, obtaining approvals from relevant committees, and rolling out the policy across the organisation.

RESOLVED – That Members,

- a) Endorse the draft Risk Management Policy
- b) Authorise the Chair and Deputy Chair of Audit and Risk Management Committee to agree any minor changes to the content of the draft document, subject to comments from the City Bridge Foundation Board and City of London Police Authority Board

12. **2023-24 CITY'S ESTATE FINANCIAL STATEMENTS**

The Committee considered a report of the Chamberlain concerning the annual report and consolidated financial statements for City's Estate, for the year ending 31 March 2024 and annual reports and financial statements of the open spaces and sundry trust charities which are consolidated within the City's Estate accounts.

- **Progress and Deadlines:** Officers noted that significant progress had been made, with the aim to complete most of the accounts by the end of the month. The deadline for the charities' accounts is January 31st, but efforts were being made to finalise them earlier.
- **Audit and Recommendations:** The consolidation process was noted to have improved significantly compared to the previous year.
- **Barking Power Limited:** There was a discussion on the provisions related to Barking Power Limited, with ongoing work to finalise the figures.
- **Management Accounts:** A recommendation was made to restart the routine production of management accounts to enhance oversight and challenge.
- **Next Steps:** Both the audit team and the City's Estate team are focused on completing the outstanding items and finalising the accounts by the end of November.

RESOLVED – That Members, recommend approval of the 2023-24 City's Estate Financial statements, and the financial statements of each of the 9 consolidated charities, for the year ending 31 March 2024 to Finance Committee.

13. **SUNDRY TRUSTS FINANCIAL STATEMENTS 2023-24**

The Committee considered a report of the Chamberlain concerning approval of the annual reports and financial statements for the 11 Sundry Trust charities for the year ended 31 March 2024.

The following points were noted:

- **Overview:** The financial statements for 11 sundry trusts were presented. These trusts are not consolidated into the City's Estate accounts.
- **Audit Requirements:** Out of the 11 trusts, four do not require an audit, three require full audits, and four require independent examinations.
- **Progress:** Good progress has been made on the financial statements, with the aim to sign off on most of them by the end of the month.

RESOLVED – That Members, recommend approval of the annual reports of the 14 charities presented for the year ended 31 March 2024, 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 (see Appendix 1 of the report for charity registration numbers).

14. **EXTERNAL AUDITOR'S ANNUAL REPORT 2023-24 - CITY FUND**

The Committee received a report of the Chamberlain concerning the external auditor's Annual Audit Report summarising all of the work that Grant Thornton has undertaken in relation to the City Fund during 2023-24.

The following points were noted:

- **Key Findings:** The report contained a significant number of amber ratings, indicating areas for improvement. There were no red ratings, which would indicate significant weaknesses.
- **Comparative Context:** It was noted that other local authorities often have reports with red ratings, making the absence of red ratings in this report a positive aspect. Green ratings are rare, and the presence of some greens in this report is commendable.
- **Recommendations and Actions:** The report included several recommendations for improvement, with some actions scheduled to be completed within six months. There was a discussion on the feasibility of meeting these deadlines.
- **Next Steps:** The Chamberlain's team will gather all recommendations and work on implementing them, with an expectation of seeing more green ratings in the next year's report as progress is made.

15. **AUDIT RISK MANAGEMENT ANNUAL REPORT**

The Committee considered a report of the Chamberlain concerning the Annual Report of the Audit and Risk Management Committee, reporting on activity up to 31 March 2023.

The following points were noted:

- The report summarised the committee's activities and achievements over the past year. It was suggested to include the review of the committee's effectiveness that was carried out during the year. The report was approved with the inclusion of the suggestion to mention the committee's effectiveness review.

RESOLVED – That Members, Agree the 2022/23 Annual Report of the Audit and Risk Management Committee at Appendix 1 of the report for onward submission to the Court of Common Council in December 2024.

16. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
There were no questions.

17. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
There was one item of urgent business concerning a late supplementary report.

17.1 **Treasury Management Outturn 2023/24**

The Committee received a report of the Chamberlain concerning matters relating to the Treasury Management Outturn 2023/24.

18. **EXCLUSION OF THE PUBLIC**
Members did not move to exclude the public.

19. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
There were no questions.

20. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**
There was no urgent business.

21. **CONFIDENTIAL MINUTES**
RESOLVED – That, the confidential minutes of the meeting held on 23 September 2024 be agreed as a correct record.

The meeting ended at 12.32 pm

Chairman

Contact Officer: Blair Stringman
blair.stringman@cityoflondon.gov.uk

AUDIT AND RISK MANAGEMENT COMMITTEE – Action Tracker February – 2025

Items from meeting held on 4 November 2024			
ITEM	Action	Officer and target date	
18. Non-Public Questions	Arrange meeting with the Chairs of the City School Boards on financial controls	<p>Head of Internal Audit – February 2024</p> <p>Update – the Financial Services Director undertook to speak to the Chairs</p> <p>July 2024 Update - A recommendation was made to arrange separate meetings with the heads and chairs of the committees to ensure future meetings take place.</p> <p>September 2024 - An extension until October has been requested to finalise the meeting. It is suggested that either the head or the bursar of the schools attend the next Audit Risk Management Committee meeting</p>	<p>Officers have still been unable to arrange meetings with the Chairs</p>

AUDIT AND RISK MANAGEMENT COMMITTEE – Action Tracker February – 2025

		should diary conflicts not be resolved.	
5. Outstanding Actions	Review Induction Process for New Members	<p>Town Clerk September 2024 -Induction process for new members would be reviewed when new members join. It was suggested to organise a meeting of the nominations and effectiveness sub-committee before the November meeting to discuss ideas for the induction process.</p> <p>November 2024 – Due to diary clashes and close timings, it has not been possible to arrange a NESC meeting. Suggested approach to consider January or February dates for Members to consider.</p>	
5. Outstanding Actions	Terms of Reference Review	Town Clerk September 2024 – Town Clerk suggested that the TOR be brought to	

AUDIT AND RISK MANAGEMENT COMMITTEE – Action Tracker February – 2025

		Novembers meeting to agree.	
7. City Bridge Accounts	Declarations	<p>The Chamberlain September 2024 - it was mentioned that there were still 15 declarations of interest which were outstanding, agreed that this issue should be escalated to the Chief Commoner due to its recurrence.</p> <p>4 November 24 - Officers updated that the number of related party declarations had been reduced from 15 to 8, and further action would be escalated to the Chief Commoner</p>	
8. Internal Audit Update	Internal Audit Plan	<p>Head of Audit & Risk Management September 2024 - Internal Audit Plan to be completed by the end of September and circulated to the ARM Committee prior to the next meeting.</p>	

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Audit and Risk Management Committee

Proposed Work Programme – Linked to CIPFA Audit Committees Position Statement 2022

To meet 4 times per year for routine business with an additional meeting to consider the Financial Statements.

Meeting 1 – 12 May 2025	
Work Item	Link to CIPFA Position Statement
<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>Counter Fraud and Investigations 12 Month Report (information)</p> <p>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)</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>

Audit and Risk Management Committee

Proposed Work Programme – Linked to CIPFA Audit Committees Position Statement 2022

<p>Risk Management Update (information)</p> <p>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>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>Head of Internal Audit Annual Opinion (information)</p> <p>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>
<p>Annual Report of the Committee (decision)</p> <p>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>

Audit and Risk Management Committee

Proposed Work Programme – Linked to CIPFA Audit Committees Position Statement 2022

Meeting 2 – 14 July 2025	
Work Item	Link to CIPFA Position Statement
<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>	<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>

Audit and Risk Management Committee

Proposed Work Programme – Linked to CIPFA Audit Committees Position Statement 2022

<p>Risk Management Update (information) 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>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>Draft Annual Governance Statement (decision) 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>

Meeting 3/4 – 15 September 2025 & 17 November 2025

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.

Audit and Risk Management Committee

Proposed Work Programme – Linked to CIPFA Audit Committees Position Statement 2022

<p>Internal Audit Conformance with Public Sector Internal Audit Standards (information) 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) 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>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>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>

Audit and Risk Management Committee

Proposed Work Programme – Linked to CIPFA Audit Committees Position Statement 2022

Meeting 5 – TBC	
Work Item	Link to CIPFA Position Statement
<p>Terms of Reference of the Committee (information)</p> <p>Annual review of the Terms of Reference of the Committee, giving due regard to relevant legislation and professional guidance.</p>	<p>Consider the arrangements in place to secure adequate assurance across the body's full range of operations and collaborations with other entities.</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>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>

Audit and Risk Management Committee

Proposed Work Programme – Linked to CIPFA Audit Committees Position Statement 2022

<p>Risk Management Update (information)</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>
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<p>Meeting 5 – Additional Items to consider</p>	
<p>Work Item</p>	<p>Link to CIPFA Position Statement</p>
<p>Draft Bridge House Estates Accounts (decision) Annual Review of the Financial Statements for the Bridge House Estates.</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>Draft City’s Cash Accounts (decision) Annual review of the Financial Statements for City’s Cash</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>Draft City Fund Accounts (decision) Annual review of the Financial Statements for City Fund</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>

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City of London Corporation Committee Report

Committee(s): Audit Risk Management Committee – For Decision	Dated: 3 February 2025
Subject: Recruitment of an External Member	Public report: For Decision
This proposal: <ul style="list-style-type: none"> • provides statutory duties • provides business enabling functions 	
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	£0
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain’s Department?	N/A
Report of:	Ian Thomas, Town Clerk
Report author:	Blair Stringman, Governance Officer

Summary

This report outlines the process and recommendations for recruiting an external member to the Audit Risk Management Committee.

The Committee agreed at its last meeting to authorise the Town Clerk to finalise a role profile and application form for an external member of the Audit Risk Management Committee for a term of three years.

Advertisement for the position closed on 17 January 2025, and applicants who have applied to become an external Member on the Committee are included in the non-public appendix to this report.

Recommendation(s)

Members are asked to:

- a) Endorse a panel consisting of the Chairman, Deputy Chairman(s) of the Audit Risk Management Committee and an appropriate officer of the Corporation to conduct interviews for potential candidates.

- b) Delegate authority to the Town Clerk, in consultation with the Chairman and Deputy Chairman(s), to recommend a candidate to the Court of Common Council meeting in April 2025 following interviews for shortlisted candidates.

Main Report

Background

1. At the last meeting of the Audit Risk Management Committee, It was noted that Karen Sanderson had given notice of her intention not to stand for reappointment following the expiry of her term in April 2025 and as such, the Town Clerk finalised a role profile and application form for an external member of the Audit Risk Management Committee for a term of three years, advertisement for the position closed on 17th January 2025.

Current Position

2. Following the application deadline, several applications have been received and are attached as a non-public appendix to this report for the committee's review and comments prior to formal interviews being conducted.

Options

3. **Option 1** – Agree the recommendations to facilitate filling the vacancy of an external Member of the Audit Risk Management Committee for a full Membership to exist at the next meeting. **(This is recommended).**
4. **Option 2** – Delay the recommended approach and wait until the next meeting of the Audit Risk Management Committee, this will leave a vacancy on the committee. **(This is not recommended).**

Proposals

5. Members are asked to endorse Option 1 as proposed in the recommendations of the report. This will ensure the committee can effectively oversee internal control, risk management, and governance. External members bring valuable independent perspectives, enhancing the committee's objectivity and decision-making. Agreeing to the recommendations will maintain high standards of governance and risk management within the organisation.

Corporate & Strategic Implications –

Strategic implications – The recommended approach aligns with the corporate plan by ensuring timely recruitment of an external member, maintaining high standards of governance, and enhancing decision-making with independent perspectives.

Financial implications – None.

Resource implications – None.

Legal implications – None.

Risk implications – None.

Equalities implications – The advertisement was open to all eligible candidates. A panel consisting of the Chairman, Deputy Chairman(s), and an appropriate officer will conduct interviews, ensuring a fair and balanced selection process.

Climate implications – None.

Security implications – None.

Conclusion

6. It is recommended that the committee approves the recommendation(s) as outlined in the report in order to facilitate filling a vacancy for an external Member prior to its next Committee meeting in May 2025. This will ensure that the committee can continue to function effectively and maintain its full complement of members, thereby supporting its ability to fulfil its responsibilities and make informed decisions.

Appendices

- Non-Public Appendix – Potential Candidates.

Blair Stringman

Governance Officer, Town Clerk's Department

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Committee(s): Audit and Risk Management Committee - For Information	Dated: 03/02/2025
Subject: Internal Audit Update	Public
Report of: Matt Lock – Head of Internal Audit	For Information
Report author: Matt Lock, Internal Audit – Chamberlain’s Department	

Summary

This report provides an update on Internal Audit activity in quarter 3 of 2024/25 and since the last update provided to the Committee. 10 Final Reports have been issued and work is in progress at various stages for a number of Audit reviews including 3 Audits at Draft Report stage and 13 reviews at Fieldwork stage.

In accordance with the requirements of the Global Internal Audit Standards, an Internal Audit Strategy has been prepared. This strategy underpins the continuous improvement plan for the City Corporation’s Internal Audit function.

Recommendation(s)

Members are asked to note the report.

Main Report

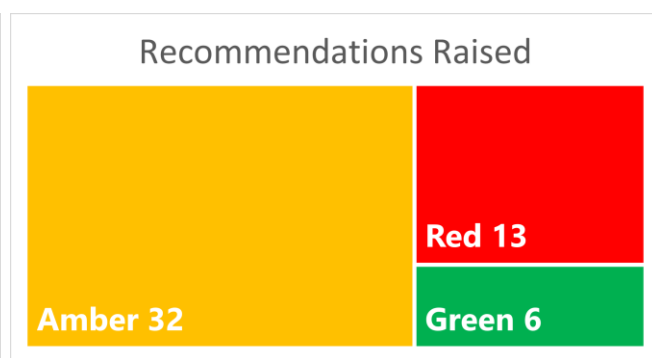
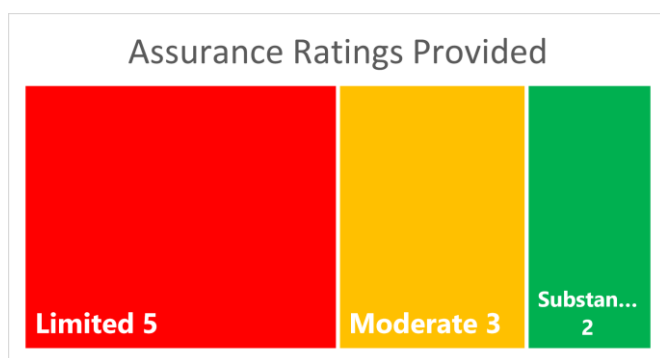
Background

1. This report provides an update on the work of Internal Audit during October, November and December 2024, since the last update provided to the Committee, specifically, an overview of the outcomes from completed Internal Audit reviews. Appendix 1 to the report shows analysis in relation to completed Audit work, including the cumulative report for the year to date.

Current Position

2. Final Audit Reports have been issued in respect of 10 Audit Reviews, resulting 5 Limited Assurance opinions, 3 Moderate Assurance opinions and 2 Substantial Assurance opinions. The overall outcomes from the recently completed Audit reviews are summarised in the following table with further information provided below for the Limited Assurance outcomes:

Audit Assignment	Assurance Rating	Recommendations Made		
		Red	Amber	Green
Barbican Centre - Financial Procedures Framework	Moderate	1	6	1
Corporate Wide - Procurement Authorisation Process	Limited	1	0	0
Corporate Wide - Contract Register and Contract Management	Limited	1	0	0
City of London Police - Payroll Controls	Substantial	0	5	2
City of London Police - Accommodation Programme Governance	Limited	0	3	0
Corporate Wide - IR35 Compliance	Limited	5	1	0
Barbican Centre - Contract Management	Limited	4	5	0
Innovation and Growth - P-Cards	Moderate	1	5	1
Environment - Planning Governance	Moderate	0	5	2
Environment - City Operations Risk Management	Substantial	0	2	0



Corporate Wide - Procurement Authorisation Process

3. This was a thematic issue report, bringing together findings and observations of a Corporate nature arising from a range of recent Internal Audit work. Opportunities were highlighted to improve the overall application of the PAR process (intended to promote a compliant approach to procurement between £10k and £100k).
4. Internal Audit work across several departments identified shortcomings in the application of the PAR process, identifying recurring issues such as:
 - Inaccurate PAR content – errors and potential misrepresentation which had not been identified / addressed at sign-off.

- Incomplete PARs (fields not populated) or insufficient details provided to ensure transparency and facilitate review and sign-off.
 - Indicators that 'preferred supplier' relationships may exist.
 - Difficulties demonstrating that value for money has been pursued.
5. A single recommendation has been made to address these issues within the process.

Corporate Wide - Contract Register and Contract Management

6. This was a thematic issue report, bringing together early findings and observations of a Corporate nature arising from the current rolling programme of Contract Management Internal Audit work. Key findings include:
- Inaccuracies in the contract register.
 - A lack of departmental awareness of the contracts register and contracts in place.
 - Contract review dates too late to allow sufficient time for effective review prior to expiry.
 - Varied departmental understanding of the principles of effective contract management and a lack of understanding of corporate expectations.
7. A single recommendation has been made to support the Commercial team in addressing these issues.

City of London Police - Accommodation Programme Governance

8. The purpose of the Audit was to examine the extent to which:
- Programme and portfolio documentation and governance encompasses all Police accommodation requirements.
 - Solutions have been identified to meet the requirements and with appropriate delivery plans in place.
 - Funding has been identified and secured to meet the requirements.
 - Governance arrangements are appropriate (at a programme level) to support effective delivery of agreed outcomes.
9. The audit found that there have been material enhancements to financial monitoring arrangements during the lifecycle of the programme. These enhancements, however, were not sufficient or timely enough to manage fully the impact of emerging financial risks (increases to build cost estimates and subsequent unprecedented spikes in inflation) within the original resource allocation of the programme. Further, there was no evidence of reassessments of the adequacy of the optimism bias provisions, or adjustments to the budgetary envelope at programme level to adjust for these factors.

10. Opportunities were identified to enhance documentation of Police accommodation requirements across the programme, specifically, creation of a singular document that encompasses programme components from 'requirement' level through to solution (including the IT and FFE components applicable to each solution).
11. There is also scope enhance governance arrangements by empowering the SRO, FPEP board and PAB with decision making authority in respect of programme finance, scope, resources and risk at the wider programme level.
12. Three recommendations were made to address these issues.

Corporate Wide - IR35 Compliance

13. The purpose of the audit was to provide assurance as to the extent to which there are adequate processes and controls in place to ensure compliance with IR35 rules across the City Corporation's departments, focusing on the following two key elements:
 - Corporate arrangements – via Corporate HR as the lead point of contact.
 - Departmental compliance – via sample testing across a range of departments.
14. Overall, limited assurance was provided in respect of the areas within the scope of the audit – largely due to significant control weaknesses and gaps which could put the City at risk of non-compliance with IR35 rules. Key findings were:
 - There was a lack of clear ownership and responsibility for City-wide monitoring and oversight.
 - The corporate IR35 procedure document does not offer guidance on interpreting the questions contained within HMRC CEST tool.
 - There was no evidence of training or communications in respect of IR35 requirements and procedures to hiring managers.
 - There is no evidence trail to demonstrate effective IR35 compliance monitoring.
 - There is no complete record of directly engaged contractors.
15. Five high priority and one medium priority recommendations were made to strengthen the control framework.

Barbican - Contract Management

16. To provide assurance in respect of the effectiveness of local arrangements for ensuring that:
 - Responsibilities relating to contract management are clearly defined and communicated to ensure that these are appropriately allocated, clearly understood and complied with.

- Agreed mechanisms for measuring contractor performance and service delivery are applied to facilitate contract monitoring.
- Monitoring of contractor performance and service delivery takes place on a timely and regular basis to ensure that contractual obligations are being met and required outcomes achieved.
- Prompt and proportionate action is taken, in line with contract terms, to address poor contractual performance.
- Forward planning for contract review factors in the lead-in time for decision-making.

17. The findings of the audit reflect those reported above in Corporate wide thematic issue report. These have been reported in detail to the Finance & Risk Committee of the Barbican Centre Board which will be overseeing the implementation of recommendations made.

Forward Programme of Work

18. Appendix 1 includes the intended Internal Audit Plan for quarter 3 of the current financial year.

19. The full forward programme of work for 2025/26 is currently in development, consultation with Senior Leadership is ongoing. The programme of work will be built around three core elements;

- Continued delivery of the rolling programme of Corporate wide audits of Contract Management, Risk Management and Fees and Charges.
- Institutional plans developed in consultation with management and relevant Sub-Committees
- Intensive follow-up of overdue Internal Audit Recommendations.

More detail in relation to the Internal Audit Plan will be reported to the subsequent meeting of this Committee.

Internal Audit Strategy

20. In accordance with the requirements of the Global Internal Audit Standards, an Internal Audit Strategy has been developed. The purpose of this strategy is to support and drive the development of the service over the coming years, particularly in meeting our vision: *To be a best-in-class Internal Audit function, driving excellence through proactive delivery of assurance work, embracing innovation within our Audit practices, and demonstrating commitment to integrity and transparency in all that we do.* The strategy is included as Appendix 2 to this report, supported by an outline of the key activities to deliver the strategy.

Corporate & Strategic Implications

Strategic implications

21. 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.

Financial implications – None

Resource implications – None

Legal implications – None

Risk implications

22. The work of Internal Audit identifies weaknesses within the internal control environment, risk management and governance processes of the organisation. Internal Audit reports set out the associated risks to the achievement of objectives and make recommendations to mitigate these risks.

Equalities implications – None

Climate implications – None

Security implications – None

Conclusion

23. The Audit and Risk Management Committee should note the outcomes of recently completed Internal Audit work. 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.

Appendices

- Appendix 1 – Internal Audit Dashboard
- Appendix 2 – Internal Audit Strategy

Background Papers

- Internal Audit Update – November 2024
- Internal Audit Update – September 2024
- Internal Audit Update – May 2024
- Head of Internal Audit Annual Opinion – May 2024

Matt Lock

Head of Internal Audit

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Internal Audit Dashboard: 01/09/2024-30/09/2024

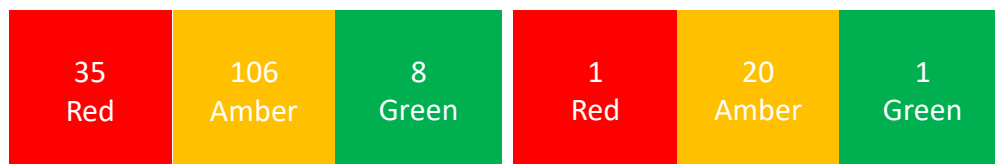
Work completed in period

Final Audit Reports Issued

Barbican	Financial Procedures Framework	Moderate
Corporate Wide	Procurement Authorisation Process	Limited
Corporate Wide	Contract Register and Contract Management	Limited
City of London Police	Payroll Controls	Substantial
City of London Police	Accommodation Programme Governance	Limited
Corporate Wide	IR35 Compliance	Limited
Barbican	Contract Management	Limited
Innovation and Growth	P-Cards	Moderate
Environment	Planning Governance	Moderate
Environment	City Operations Risk Management	Substantial

All Open Recommendations: 149

Recommendations Closed in Period: 22



Audit Reviews in Progress:

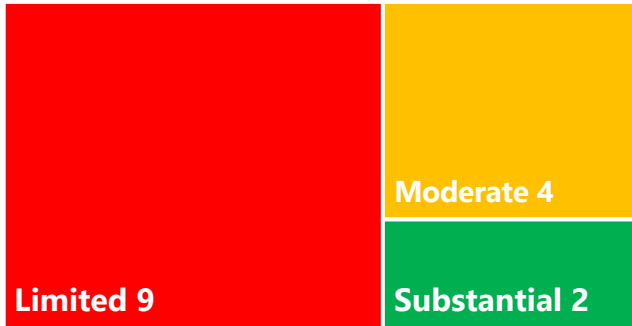
- Guildhall School – Financial Management (**Draft Report**)
- City of London Police – Information and Data Handling (**Fieldwork**)
- Chamberlain’s Department – Contractor AP Approval Responsibilities (**Fieldwork**)
- Guildhall School – Non-Substantive Workforce (**Fieldwork**)
- Environment Department – Planning Data (**Draft Report**)
- City of London Police – Income: Cost Recovery & Collection (**Fieldwork**)
- City Bridge Foundation – Grants (**Fieldwork**)
- Barbican – Health and Safety (**Fieldwork**)
- Community and Children’s Services – Direct Payments (Adults and Children) (**Fieldwork**)
- Chamberlain’s – DITS Risk Management (**Fieldwork**)
- City of London School – School Fee Income (**Fieldwork**)
- Chamberlain’s – Procurement Act Managing Conflicts of Interest (**Fieldwork**)
- Barbican – Safeguarding (**Fieldwork**)
- Corporate – P-card Use and Performance (**Draft Report**)
- Town Clerk’s – Contract Management (**Fieldwork**)
- Corporate wide – Compliance with the PAR Process (**Planning**)

(note also work in progress for London Councils and Museum of London)

Date Prepared: 13/01/2025

Cumulative Dashboard (from 01/04/2024)

Assurance Ratings Provided



Recommendations Raised



Distribution of Assurance Work

- Safeguarding
- Regularity and Compliance
- Major Programmes
- Key Systems
- Business Continuity
- Safety Management
- Finance
- Second Line of Defence
- Risk Management



Audit Reviews Completed in 2024/25 (cumulative report)

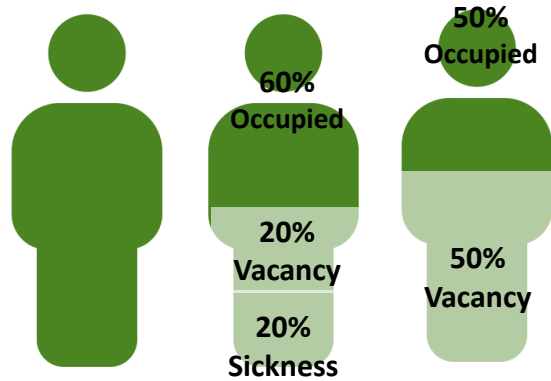
Recommendations Made

Department	Audit Title	Assurance Rating	Red	Amber	Green
City of London Junior School	Key Financial Controls	Limited	0	15	0
Barbican	Business Continuity	Limited	3	7	0
Community and Children's Services	Risk Management	Limited	3	0	0
Innovation and Growth	Operational Expenditure	Moderate	0	7	0
Corporate Strategy and Performance	Application of the Risk Management Framework	Limited	1	0	0
Barbican	Key Controls	Moderate	1	6	1
Corporate Wide	Procurement Authorisation Process	Limited	1	0	0
Corporate Wide	Contract Register and Contract Management	Limited	1	0	0
City of London Police	Payroll Controls	Substantial	0	5	2
City of London Police	Accommodation Programme Governance	Limited	0	3	0
Corporate Wide	IR35 Compliance	Limited	5	1	0
Barbican	Contract Management	Limited	4	5	0
Innovation and Growth	P-Cards	Moderate	1	5	1
Environment	Planning Governance	Moderate	0	5	2
Environment	City Operations Risk Management	Substantial	0	2	0

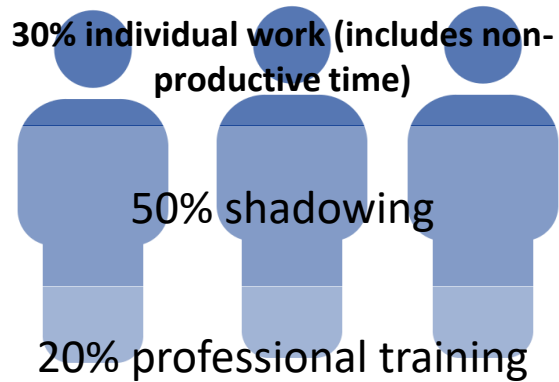
Internal Audit Resources Available in 2024/25

Resources available 01/04/24 - 31/12/24

Senior Auditors



Auditors in training



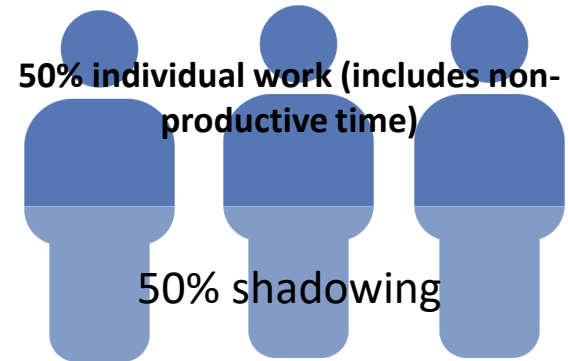
370 Audit Days

Resources available 01/01/25 - 31/03/25

Senior Auditors



Auditors in training



240 Audit Days

Internal Audit Resource Analysis for 2024/25

**Baseline
Target:
600 Audit
Days**

**Current
Capability:
610 Audit
Days**

**Growth
Target:
1000 Audit
Days**

Timeline to Growth Target: 31/03/2026

Notes:

- A full time Senior Auditor equates to 180 “Audit days”.
- Auditors in training completed current professional studies by 30 September 2024, from which point proportion of “individual work” increased to at least 50%, with the proportion of time shadowing decreasing over the following year.
- Provision of Internal Audit Services to London Councils and Museum of London totals 100 Audit days (55% of 1 FTE)

Additional Resources:

- Temporary Audit Manager engaged in Q3 to support Internal Audit Planning
- Deputy Head of Internal Audit appointed, started in post 06/01/2025
- Partnered with Gartner UK for Assurance Leaders, providing access to extensive specialist support and advisory services and reference and training materials to support the development of the Internal Audit function

Internal Audit Plan for 2024/25 (Q4)

Department	Audit
City of London Police	Income - Cost Recovery and Collection (Part 2)
City of London Police	Information and Data Handling
Environment	Planning and Development - Risk Management
City Bridge Foundation	Grants
Community and Children's Services	Commissioning
Environment	Planning - Accuracy of Published Data
Barbican	Health and Safety
City Surveyor's	IPG - Commercial Rents (All funds, separate report for City Bridge Foundation)
Guildhall School of Music and Drama	Non-Substantive Workforce
City of London School	School Income - Including Fees
City of London School for Girls	School Income - Including Fees
City of London Junior School	School Income - Including Fees
Environment	Port Health and Public Protection - Risk Management
Barbican	Use of Procurement Cards
Guildhall School of Music and Drama	Data Quality - HESA
Corporate Wide	P-Card Performance (Organisation Wide)
Community and Children's Services	Direct Payments - Social Care Spot-Check
Corporate Wide	Authorisation Limits for AP/Procurement - analysis
Corporate Wide	Procurement - Compliance with PAR Process
Corporate Wide	Contract Management (mini-review)
Chamberlain's	Corporate Income Collection and Debt Management
Corporate Wide	Fees and Charges (Various Departments based on standard work programme)

Internal Audit Plan for 2024/25 (Q4)

Planned Distribution of Internal Audit Work for Q4 2024/25

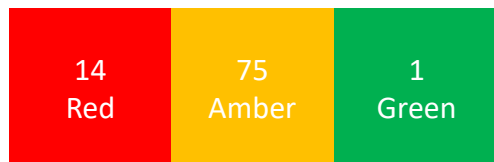
Finance	Regularity and Compliance	Key Systems		
		Risk Management		
	Contract	Grants	Project and Programme	Safety Management

Internal Audit Recommendation Analysis

149 Open Recommendations compared to 120 open recommendations at 30/09/2024.

88 recommendations have been raised in the current year 2024/25

Recommendations past their due date: 92



Note: number of recommendations past their due date is the same as reported in November 2024 – no movement on these recommendations as no further follow-up work completed in this period.

Current Aged Analysis of overdue recommendations:

Time past due date	Number of Recommendations
< 6 months	20
6-9 months	3
9-12 months	24
12-24 months	39
24-36 months	6
Total	92

Aged Analysis of overdue recommendations at 30/09/2024:

Time past due date	Number of Recommendations
< 6 months	35
6-9 months	35
9-12 months	9
12-24 months	7
24-36 months	6
Total	92

Overdue Red Recommendations (Position as reported in November 2024)

Audit	Recommendation	Target date
City of London School - Key Financial Controls	Proposed management action: Put in place at least termly budget monitoring, with reporting to the Head / SLT.	31/12/2023
	Proposed management action: £188,000 of the £390,000 was written back onto the accounts during 2022/23 although there remain reconciliation issues in 2022/23. Termly reconciliation and improvements in the Shared Services Team including training of staff and clear procedures will help to prevent future reconciliation issues. Further work is required on reconciliation of carried forward balances, which will help determine if the 2021/22 write off can be written back to the accounts or if this is to remain written off.	31/03/2024
	Proposed management action: Resume at least termly budget monitoring reports to governors.	31/12/2023
City of London School for Girls - Key Financial Controls	Proposed management action: Put in place at least termly budget monitoring, with reporting to the Head / SLT.	31/12/2023
	Proposed management action: Resume at least termly budget monitoring reports to governors.	31/12/2023

Overdue Red Recommendations (continued)

Audit	Recommendation	Target date
Community & Children's Services - Housing Fire Safety Management	Regular status updates should be provided at the Sub-Committee at least quarterly in relation to delivery of the programme of inspections and fire risk assessments.	02/10/2023
	Fire Safety status reports should be made to the Sub-Committee at least quarterly, showing timely updates in relation to completed or overdue actions.	02/10/2023
	The status of inspections and fire risk assessments should be reported to the first available Sub-Committee following completion.	02/10/2023
Community & Children's Services - Charges for Repairs and Maintenance	The contract Schedule of Rates must be applied, where this is not possible, works must be specified and costed via quotation and the quotation attached to the works order.	27/11/2023
	The Housing Repairs Team should ensure that market testing (seeking alternate quotes) is undertaken in relation to non-SOR items, management may wish to set a financial threshold for this. Evidence should be retained.	27/11/2023
	The Housing Repairs Team should introduce, as a minimum, spot-checking to validate the completion of works and, for some categories of repair, part-completion. Evidence should be retained to demonstrate this.	27/11/2023
City Surveyor – Corporate Operational Property Management	The work programme for CASC needs to include activity to ensure that the Committee is able to perform its role of oversight for the management of operational property.	31/12/2021
	Committee oversight for operational management of property should be centred around the condition of the property portfolio rather than monitoring an agreed programme of work (although noted that monitoring delivery of this programme is still necessary and useful) and this should be within the remit of a single Committee (CASC within existing Member governance).	31/12/2021
	Roles and responsibilities in relation to operational property management need to be articulated more clearly and explicitly than they are currently, and confirmation obtained that the relevant officers are aware of their accountabilities. This extent to which this recommendation is required is dependent on the standardisation of approach.	31/12/2021

City of London Corporation: Internal Audit One-Page Strategy



Vision Statement: To be a best-in-class Internal Audit function, driving excellence through proactive delivery of assurance work, embracing innovation within our Audit practices, and demonstrating commitment to integrity and transparency in all that we do.

Mission Statement: Improving outcomes for our communities, service users and organisation through the delivery of high-quality Internal Audit that provides timely and effective assurance across the City of London Corporation's diverse operations.

State of Audit Function in 2024

Strategy

State of Audit Function in 2027

Top Metrics Describing the Current State

1. Individual Auditor Competency Assessment baselined in October 2024.
2. Internal Audit delivery capability 600 Days.
3. Average days per Audit engagement.
4. % of planned work delivered within planned allocation of time (not currently measured but very low).
5. Quality of service (not currently measured).
6. 46% fully aligned to Global Audit Standards.

Top 5 Audit Objectives

1. Better support the individual development of Internal Audit team members to full competency at Senior Auditor level.
2. Improve the overall efficiency of the delivery of Internal Audit assignments.
3. Increased transparency and accountability for the delivery of Internal Audit work through introduction of consistent service delivery standards and robust performance measurement.
4. Better Audit planning through the adoption of more systematic and evidential risk assessment.
5. Increased Alignment with the Global Internal Audit Standards.

Underlying Assumptions: [external and internal factors influencing audit's strategy]

1. Transition to Global Internal Audit Standards raises the bar for Internal Audit Performance
2. Continuous improvement drives the ambition to become a best-in-class Internal Audit function
3. Retention of existing team members/no prolonged vacancy as a result of staff turnover or long-term absence

Top Metrics Describing the End State

1. Measured improvement in Individual Auditor Competency Assessment.
2. Internal Audit delivery capability 1000 Days.
3. Reduction in average days per Audit engagement.
4. 100% audit work delivered within planned allocation of time.
5. 95% positive feedback from clients (score of 4/5 on overall satisfaction).
6. 80% fully aligned to Global Audit Standards (by 31/12/2025).

Initiatives to Achieve Objectives



Audit Objectives

1. Empower, motivate and inspire the Internal Audit team to develop their skills and capability, and deliver to full potential.
2. Improve the overall efficiency of the delivery of Internal Audit assignments.
3. Increased transparency and accountability for the delivery of Internal Audit work.
4. Better Audit planning through the adoption of more systematic and evidential risk assessment.
5. Increased Alignment with the Global Internal Audit Standards.

Author: Matt Lock, Head of Internal Audit

Date : 7 January 2025

Audit Initiatives

1. Implementation and delivery of individual and team learning and development plans for all. Coaching and mentoring at all levels across the team to share knowledge and experience. Client portfolio management by Senior Auditors to ensure continuous professional development and pathway to career progression.
2. Audit tracker tool to mitigate risk of slippage and budget overruns ensuring delivery of quality audit outputs within agreed budget and timescales.
3. Introduction of consistent service delivery standards and robust performance measurement.
4. Seek client feedback for all completed Internal Audit assignments. Monitor performance and implement corrective measures for continuous improvement in service delivery.
5. Enhancing the Quality and Improvement Plan(QAIP) to include the specific and identified steps to maturity. Periodic reviews of the QAIP to monitor progress against the plan.

City of London Corporation Committee Report

Committee(s): Audit and Risk Management Committee – For Information	Dated: 03/02/2025
Subject: Risk Management Update	Public report: For Information
This report supports the successful delivery of all six Corporate Plan outcomes and our statutory obligations through identifying and managing risks in line with our business objectives.	Corporate Risk Management
Does this proposal require extra revenue and/or capital spending?	No
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:	Dionne Corradine, Chief Strategy Officer
Report author:	Tabitha Swann, Head of Corporate Strategy & Risk

Summary

This report provides the Committee with an update on the corporate and top red departmental risk registers since they were last reported to the Committee in November 2024. Further details can be found in the appendices listed at the end of this report.

Recommendation(s)

Members are asked to note:

- This report and the corporate and top red departmental risk registers attached.
- That since the previous update:
 - The number of corporate risks has decreased from 15 to 14 with *CR41 Tree Maintenance* de-escalated to a service level risk.
 - The number of departmental red risks increased from 19 to 22, with one risk de-escalated, two risks escalated and 2 risks added.¹
- That the draft Risk Management Policy has been endorsed by the City Bridge Foundation Board and the Police Authority Board and is now finalised.

¹ **Risks escalated:** CLS FS 004 School’s Affordability and GSMD SUS 002 Inability to Deliver a Balanced and Sustainable Model over the School’s Business Cycle; **Risks added:** BBC Buildings 001 Building Safety Act 2022 - High Risk Building Status and BBC H&S 001 Safety Maturity; **Risks de-escalated:** SUR SMT 016 Investment Property Group Staffing and Capacity

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 Officer Risk Management Group (CORMG) on 15 January 2025 as Senior Officers accountable for CoLC risk management actions, decisions and outcomes (including consideration of developing risk areas and cross-corporation risk management themes).

Risk Activity – Process and Culture

3. Following its approval by the November 2024 Audit and Risk Management Committee, the draft Risk Management Policy (amended in line with Committee comments) was subsequently endorsed by the City Bridge Foundation Board and the City of London Police Authority Board. No additional changes were suggested and the document has now been finalised (see attached at Appendix 1).
4. We are in the process of promulgating the policy within the organisation. All members of ELB have received a copy, and it is being shared and discussed with the January Risk Management Forum. Further socialisation will be undertaken to ensure that officers understand the link between effective risk management and the achievement of our strategic objectives.
5. Further work has been carried out to update the City Corporation's Risk Appetite Statement. The draft statement is in the process of being finalised – see separate paper to this Committee for details.

Current Position

6. Table 1 below shows the overall number and risk ratings of all risks recorded on the Ideagen risk management system as of 17 January 2025 compared with 16 October 2024 (the figures last seen by the Committee).

Risk rating (RAG)	January 2025	October 2024	Difference
Red	52	55	-3
Amber	243	238	+5
Green	87	119	-32
Total	382	412	-30

Table 1: January 2025: Overall Risk Numbers by RAG Rating on Ideagen

7. Table 2 below shows the breakdown of the red, amber and green rated risks by risk level as of 17 January 2025 compared with 16 October 2024.

Risk rating	Red		Amber		Green	
	Jan 2025	Oct 2024	Jan 2025	Oct 2024	Jan 2025	Oct 2024
Risk level						
Corporate	5	6	9	9	0	0
Departmental	22	19	86	88	25	31
Service	25	30	148	141	62	88
Total	52	55	243	238	87	119
Difference	-3		+5		-32	

Table 2: January 2025: Breakdown of RAG Risks by Risk Level (no team or PPM risks recorded as of 17 January)

8. There are currently 14 corporate risks on the corporate risk register (5x Red and 9x Amber). Since the last report to the Committee one risk has been de-escalated to service level (see paragraph 11). Attached to this paper at Appendix 2 is the corporate risk register showing the eight risks above appetite.² Corporate risks are being reviewed by CORMG to ensure they accurately reflect the greatest threats and concerns to the City Corporation.
9. The risk score for *CR41 Tree Maintenance* has been de-escalated from a corporate to a service level risk following Chief Officer Risk Management Group approval in November 2024. The risk was previously approved for escalation on a temporary basis and given the impact of the mitigating activity to date, as well as the mitigations in place to oversee this risk moving forwards, CORMG are confident this can be managed locally.
10. The RAG matrices below show the distribution of corporate risks as of 17 January 2025 (Table 3) and 16 October 2024 (Table 4):

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

Table 3: January 2025 Corporate Risk Heatmap

	Minor	Serious	Major	Extreme
Likely			4	
Possible			8	1
Unlikely			1	1
Rare				

Table 4: October 2024 Corporate Risk Heatmap

11. The highest scoring corporate risk is CR16 Information Security at Red 24 (Impact 8 Extreme x Likelihood 3 Possible).
12. Table 5 below shows a summary of all CoLC corporate risks as of 17 January 2025:

² We are reviewing the reporting of our above appetite risks as part of the risk appetite refresh.











































Risk reference	Title	Current Risk Score	Current risk score icon	Trend Icon	Risk flight path (last 12 assessments)	Risk Creation Date (Ideagen)	Risk Adds to CR Register (year)
CR16	Information Security (formerly CHB IT 030)	24				10 May 2019	Pre-Pentana (2014)
CR36	Protective Security	16				10 January 2022	2022
CR37	Maintenance and Renewal of Corporate Physical Operational Assets (excluding housing assets)	16				04 November 2019	2022
CR38	Unsustainable Medium-Term Finances - City's Estate	16				31 October 2022	2024
CR40	PSTN Switch Off 2027 (formerly CHB DITS 045)	16				26 February 2024	2023
CR01	Resilience Risk	12				20 March 2015	Pre-Pentana (2014)
CR02	Loss of Business Support for the City	12				22 September 2014	Pre-Pentana (2014)
CR09	Health, Safety and Fire Risk Management System	12				22 September 2014	Pre-Pentana (2014)
CR29	Information Management	12				08 April 2019	Pre-Pentana (2014)
CR30	Climate Action	12				07 October 2019	2020
CR33	Major Capital Schemes	12				14 February 2020	2020
CR35	Unsustainable Medium-Term Finances - City Fund	12				19 June 2020	2022
CR39	Recruitment and Retention	12				21 February 2023	2023
CR10	Adverse Political Developments	8				22 September 2014	Pre-Pentana (2014)

Table 5: January 2025: List of Current Corporate Risks by Current Risk Score

Red Departmental Risks

13. There are currently 22 departmental red risks. Since the last report to the Committee, one risk was de-escalated, two risks escalated and 2 risks added. A summary of the top red departmental risks can be found at Appendix 3.

14. Changes to the register:

Risks de-escalated:

- i) *SUR SMT 016 Investment Property Group staffing and capacity* has been de-escalated from Red 16 (Impact 4 Major x Likelihood 4 Likely) to Amber 12 (Impact 4 Major x Likelihood 3 Possible) as a result of Member approval of the Investment Strategy.

Risks escalated:

- ii) *CLS FS 004 School's Affordability* has increased from Amber 12 (Impact 4 Major x Likelihood 3 Possible) to Red 16 (Impact 4 Major x Likelihood 4 Likely) to reflect VAT changes to school fees.
- iii) *GSMD SUS 002 Inability to deliver a balanced and sustainable model over the School's business cycle* increased from Amber 12 (Impact 4 Major x Likelihood 3 Possible) to Red 16 (Impact 4 Major x Likelihood 4 Likely) to reflect increasing financial pressures.

Risks added:

- iv) *BBC Buildings 001 Building Safety Act 2022 - High Risk Building Status*
- v) *BBC H&S 001 Safety Maturity*

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

15. 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: Risk Management Policy_Final
- Appendix 2: Corporate Risk Register – detailed report above appetite only
- Appendix 3: All Red Departmental Risks – short summary report

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Risk Management Policy



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The following documents were consulted during the development of this policy

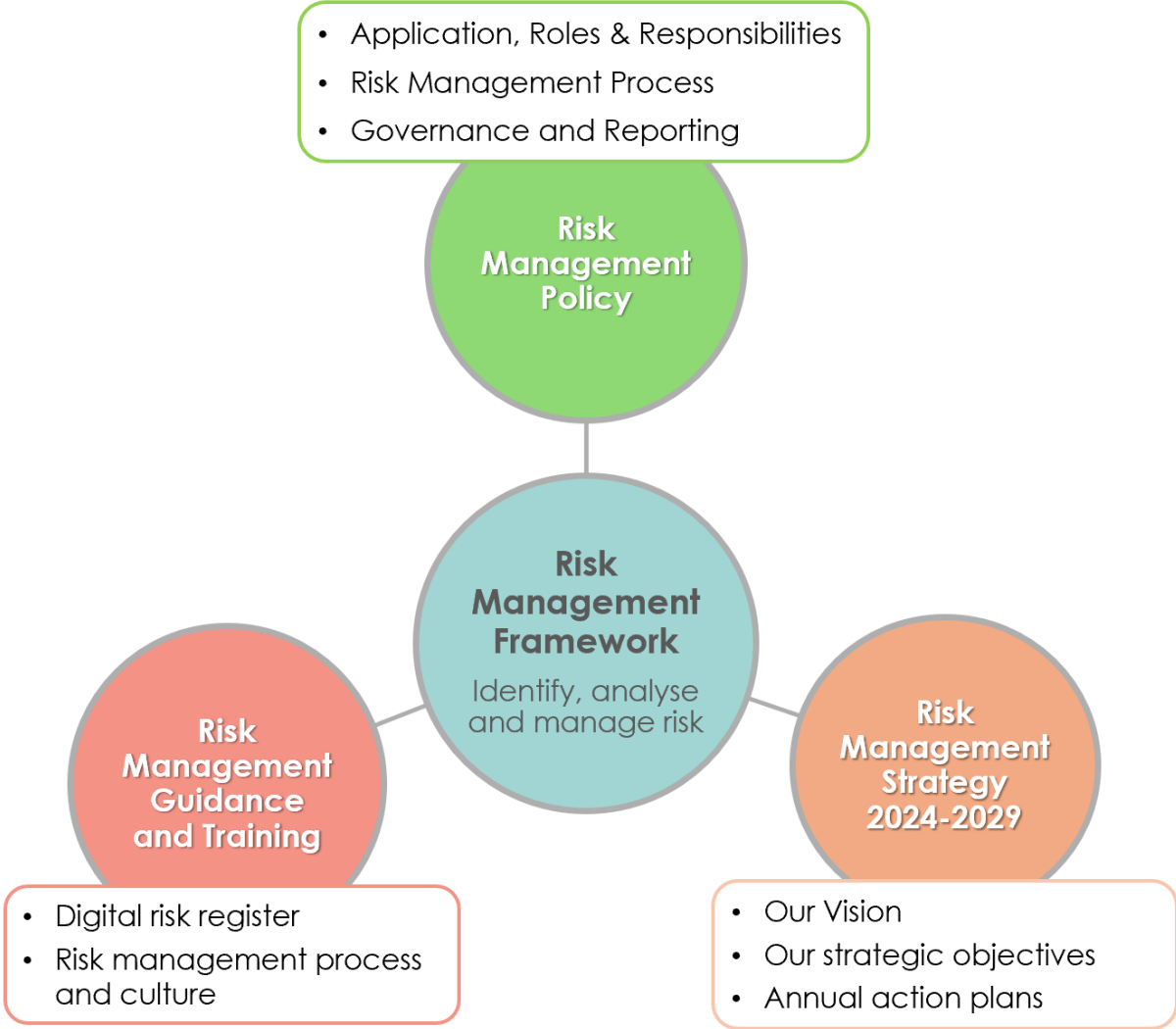
UK Government - The Orange Book	Charity Commission CC26 Charities and Risk Guidance
Airmic Risk and Managing Risk Explained	City of London Corporation Risk Management Strategy 2024-2029
COSO Enterprise Risk Management, June 2017	City of London Police Risk Management Framework
British Standards Institution, ISO 31000; 2018	City of London Corporation Corporate Plan 2024-2029

Policy Owners: Chief Strategy Officer (Senior Responsible Officer for Corporate Risk and Head of Profession for Risk Management); Corporate Strategy and Risk Team in Corporate Strategy and Performance Team: CSPT@cityoflondon.gov.uk

Final Version (1), December 2024

Our Vision

A world class leader in dynamic risk management, best practice embedded and used in strategic decision-making, future proofing successful delivery of outcomes



Risk Management Policy Statement

The City of London Corporation is committed to proactive and dynamic risk management as a fundamental part of good governance and effective business operations. This is reflected in our overarching approach to identifying and managing risk, as laid out in our [Risk Management Strategy 2024-2029](#).

Effective risk management is critical to the successful delivery of our services and Corporate Plan 2024-2029 strategic outcomes.¹ Our Risk Management Policy helps set the risk management framework and culture to achieve this. It also ensures that we comply with our statutory duties in relation to managing risks as seen in Regulation 4 of *Accounts and Audit Regulations 2015* for local government in England and Wales² and, where relevant, the City Corporation's responsibilities as trustees to effectively manage our charity risks in accordance with the Charity Commission's *Charities and Risk Guidance, CC26*.³

Our Risk Management Policy applies to all City of London Corporation

Departments and Institutions and covers:

1. Risk Application, Roles and Responsibilities
2. Risk Management Process
3. Risk Management Governance and Reporting

These sections outline the City Corporation's overarching approach and requirements in risk management. It is for Departments and Institutions to ensure that these are reflected and adhered to in their practices and any local policies, including:

- **Regularly discussing and reviewing risks within business areas** so that risks accurately reflect current challenges (and opportunities), are regularly assessed and proactively used to achieve successful business outcomes. This should include discussion with relevant stakeholders (internal and/or external) on risks and mitigations.
- **Reporting risks into the relevant Boards and Committees** ensuring Officer and Member oversight of risk management and supporting our commitment to openness and transparency in our risk management process.

¹ See [Our Corporate Plan 2024-29 - City of London](#)

² [The Accounts and Audit Regulations 2015 \(legislation.gov.uk\)](#)

³ [Charities and risk management \(CC26\) - GOV.UK \(www.gov.uk\)](#)

What is risk management?

What is risk?

A risk is an *uncertain future-oriented event* that hasn't happened yet but has the potential to occur and, if it did, would have an impact on achieving our objectives. Risks can be a negative threat or a positive opportunity.

- **Negative threats** are blockers to both the short and long-term achievement of our objectives.
- **Positive opportunities** are events or occurrences that could be beneficial to the successful delivery of our aims.

What is the difference between a risk and an issue?

If a risk is an *uncertain future-oriented event* that hasn't happened yet, then an issue is an event *that has already happened/is happening* and impacting outcomes. One way to determine the difference between a risk and an issue is to consider how you will manage it.

- Are you putting in place proactive and/or preventative measures? **Risk**
- Are you applying reactive responses to try to manage the effect? **Issue**

Risk registers should be used for recording our risks, and not our issues.

What is risk management?

Risk management is the way in which we identify events in the future that may impact the delivery of our objectives, assess how important these events may be and put measures in place to manage their impact and likelihood.

Essentially it is the process by which risks are identified, evaluated and controlled (mitigated) or accepted.

What is risk appetite and risk tolerance?

Risk appetite is the amount of risk that an organisation is willing to seek or accept in the pursuit of its long-term objectives. **Risk tolerance** is the amount of risk an organisation could actually take, usually from a financial perspective, before it is significantly impacted. Understanding risk appetite and risk tolerance supports informed decision-making and helps us to focus on priority areas. See the City Corporation's intranet site for more information.

Section 1: Risk Application, Roles and Responsibilities

This policy and the associated guidance should be used to inform thinking about risk and management of risk across all Departments and Institutions and at all levels. Within City Corporation on a daily basis, we use risk to inform decision making and help us achieve our objectives. This is as true for routine business activities as it is for more strategic risk planning. The ability to understand and manage risk is something that impacts multiple aspects of our everyday work, such as (but not limited to):

- Business Planning
- Financial Forecasting
- Projects and Programmes
- Service Delivery (including through our various facilities)
- Event Planning and Management

Everyone at City Corporation has a role to play in effective risk management, although some people will have additional direct risk management responsibilities.

All Officers should:

- Understand how risk plays a role in helping the City Corporation achieve its objectives at multiple levels throughout the organisation and in their own day-to-day activities.
- Play their part in risk management by reporting potential risks, blockers and/or opportunities to managers and/or senior leaders.

Officers in risk management-related roles should:

- Familiarise and understand the risk management framework and process using this Risk Management Policy, supporting guidance and our Risk Management Strategy 2024-2029.
- Actively participate in the Risk Management Forum⁴ to help manage risk with City Corporation and receive regular updates on risk management culture and practices.

⁴ Further details on [Risk Management pages on the intranet](#). Please contact CSPT@cityoflondon.gov.uk to join the Risk Management Forum.

- Use available risk management learning and training to keep up to date with risk management practices, information and any local policies that apply directly to their area of work.⁵
- Champion the risk management process by taking a proactive approach, ensuring that risks are identified, evaluated, and controlled effectively.

Chief Officers and Heads of Institutions must:

- Ensure their risk management function runs effectively and is adequately resourced.
- This includes the work internally to identify and manage risk as well as the ownership of specific risks, with staff and Senior Leadership Teams taking a proactive role in risk processes and governance (see risk roles in the section below).

Our **Members play a key part in effective and efficient risk management**, inputting to this via the Committee process. More information on their role can be found in Section 3: Risk Management Governance and Reporting.

Risk Roles and Responsibilities

As Officers, we are accountable for City Corporation risk management, including what risks go onto the risk registers. Whatever the local set-up, the roles supporting this risk function must cover the following:

- Considering and inputting new risks to the risk register
- Agreeing risks and mitigations, and taking actions forward
- Ensuring risks are regularly reviewed by Senior Leadership Teams and used to help drive forward local and/or strategic business objectives
- Proactively updating the risk register in response to current circumstances
- Preparing reports for Boards, Committees and other meetings
- Utilising risk knowledge, undertaking the relevant training and understanding risk guidance

There is a difference between 'owners' of the specific risks recorded on the risk registers and the day-to-day contacts for risk management.

⁵ Further information can be found by looking at the [Risk Management pages on the intranet](#) or by contacting the Corporate Strategy and Performance Team.

Risk Administrators/Risk Coordinators support the day-to-day running of the risk management process within a business area.

They need to:

- Understand risk management and the risk process and provide guidance and advice to management teams and senior Officers
- Support the risk management process by instigating regular risk reviews
- Provide risk updates which are well written with sufficient information, on our risk management information system and if required in person
- (Risk Coordinators) Act as a central point of contact for risk
- (Risk Coordinators) Oversee and contribute to risk discussions within their areas – at team or wider levels
- (Risk Coordinators) Regularly produce and report risk analysis to Senior Leadership Teams or for Boards/Committees

Risk Managers and Risk Owners will have been assigned a risk on the risk register – either overall or in part (e.g. mitigating controls and actions). A risk manager is the subject matter expert who will deal with the risk and related actions on a day-to-day basis, while a risk owner carries final accountability for that risk and potentially others in their area.

Both roles will take responsibility for the effective handling of risk by:

- Proactively ensuring risks and/or risk actions are effectively and appropriately addressed
- Regularly reviewing their risk(s) and associated actions to reflect current circumstances (internal and external)
- Ensuring Risk Administrators/Coordinators are provided with all necessary information, and on a timely basis, for them to be effective in their roles
- (Risk Manager) Acting as a point of contact for their risk
- (Risk Manager) Making recommendations to the risk owner regarding the management of the risk/actions (e.g. escalation or score change)
- (Risk Owner) Ensuring continuity of risk management across areas

N.B. Chief Officers are the overarching owners of any strategic level risk, such as corporate risks, within their business areas and have overarching accountability for the management of all their risks.

In addition to the above, there are some supporting/cross-cutting roles that can help with risk management across the City Corporation, e.g., input on risk

impact, likelihood and mitigation discussions. This includes Heads of Profession or those with expertise in a particular area (e.g. safeguarding, climate action etc).

The Corporate Strategy and Risk Team within the Corporate Strategy and Performance Team (CSPT) looks across and supports the risks management function in City Corporation, as follows:

- Acting as a point of contact for risk training, guidance and support
- Preparing risk management updates for the Senior Leadership Team and Executive Leadership Board⁶
- Secretariat to the Chief Officer Risk Management Group (CORMG), chaired by the Chief Strategy Officer
- Submitting regular corporate risk management reporting to Audit and Risk Management Committee

Further information on the team and risk management in general can be found on the City of London intranet.

⁶ [Senior Officer Governance \(sharepoint.com\)](#)

Thinking about risk – a beginner's guide

1. **Understand your team, department, institutions, charity's and/or our cross-cutting strategic objectives** – you need to know what you want to achieve before you can consider any threats, blockers or opportunities.
2. **How to go a little wider.**
 - a. **Horizon scanning:** Examining potential future scenarios helps to better comprehend uncertainties and assess if the organisation is well-prepared for possible opportunities and risks.
 - b. **PESTLE analysis:** Exploring six key categories (Political, Economic, Social, Technological, Legal and Environmental) to examine opportunities and threats that you may hold.
3. **Getting a risk conversation started.**
 - a. **Workshops and mind mapping:** Bring teams together to build off each other's ideas, look at the bigger picture and help each other better understand their risk landscape.
 - b. **Use audit reports:** Whether as a review carried out by your own team or as part of a formalised process by the Internal Audit function, audits can help identify gaps and how to solve them.
 - c. **Flowcharts and dependency analysis:** These can be particularly helpful for areas with supply chains to see where there are critical components exposed to threats and/or opportunities for expansion.
4. **Think about who needs to be involved in the risk process.**
 - a. Who will be responsible for ensuring risks are appropriately updated and reported?
 - b. Who are the content experts that will be reviewing and monitoring the risk landscape?
 - c. Do you have the right people in the right roles to ensure risk management is consistent and appropriately applied?
5. **Make sure you consider Equity, Equality, Diversity, and Inclusion (EEDI)** when assessing risk and planning subsequent actions. This ensures a comprehensive evaluation of risks and that we comply with our [Public Sector Equality Duty](#), leading to appropriate mitigations and next steps.

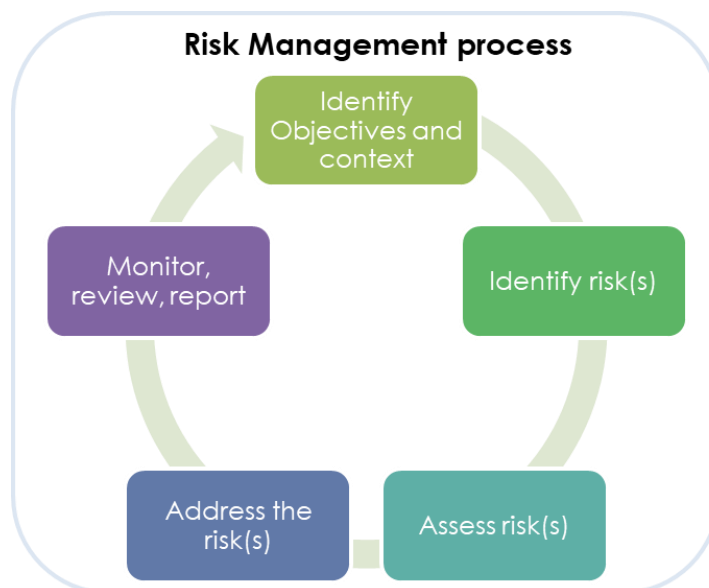
More information can be found on the City of London Corporation intranet site [Risk Management Pages](#).

Section 2: Risk Management Process

Our City of London Corporation risk management processes help us identify, analyse and manage risks. We keep our risks in risk registers on our electronic risk management information system (Ideagen), recording their nature (e.g. cause), potential impact and mitigation actions.

It is crucial that registers are up to date for risk reporting and auditing, and informed decision-making.

Using the following steps, we can ensure our risks are correctly identified, agreed, drafted and managed using the risk registers:



1. Identify objectives and context

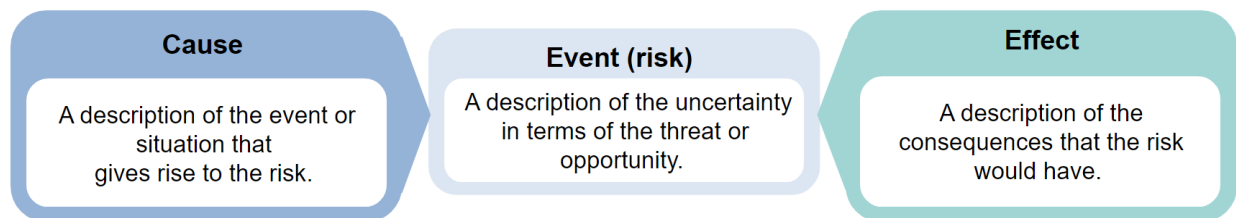
Examine the internal and external context of the organisation and think about how this may impact your business outcomes. Consider all your activities at various levels – budget setting, business plans, any relevant strategies (you use or that are in development), or projects and programmes in your team and/or department and what objectives these aim to achieve. Also think about how these relate to wider strategic outcomes be these departmental, corporate or relating to cross-cutting.

As part of this you should also consider risk appetite (the amount of risk that an organisation is willing to seek or accept in the pursuit of its long-term objectives).

Understanding this will help inform your decisions around risk and the actions you will take to either pursue or limit your exposure to it.

2. Identify risk(s)

Use your objectives to find and clearly articulate your risks, thinking about what will block or threaten the achievement of these objectives. Also think about where there are opportunities to pursue risk to better help achieve these objectives. When describing our risks we use the Cause, Event (risk), Effect modal - also known as the bowtie model:



Using this model helps to ensure we are capturing risks and not issues. This is vital to ensuring a robust and effective risk management process. If risk registers are filled with issues, the ability to use them to help achieve strategic aims is hampered by the need for an immediate response. Having the right risks on the register helps unlock strategic success.

Remember risk registers may be made public through Committee reporting. This must be considered when drafting the risk.

3. Assess risk(s)

a. Classify the risk level

The risk level determines who oversees and monitors the risks. Consider which objectives this risk will affect and who will need to be involved with managing the risk. There are different levels of organisational risk covering strategic, departmental, operational, and projects. Making sure the risk is assessed at the appropriate level will ensure it is managed proportionately and appropriately.

b. Score the risk – original, current and target

Scoring a risk involves evaluating two main factors: **likelihood** and **impact**.⁷

⁷ Further guidance on risk scoring can be found here: [Risk Management \(sharepoint.com\)](#).

- **Likelihood:** Consider *reasonable* likelihood of this risk occurring in the current situation. This likelihood is then assigned a numerical score on a scale from **1** (rare), **2** (unlikely), **3** (possible) and **4** (likely).
- **Impact:** Assess the *reasonable* potential impact if the risk does occur. This is also rated on a scale from **1** (minor), **2** (serious), **4** (major) and **8** (extreme). The impact score is scaled higher than likelihood as it is often will result in worse outcomes, as such we prioritise high impact risks for management.

Risk score: The total risk score is calculated by multiplying the likelihood score by the impact score. The risk score helps to prioritise risks for treatment in terms of their significance and inform resource allocation and decision making.

We assess the risk score at three different points:

- **Inherent/original:** The risk score on the day the risk is identified. This is the level of risk before any controls have been put in place or actions taken to manage the risk and change the likelihood or impact.
- **Current:** This is the level of risk at the time of review, taking into account the actions in place to manage it.
- **Target:** This is the score where the risk would be considered as at an acceptable level in accordance with our risk appetite. This reflects what the risk should look like once mitigating actions have been carried out and the risk is being successfully managed.

Risk Score Matrix

		Impact			
		Minor 1	Serious 2	Major 4	Extreme 8
Likelihood	Likely 4	4	8	16	32
	Possible 3	3	6	12	24
	Unlikely 2	2	4	8	16
	Rare 1	1	2	4	8

Where there is more than one potential impact, the highest impact score should be used to plot the risk onto the risk matrix. **Do not average out the scores - this misrepresents the real effect of risk.**

It is important for risk assessments to be **reasonable and proportionate**. When risk scores and levels are overstated (e.g. to bump something up an agenda or get additional funding), it can hinder effective risk management and makes our risk registers less reliable for strategic decision making.

4. Address the risk(s)

a. Determine risk treatment:

Reflecting on the risk identification and assessment completed and acknowledging the risk appetite we might hold, we will either **tolerate, transfer, terminate** or **treat** our risk (4T method).

- **Tolerate:** Accept likelihood and impact of risk as it stands, acknowledging we cannot change this.⁸
- **Transfer:** Responsibility for risk is transferred to another party (e.g. insurance).⁹
- **Terminate:** The risk posed is too high for the organisation so related activities do not take place - e.g. ending a business relationship if it causes more harm than good (such as legal or reputational issues) or amending objectives if they cannot be achieved without sizable risk.
- **Treat:** Use mitigating actions and internal controls to manage the risk according to likelihood and impact assessment (risk score). This is the most common choice.

b. Outline controls and related actions (mitigations)

If treating the risk, put in place **controls and related actions** (mitigations) that will reduce the likelihood of the risk occurring and the severity of its impact to bring it into line with the target risk score.

⁸ Risks requiring ongoing controls to maintain their current level should be added to the risk register to ensure appropriate review.

⁹ At times there may be ongoing controls necessary to ensure appropriate handling, including in some cases, remaining actions for City Corporation after transfer. These should be added to the risk register as risks in their own right for routine review.

Controls are typically either:

- **Preventive** – an internal control that seeks to avoid the risk occurring (e.g., data security training and removing hazards).
- **Corrective** – designed to be put in place if the risk occurs to lessen its impact (e.g., fire alarms and regular auditing of projects).

The controls and actions should be proportionate and cost-effective. The implementation of these should not exceed the cost and impact of the risk itself. Mitigations may affect likelihood, impact or both – it is important that both are considered when deciding on the next steps in risk management.

c. Clarify risk and controls ownership

As highlighted in Section 1, risk owners and managers are vital for ensuring accountability and proactive risk management. Each risk and associated control (mitigating action) needs to have an assigned owner and manager that is appropriate for the level and scoring of the risk.

5. Monitor, review, report

Effective risk management is more than identifying risks and putting them on the register. It requires the ongoing observation and assessment of risks, controls, root causes, consequences, and any changes in our context and goals.

This regular review process should occur both in response to changes and, in the absence of changes, to confirm that the current assessments remain valid and appropriate. Risks are also not stagnant in their original assessments and classification. As our objectives and context change risks may need to be escalated or de-escalated from their current level to ensure they continue to receive suitable and proportionate management.

What are 'positive opportunity' risks?

Opportunity risks are usually deliberately sought or embraced by the organisation. These risks arise from the organisation's efforts to better achieve our objectives, though they may have negative consequences if the risks associated with the opportunity materialise. **This type of strategic risk-taking is important to the long-term success of any organisation.**

Opportunity risks can be identified in the same way as regular risks - by understanding our context and objectives. Where an opportunity for innovation or increased success has been identified it should be assessed using the 5E method of **Exploit, Expand, Exit, Exist** and **Explore** (as opposed to threat risks, which use the tolerate, transfer, terminate, treat 4T method).

The 5E method weighs potential risks against potential rewards to determine whether an opportunity should be undertaken.



- **Explore, Expand, Exploit** and **Exist** are the treatment options, outlined in the diagram above, this diagram can also be seen as a flowchart as the opportunity is pursued and progressed from one stage to the next.
- **Exit** should be activated if, during the process of pursuing the opportunity, the risk levels increases and it is therefore no longer viable.
- Effective risk management decreases potential threats by applying actions and controls increasing the chances of success.

Section 3: Risk Management Governance and Reporting

To ensure our risk management process is robust, the risks on our risk registers must be regularly reviewed by and reported to a variety of internal stakeholders – both Officers and Members. These fulfil different but complimentary roles in our risk reporting:

- **Officers** (and our Town Clerk and Chief Executive) are responsible - and ultimately accountable - for identifying and managing risk within City Corporation. This includes what risks should be put onto the risk register, updating these in timely and responsive manner and managing any mitigating actions.
- **Members** monitor and oversee City Corporation's risk management strategy and arrangements. They play an essential role in scrutinising our risk management and its effectiveness. This is distinct from operational decision-making on risks/officer actions to identify and manage risk but works in tandem with this to ensure sound and appropriate risk management.



Officer Governance

Business Areas: Chief Officers and Heads of Institutions are accountable for their departmental/institution's risks and the handling of these, including what is put onto their risk registers. They may delegate responsibility for the oversight and management of this to others in their area - for example the discussion, handing and input onto the risk registers at divisional, service or charity risk level. However, their top-level business area risks (including any strategic risks they own such as Corporate Risks) and any notable changes to lower-level risk registers (team, service, divisional etc) should be a recurring agenda item at Senior Leadership Team meetings. This should include whether a risk is escalated, de-escalated or should be on the risk register at all.

Strategic Oversight: The Chief Officer Risk Management Group (CORMG) – a sub-committee of the Executive Leadership Board – contains reps from across the City Corporation¹⁰ and meets at least once every two months to review the management of corporate and top red departmental risks. CORMG discuss developing risk areas and consider wider aspects of risk management such as our overarching risk management culture and compliance with risk management processes and procedures. They decide on changes to the City Corporation's Corporate Risks, including what goes onto the Corporate Risk Register (e.g. when a risk should be escalated and/or de-escalated or a new risk put on). CORMG regularly report risk management into the Town Clerk's Senior Leadership Team and the Executive Leadership Board.

Member Governance

For Members to fulfil their risk management oversight and scrutiny function, risks should be regularly reported into committees. Our risk management is reviewed and scrutinised in numerous committees (covering service, departmental and charity risks to the cross-cutting strategic risks like Corporate Risks). The way in which this is presented (e.g. summaries, fuller reports) and the frequency of reporting may differ by Committee. Attention should be paid to the relevant Committee Terms of Reference (TORs) when deciding the approach, but a

¹⁰ Chief Officer Risk Management Group attendees (Oct 2024): Chief Strategy Officer (CoLC SRO for Corporate Risk) – Chair; Chamberlain; City Surveyor; Deputy Town Clerk; Executive Director Community and Children's Services; Executive Director of Environment; Comptroller & City Solicitor and Deputy Chief Executive; Executive Director HR & Chief People Officer; Chief Operating Officer, City Bridge Foundation; Chief Operating Officer City of London Police; Chief Executive Officer, Barbican Centre.

report about once every quarter would be ideal, where possible. TORs are held by Member Services.

To set this in context, under current arrangements, the Audit and Risk Management Committee receive a risk management update at least once a quarter. This includes the full Corporate Risk Register once a year. At other times they receive corporate risks above appetite and any new corporate risks. They are also given a summary list of the City Corporation's red departmental risks.¹¹

Charity-related risk

Some risks held by City Corporation are linked to our role as a corporate Charity Trustee - such as for City Bridge Foundation, City of London Almshouses or otherwise e.g. open spaces charities administered within Natural Environment.¹² The Court of Common Council acts on behalf of the City Corporation as Trustee and is ultimately responsible for discharging the City Corporation's Trustee functions. However, whilst the Court retains oversight and ultimate responsibility, it substantively delegates these Trustee functions to Committees of the Court.¹³

Members of these Committees are not charity trustees themselves but are collectively responsible for the day-to-day administration and management of the charity within their remit (TORs) – including oversight of those matters they have further delegated to its sub-committees or to officers, which would include risk management.

Chief Officers remain responsible for risk management in delivering their Department/Institution's functions for the City Corporation, in accordance with the terms of their delegated authority as set out in the Officer Scheme of Delegations, or, where granted on a case-by-case basis, by the responsible Committee (see above paragraph). Under the City Corporation's corporate governance framework (including the Risk Management Framework), Chief

¹¹ This does not include the City of London Police or City Bridge Foundation red risks or 'strategic' or 'priority' risks which are reported to their own Committees along a separate governance line.

¹² The City Corporation acting by the Court of Alderman is also the corporate Trustee of the Emanuel Hospital charity, the legal and risk framework operating similarly.

¹³ As sole corporate trustee of City Bridge Foundation/other charities, the City Corporation is subject to the legal duties which apply to charity trustees. This includes a duty to promote the charitable purposes for the public benefit, comply with the charity's governing documents and the law, act in the best interests of the charity and manage any conflicts, ensure the charity is accountable, manage the charity's resources responsibly, and to act with reasonable care and skill.

Officers are accountable to their responsible service and corporate Committees, and ultimately to the Court.

Further information on how to manage risks relating to charities can be found by contacting Member Services or speaking to the relevant Department or Institution.¹⁴

Reporting Risks to Committees

Risk oversight routinely forms part of the public sessions of committee meetings, in support of open and transparent governance. Risk titles, descriptions and updates should be written with this in mind. Sometimes there may be a need to report details of risks in non-public or even confidential session. This must conform to advice from Member Services in line with our statutory and other commitments, but for some initial guidance:

Non-Public: Under the stipulations of the Local Government Act 12A Part 1, the grounds for restricting items are as follows:

- 1) Information relating to any individual.
- 2) Information which is likely to reveal the identity of an individual.
- 3) Information relating to the financial or business affairs of any particular person or body (including the authority holding that information).
- 4) Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority.
- 5) Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.
- 6) Information which reveals that the authority proposes to give a statutory notice under or by virtue of which requirements are imposed on a person; or to make an order or direction under any enactment.
- 7) Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

¹⁴ You can also find details in the external document, [Charity Commission CC26 Charities and Risk Guidance](#).

Risk information that does not fall into these brackets would be reported in public session. Although this Act specifically applies to our duties as a Local Authority, in the spirit of open governance as part of the democratic process, we apply this more widely to the work of City Corporation. Member Services should be consulted if you are in doubt about the way in which your risks should be reported – with the relevant Chief Officer/Heads of Institutions input also.

Confidential: At certain times, risks and the management of our risks (mitigating controls and actions etc) may include information that needs additional protection due to specific sensitivities (e.g. personal data, commercial in confidence, sensitive security vulnerabilities). There is the option to discuss these in a 'confidential session' – which usually includes all Committee Members, but with reduced Officer attendance on a 'need to know' basis. Again, Member Services can advise on the appropriate way to proceed.¹⁵

¹⁵ [Member Services information](#), including contact details for the committee clerks, can be found on the intranet.

Annex: Further Reading

Links below to resources that can aid further understanding (October 2024)

Internal

We have outlined the importance of thinking about risks outside of departmental silos. These internal points of contact and/or policies can help set risk thinking in a wider context:

- **City of London Corporation Heads of Profession: [Risk Management \(sharepoint.com\)](#)**
- **Health, Safety and Wellbeing Team – [Information and Guidance](#)**
- **Internal Audit colleagues - [Internal Audit](#)**
- **Member Services for Governance Arrangements - [Committee and Member services information on the intranet](#)**

In addition, there are some [supplementary risk documents](#) for those working on charities and in City of London Police. These are:

- [City Bridge Foundation Risk Protocol](#)
- [City of London Corporation Risk Management Protocol for Charities¹⁶](#)
- [City of London Police Risk Management Framework](#)

External

For those wanting to learn more about risk management in general and/or help to think about wider risk themes (e.g., in horizon scanning):

- [Orange Book - GOV.UK \(www.gov.uk\)](#) – UK Government publication on risk management
- [London Risk Register](#) - lays out potential risks facing London
- [National Risk Register](#) – an external version of the National Security Risk Assessment (NSRA), which is an assessment of the most serious risks facing the UK (as at 2023).
- [Charity Commission CC26 Charities and Risk Guidance](#) – provides further context to our obligations as a charity trustee in the risk management space.

¹⁶ Does not include all of City of London Corporation charities – see Appendix 1 for list of charities that fall within its remit.

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Corporate Risk Detailed Register

EXCLUDING completed actions by risk appetite

Generated on: 17 January 2025

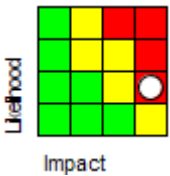
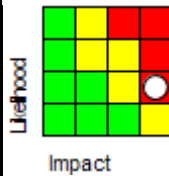


Rows are sorted by Risk Score

Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Flight path
CR16 Information Security (formerly CHB IT 030) Page 75 10-May-2019 Caroline Al-Beyerty	Cause: Breach of City of London Corporation IT Systems resulting in unauthorised access to data by internal or external sources. Event: The City Corporation does not adequately prepare, maintain robust (and where appropriate improve) effective IT security systems and procedures. 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.		24	Operational ownership Zakki Ghauri. We have implemented several improvements to our security posture and have a plan for future works. A decision was made to define a minimum-security baseline for all parts of the corporation, and this has been agreed as NCSC's Cyber Assurance Framework. The security service provided by Agilisys has now been brought in-house, giving greater control and visibility over Security controls. We are committed to increasing our Secure Score month on month, and this is now being reported to Digital Services Committee as well as Information Management Board.		16	31-Dec-2024	
							Reduce	

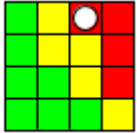
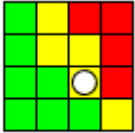
Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR16q User behaviour monitoring	Monitoring user activity on the network for any suspicious or unauthorised behaviour	<p>Currently, our network activity monitoring is operational, and now flows into a single platform – giving as a full view of all of our security logs.</p> <p>We have 24/7 monitoring of these logs and are looking to work with our colleagues in our Institutions to look at a single service and common tools to protect all parts of the organisation.</p>	Gary Brailsford-Hart	10-Dec-2024	31-Mar-2025
CR16r Access control monitoring	Monitoring access control systems and processes to ensure that only authorised users have access to sensitive information	<p>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.</p> <p>Steps for implementation</p> <p>Assessment of Current Practices Development of an Independent Oversight Protocol Implementation of a Formal Privileged Access Policy Regular Audits and Reviews Segregation of Duties Training and Awareness Enhanced Authentication and Monitoring for Privileged Accounts Feedback and Continuous Improvement</p> <p>By implementing these steps, the City can strengthen its control over privileged accounts, ensuring they are granted appropriately and are subject to rigorous and independent scrutiny.</p>	Gary Brailsford-Hart	08-Oct-2024	31-Dec-2024
CR16s Incident response	Developing and implementing a plan to respond to any security incidents that occur.	<p>We have agreed a list of critical applications, and aim to take this to Senior Security Board and then SLT for agreement.</p> <p>We have drafted an organisational Cyber Incident Plan as well as developing operating cyber testing exercises. However, there is a need to produce further playbooks and develop more testing and exercising events.</p> <p>Testing remains outstanding and is a priority for the next quarter.</p>	Sudeep Chatterjee	10-Dec-2024	31-Dec-2024
CR16t Security information and event management (SIEM)	Using software tools to collect and analyse data from various security sources to detect and respond to security incidents.	<p>Tooling is in place and operating.</p> <p>Microsoft Sentinel is in place and collecting activity from across CoL. This has been monitored by a 24/7 team. and managed by the InfoSec team who have been detecting and investigating incidents highlighted by the SIEM.</p> <p>Tooling is in place but resources to review, analyse and action remain outstanding</p>	Gary Brailsford-Hart	10-Dec-2024	31-Dec-2024
CR16u Security awareness training	Providing regular training to staff and employees on cyber security best practices to prevent security breaches.	We have procured a single Cyber Security course for the wider organisation – including the Institutions. This is currently waiting to be deployed by our OD team.	Gary Brailsford-Hart	10-Dec-2024	31-Dec-2024
CR16v	Security Baseline assessment –	Initial assessment complete, work is ongoing to identify trends and a developments plans and	Sudeep	10-Dec-2024	31-Dec-2024

Security Baseline assessment – COL/COLP/Institutions	COL/COLP/Institutions	<p>updates to the CAF will continue.</p> <p>Feedback from the institutions is positive and the NCSC CAF is accepted as a baseline standard. The appetite for review has been agreed as annual owing to resource constraints and the likely timeframes for improvements to be made.</p> <p>We have bid for Central Government funding to help us with implementing CAF, and are hoping to hear a response in December.</p>	Chatterjee		
CR16w Cyber Security Improvement Programme	Cyber Security Improvement Programme	<p>In ongoing action to mitigate this risk, agreement has been made to implement a Cyber Security Improvement Programme, consisting of:</p> <ul style="list-style-type: none"> • A Cyber Security Review – looking at Cyber Security across the wider organisation and making recommendations to improve our Cyber Security Posture • The appointment of a cross-Corporation CISO who will be responsible for Cyber Security across the Corporation and our Institutions • Investigating having a single Cyber Security team that works across the wider organisation • A single set of Cyber Training across the wider organisation • A 24/7 Managed Detect and Respond service <p>Optimising our existing toolset</p>	Zakki Ghauri	16-Oct-2024	31-Dec-2024

Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Flight path
CR36 Protective Security 10-Jan-2022 Gregory Moore	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. 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. 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.		16	This continues to be led strategically through the Strategic Security Board (SSB) and tactically through the thematic workstreams. There have been multiple high-profile events in recent times where the partnership security plans have been implemented and tested. The Terrorism (Protection of Premises) Bill has had its second reading in Parliament. Head of Security leads on preparedness and is the 'responsible person' in relation to the legislation. Leading through the PSAB and will update at next SSB. There is a new bespoke Silver Tactical Commanders training taking place next month and a bespoke MAGIC course in January with multi agency partners. There has recently been a Partnership Table Top Exercise (TTX) and more planned. As agreed previously, this risk will be reviewed at the next SSB, with updates on all work streams. 12 Dec 2024		16	30-Jun-2025	
							Accept	

Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR36c Command and Control	Incident/Event/Protest Command	The on-call system is now in place and running. Development opportunities exist for new Golds. A silver Cadre course is bespoke and being delivered next month. The planning for a bespoke MAGIC course is in place and organised for January 2025.	Richard Woolford	12-Dec-2024	30-Jun-2025

		Chief People Officer attended last MAGIC course; Chamberlain has attended a refresher session.			
CR36d Prevent	Prevent	Prevent continues to be monitored across COLC in support of COLP. This is addressed within the governance board and updates to SSB.	Valeria Cadena	12-Dec-2024	30-Jun-2025
CR36f City of London Corporation Buildings	Protect	PSAB continues to monitor threat and risk and mitigation. This board leads on the Terrorism (Protection of Premises) Bill requirements, in partnership with COLP. VSAT and Ongoing reviews are monitored in this meeting looking at various attack methodology.	Neil Evans	12-Dec-2024	30-Jun-2025
CR36g Protect Public Realm Board	Protect	Partnership working under the umbrella of the Public Realm Protect Board remains crucial, with the City Corporation working alongside colleagues at the City Police and TFL to identify risk and to consider proportionate mitigations. The board's ongoing focus remains new public spaces planning development and the likely implications from the upcoming legislation. Monitored at SSB.	Ian Hughes	12-Dec-2024	30-Jun-2025

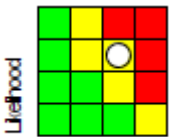
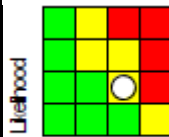
Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Flight path
CR38 Unsustainable Medium-Term Finances - City's Estate 31-Oct-2022 Caroline Al-Beyerty	<p>Causes: 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>	 Likelihood Impact	16	<p>Inflation rates to be monitored quarterly and an inflation contingency to be maintained in 2024/25 through carried forward from 2023/24 underspends. On-going pressures totalling £3.8m, plus net 3% inflation uplift approved in 2024/25 budgets.</p> <p>The five-year financial plan includes cyclical works programme to cover bow-wave of outstanding works and provision for works going forward totalling £71m.</p> <p>Earning more income from property investment portfolio. To this end the Investment Property Strategy was approved by Investment Committee in July 2024, and the team is currently being shaped to be able to deliver the strategy's objectives.</p> <p>The funding strategy identifies where best to bring third-party capital, reducing demand on own Reserves.</p> <p>Key mitigations include quarterly monitoring of capital programme against budgets and developing comprehensive business cases and implementation plans for income generation opportunities.</p> <p>Renewed approach to transformation under pinned by a clear communication plan to Members.</p> <p>03 Dec 2024</p>	 Likelihood Impact	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 programme <ul style="list-style-type: none"> • Monitor the use of inflation contingency 	Regular monitoring the office of budget responsibility's inflation forecasts, the Consumer Prices Index (CPI) rose by 2.3% in the 12 months to October 2024, up by 0.1% since July 2024.	Sonia Virdee	03-Dec-2024	31-Mar-2025
CR38e A reduction in key income streams and increase in bad Debt	Monitoring key income streams <ul style="list-style-type: none"> • 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 and sponsorship, Filming inside and outside the square mile, Retail opportunities and Fees and Charges. Benchmarking exercises are currently being undertaken to provide a market comparison. An update on individual workstreams will be presented to Efficiency and Performance working party in January 2024.	Sonia Virdee; Genine Whitehorse	03-Dec-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 in-year pressures. High risk departments are undertaking monthly revenue monitoring. Regular updates to Executive Leadership Board / Senior Leadership built into monitoring timetable. Pressures and mitigations are being recorded at a more granular level to improve the tracking and reporting on savings during the year, this information will be incorporated into the budget monitoring reports from Autumn 24 onwards to help inform Members of key risks and progress. Savings programmes/initiatives are being considered as work commences on budget setting for the 2025/26 year, proposals to be taken to the Joint RASC and Service Committee Chairman in January 2025.	Sonia Virdee	03-Dec-2024	31-Mar-2025
CR38g Major Projects Financial Envelope	Remain within the financial envelopes approved for major projects.	Monthly updates and budget monitoring on major projects forecasts and issues arising. Projects are routinely reviewed by the Chamberlain's Assurance Board. On 26th November, the Court of Common Council ratified a decision to end its interest in co-locating the wholesale food markets of Smithfield and Billingsgate to a new site at Dagenham Docks. A Bill was deposited in Parliament on 27th November that provides for the ending of the City Corporation's responsibilities to operate markets at these sites. Under a new agreement with market traders, financial support will be provided to help them relocate to new premises, ensuring their continued success. The 5-year and longer-term plans are being updated as part of the 25/26 budget	Sonia Virdee	03-Dec-2024	31-Mar-2029

		setting process to reflect these decisions and will be presented to this committee in the new year. However, still subject to legal agreements signed by market traders and Parliament passing the Bill.			
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. Now that decision on markets has been made, remaining proposals for each opportunity is to be worked up and submitted for member consideration to relevant Committees. Chamberlain's and City Surveyor's teams will meet for a dedicated Capital Financing workshop to establish a shared understanding of the funding demands and profiling over the longer term.	Sonia Virdee; Paul Wilkinson	03-Dec-2024	31-Mar-2025
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. Presentation to Efficiency and Performance Working Party took place in September 2024. Finance Committee is to receive an update at its December meeting.	Emily Brennan; Sonia Virdee	03-Dec-2024	31-Dec-2024
CR38j Plans in place to reduce future deficits.	City's Estate continues to produce annual operating deficits over the 5-year financial plan. Over the planning period, the cumulative deficit is forecast to be £490m (including drawdown of financial asset gain of £158m). This is not sustainable over the longer-term period and radical decisions are needed now on how best to bring down the annual operating deficit, including major changes or stoppages to existing services provision and/or reduction in grants. This will require a renewed approach to transformation, over and above those already identified (income generation, , operational property review, investment property review and charity review) underpin by a clear communication plan to all members, so they are aware of the challenges ahead. Review of Executive Leadership Board planning for getting back to balance and operationalising the Corporation plan will be taken to Resource Allocation Sub Away day in July.	City's Estate continues to produce annual operating deficits over the 5-year financial plan. Over the planning period, the cumulative deficit is forecast to be £490m (including drawdown of financial asset gain of £158m). This is not sustainable over the longer-term period and radical decisions are needed now on how best to bring down the annual operating deficit, including major changes or stoppages to existing services provision and/or reduction in grants. This will require a renewed approach to transformation, over and above those already identified (income generation, operational property review, investment property review and charity review) underpinned by a clear communication plan to all members, so they are aware of the challenges ahead. Transformation programme in flight, supported at Resource Allocation Sub away day. Progress reporting to the Efficiency and Performance Working Party to ensure corporate focus and pace. Updates will be planned into the 5-year and longer-term financial plan, and presented to Finance Committee in the new year.	Sonia Virdee; Genine Whitehorse	03-Dec-2024	31-Mar-2025

Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR40a Conduct investigations into the entire estate	Investigations into the 8,500 connections identified as part of PSTN sunset in Jan 2027.	The investigation aims to identify the scope and dependency of the 8,500 connections on the PSTN infrastructure. The purpose is to gain insights into the services that are live, understand their criticality, and assess the potential impact of the sunset on each connection. The market is being approached in October 2024 to appoint a supplier to conduct the investigation and service assessment.	Sudeep Chatterjee	16-Oct-2024	31-Oct-2025
CR40C Undertake a Service Assessment	Undertake a Service Assessment				31-Oct-2025
CR40e Notify business owner	Business owner notification	By Sep 2025, a detailed report outlining the findings of the investigation will be compiled. This report will then be distributed to FM (CoL/CoLP), H&S, ED&I and Security Operations. The notification will include information about the potential risks associated with the PSTN sunset, details on the current services in use, and recommended upgrade paths.	Sudeep Chatterjee	08-Oct-2024	31-Oct-2025
CR40f Creating Remediation Plan	Remediation Plan	The Facilities Management (CoL/CoLP), H&S, ED&I and Security Operations will be responsible for developing and implementing a remediation plan for their respective services. This plan will outline the necessary steps to migrate or upgrade the affected connections to alternative and sustainable communication solutions.	Matt Baker; Sudeep Chatterjee;	08-Oct-2024	31-Oct-2025
CR40g Review the Remediation Plan	Review Plan	DITS PMO will review the remediation plans with FM (CoL/CoLP), H&S, ED&I and Security Operations. Making sure they are fit for purpose and capture all the relevant details.	Sam Collins	08-Oct-2024	31-Oct-2025
CR40h Order New Lines and Hardware	Order New Lines and Hardware	DITS PMO will place the orders for the new connections along with any hardware requirements identified within the remediation plans	Sam Collins	08-Oct-2024	01-Dec-2025
CR40i Coordinate New Services	New Services	DITS PMO will assist in the co-ordination of the implementation of new services, along with any installation of new hardware required	Sam Collins	08-Oct-2024	31-Oct-2025
CR40j Undertake Testing	Testing	DITS PMO will co-ordinate the post implementation testing for all new services and or hardware.	Sam Collins	08-Oct-2024	15-Nov-2025
CR40k Continuous Monitoring	Continuous Monitoring	DITS will provide continuous monitoring of progress, tracking the remediation efforts to help identify and address any issues promptly. This includes regular communication with business owners, providing support, and making adjustments to the plan as necessary.	Sam Collins	08-Oct-2024	31-Dec-2025

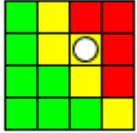
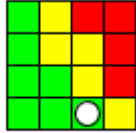

CR40L High priority areas and issues report	High priority areas and issues report				31-Mar-2025
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Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Flight path
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	Risk is on going - Castellán (formerly Clearview) Risk Connect BC management tool continues to be implemented rollout has begun across Col depts – Continues Risk Connect / Castellán is a continuing rollout process with departments implementing their BIA Business Impact Analysis with support of resilience team 20 Dec 2024	 Likelihood Impact	8	31-Dec-2024	
							Accept	

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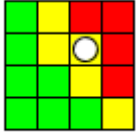
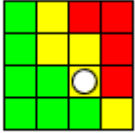
Action no, Title, Date,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR01L Business Continuity Management	Assurance process with Cabinet Office Emergency Planning College. Provide refresher and initial training for CoL staff; this training is intended to increase knowledge to ensure BC plans are able to support the CoL maintain its business during a major incident and 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	Joint Contract with COLC now renewed and COMPLETE by procurement team. BIA about 90% complete across depts Once complete Dept exercise can be planned in. Table top BC exercise for Veolia / Cory and business performance and transport group completed	Gary Locker	20-Dec-2024	28-Feb-2025

	due to take place 29th January 2024.				
CR01M Review of LALO Local authority liaison officer	Process, training, call out procedure to strengthen the City's 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 2025	Gary Locker	20-Dec-2024	31-Mar-2025
CR01N Standardisation procedures including Gold leadership Training	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	A bespoke 4-day MAGIC course for all SLT and multi-agency civil protection partners has been arranged for January 27-30 2025 and Silver course completed 27-11-24 HALO Humanitarian Assistance Lead Officer refresher training set for 12-2-25 with DCCS staff and Exec Director. New call for internal volunteer for crisis support team being prepared in conjunction with DCCS in DCCS Staff letter including intranet post in early 2025 target is 60-100 volunteers to staff emergency centres to bolster crisis support team during a major incident impacting the local community	Gary Locker	20-Dec-2024	30-Jun-2025
CR01Q Rolling DR tests	Plan an annual calendar of IT DR tests, covering critical systems and services	Work currently underway with Contingency Planning Officer. Meetings have taken place with DITS SLT and a Business Impact Analysis template will be completed across all DITS functions.	Sudeep Chatterjee	20-Dec-2024	31-Dec-2025

Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Flight path
CR30 Climate Action 07-Oct-2019 Damian Nussbaum Page 88	<p>Cause: Insufficient resources and prioritisation allocated to Climate Action.</p> <p>Event: The City Corporation fails to reduce and mitigate the impact and effect of climate change.</p> <p>PHASE 2: DELIVER AND REFINE ACTION PLAN – To be addressed in completion of phase 1.</p> <p>Impact: As the governing body of the Square Mile dedicated to the City, there are a range of potential impacts including:</p> <ul style="list-style-type: none"> • Failing to deliver on the net zero targets in our Climate Action Strategy • Reducing our ability to effectively reduce carbon emissions in the next two carbon budget periods (2022 and 2027) • Damaging the City’s credibility in Green Finance and Insurance markets; • Reducing our ability to champion sustainable growth globally and enhance the relevance and reputation of the Square Mile • Failing to adequately invest in climate resilience measures leading to negative impacts on social, economic and environmental outcomes • Failing to adequately invest in net zero initiatives leading to negative impact on our financial and property investments 	 Likelihood Impact	12	Works continue to deliver energy savings, but all works must deliver as expected at corporation assets (plus Citigen and national grid decarbonisation) if we are to meet targets. Next emissions assessment in summer 2025 will show progress. 15 Jan 2025	 Likelihood Impact	4	31-Mar-2027 Reduce	

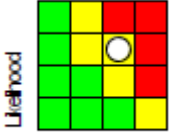
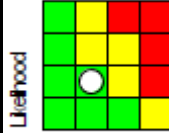
Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR30k Impact on City financial and ability to champion sustainable growth if not hitting net zero targets / maintaining resilience	Ongoing political and international relationship management	Progress towards net-zero and climate resilience targets and other sustainability reporting (e.g. Climate Action Scorecards, CDP) fuels positive media coverage despite risk to not meeting target. Stakeholder engagement plan unlocks political & international collaboration avenues enabling positive influence. Completion of action is expected in 2027 when first net zero target is met and risk is mitigated.	Damian Nussbaum	15-Jan-2025	31-Mar-2027
CR30l Risk of not hitting net zero and resilience targets for City Corporation operational and investment costs, whilst maximising returns	Deliver programme of works across operational and investment portfolios	<p>Progress remains low due to volume of capital works still to be deployed.</p> <p>Most planned works will take place between summer 2025 and summer 2026 (taking place outside of heating season and in school holidays where applicable).</p> <p>Delays in decision making on the Corporate asset stock changes (i.e. Guildhall Master Plan, Barbican Arts Centre, Markets Co-location) has delayed decarbonising efforts here and requires additional investment elsewhere in the portfolio in order to meet 2027 target.</p> <p>The national grid has decarbonised slower than emission models predicted, with an increase in emissions factor in 2023. This requires even more energy consumption reduction to outweigh the increase in emissions.</p> <p>Recent increases to the cost of capital works present a significant risk to CAS target delivery.</p> <p>Unprecedented rises in energy prices limit actual financial savings seen by capital projects delivered, meaning limited funds are returned to the Build Back Better Fund for future deployment on capital works.</p> <p>Mitigation in place includes introduction of behavioural management programme in buildings, procurement of additional contractors to speed up delivery of capital works.</p>	Paul Wilkinson	15-Jan-2025	31-Mar-2027
CR30m Risk of not hitting net zero targets for financial investments and supply chain	Monitor and drive performance against net zero and financial targets for financial investments and supply chain, continually refreshing learning	<p>Lack of emissions reduction strategy in financial investments challenges progress. New rules on LGPS might change inclusion/exclusion in net zero target.</p> <p>Rescoping of pathway in early 2025 should inform way forward.</p>	Caroline Al-Beyerty	15-Jan-2025	31-Mar-2027
CR30n Resilience risks	Monitor and drive performance against net zero and resilience targets, continually	On track to deliver planned climate resilience mitigation measures.	Katie Stewart	15-Jan-2025	31-Mar-2027

of Square Mile infrastructure and public realm and risk of not hitting net zero targets for developments and transport	refreshing learning	Cool Streets & Greening and Mainstreaming Resilience continue to deliver climate resilient measures, including new projects (including tree planting, replanting, landscaping, and SuDS), as well as addressing other resilience issues including public health and community resilience. Opportunity to step this up following London Climate Resilience Review findings. Phase 2 of pedestrian priority programme is very important to reach net zero in the City.			
CR30o Reaching carbon removal targets through open spaces	Set out carbon removal action plan and mobilise	Significant progress made adding new sequestration to meet targets. Risk the full target may not be reached due to competing ecosystem service demands (amenity space etc).	Katie Stewart	15-Jan-2025	31-Mar-2027
CR30p Delivery delays and failures due to stakeholder / public action / inaction	Run overarching engagement programme with our stakeholders and partners (phase 3 of engagement plan) and quality assure engagement for projects	Stakeholder engagement is incorporated as part of the Strategy Implementation Support plan, delivered in conjunction with colleagues across the Corporation. This is supported by a dedicated engagement plan under each project. Dedicated stakeholder engagement lead built into PMO function.	Damian Nussbaum	15-Jan-2025	31-Mar-2027
CR30q Protecting vulnerable groups who are most likely to be impacted by climate change and fulfilling Public Sector Equalities Duty	Carry out impact assessments and equalities analysis on projects and stakeholder research and use their findings to shape future engagement and delivery	All CAS project deliverables are assessed, and equality assessment tests are completed as part of project delivery. Mainstreaming Climate Resilience is looking at climate impacts on City communities, including the vulnerable.	Judith Finlay	15-Jan-2025	31-Mar-2027
CR30r That the scope, budget, timescales, targets and/or commitments of the climate action strategy are not delivered upon through the climate action programme of work	Agree to and implement appropriate governance to embed Climate Action in departmental scrutiny. Ensure appropriate capacity and capabilities are in place including for regular KPI progress reporting via the CPF. Ensure mechanisms in place for releasing staged financing. Set up regular tracking of impact of our actions on targets.	Mitigating actions to bring the 2027 net zero target are underway. Tightened officer level governance and increased frequency of project-level reporting will provide oversight to delivery, alongside provision of additional resourcing. Progress against the target is assessed on an annual basis but project delivery will be assessed monthly and quarterly.	Damian Nussbaum	15-Jan-2025	31-Mar-2027

Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Flight path
CR35 Unsustainable Medium Term Finances - City Fund 19-Jun-2020 Caroline Al-Beyerty	<p>Causes:</p> <p>Persistent high inflation, as reported and forecast by the Office for Budget Responsibility.</p> <p>Aging estate crystallising high levels of expenditure over short time period, putting pressure on Reserves. Reduction in rental income from the property investment portfolio to support Major Projects programmes.</p> <p>Anticipated reductions in public sector funding (local government and Police), escalating demands (both revenue and capital), and an ambitious program for major project delivery pose a threat to sustaining the Square Mile's vibrancy and growth. The Police Transform program fails to achieve anticipated budget mitigations outlined in the MTFP.</p> <p>Event: The failure to manage financial pressures within the fiscal year and achieve sustainable savings as planned, or to boost income generation to address the Corporation's projected medium-term financial deficit.</p> <p>Effect: Inability to establish a balanced budget, which is a statutory requirement for the City Fund. The City of London Corporation's reputation could suffer due to failure to meet financial objectives or the necessity to curtail services provided to businesses and the community. Challenges in executing the capital program and major projects within affordable limits.</p>	 <p>Lifehood</p> <p>Impact</p>	<p>12</p>	<p>Inflation rates to be monitored quarterly and an inflation contingency to be maintained in 2024/25 through carried forward from 2023/24 underspends.</p> <p>Pressures on adult social care, children services, security and policing addressed through increase in taxes and business rates premium.</p> <p>Other on-going pressures totalling £3.2m, plus net 3% inflation uplift approved in 2024/25 budgets.</p> <p>The medium-term financial plan includes cyclical works programme to cover bow-wave of outstanding works and provision for works going forward, totalling £62.7m.</p> <p>Funding strategy identifies where best to bring third party capital into surplus operational property opportunities, reducing demand on own Reserves.</p> <p>Quarterly monitoring of capital programme against budgets.</p> <p>Developing income generation opportunities.</p> <p>Renewed approach to transformation underpinned by a clear communication plan to Members.</p> <p>03 Dec 2024</p>	 <p>Lifehood</p> <p>Impact</p>	<p>8</p>	<p>31-Mar-2026</p> <p>Reduce</p>	

Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR35a Impact of inflation	Monitoring the impact of inflationary pressures (including pressures on energy costs) and construction inflation impacts on capex programme <ul style="list-style-type: none"> Use of inflation contingency 	<ul style="list-style-type: none"> Regular monitoring the office of budget responsibility's inflation forecasts, the Consumer Prices Index (CPI) rose by 2.3% in the 12 months to October 2024, up by 0.1% from July 2024. Identify areas that are forecasting to exceed budget envelope due to inflation increases. 	Sonia Virdee	03-Dec-2024	31-Mar-2026
CR35c Major Projects	Remain within the financial envelopes approved for major projects.	<p>Monthly update on major projects forecasts and issues arising.</p> <p>Major projects are presented monthly to the Chamberlain's Assurance Board with an update to the Portfolio Board chaired by the Town Clerk/Chief Executive.</p> <p>Regular reporting to Capital Buildings Board, Finance Committee, and Policy and Resources Committee.</p> <p>Decision on Barbican Renewal presented to Court of Common Council in December, impact will be modelled into the medium-term and longer-term financial plans</p>	Sonia Virdee	03-Dec-2024	31-Mar-2029
CR35f Achievement of Current Savings Programme	Delivering the current savings programme and securing permanent year-on-year savings (including Police Authority) <ul style="list-style-type: none"> Develop income generation opportunities 	<p>Court of Common Council approved reprofiling of remaining fundamental review savings, to allow sufficient time to embed these through income generation opportunities.</p> <p>Ensure income generation schemes are sustainable and on-going opportunities are explored, these include but not limited to Lord Mayor Show and events across the Corporation, Advertising and sponsorship, Filming inside and outside the square mile, Retail opportunities and Fees and Charges.</p> <p>Remaining £0.4m unidentified savings from the 12% savings programme is being worked on and expected to be delivered during 2024/25.</p> <p>Pressures and mitigations are being recorded at a more granular level to improve the tracking and reporting on savings during the year, this information will be incorporated into the budget monitoring reports from Autumn 24 onwards to help inform Members of key risks and progress.</p> <p>Savings programmes/initiatives are being considered as work commences on budget setting for the 2025/26 year.</p>	Alistair Cook; Sonia Virdee; Genine Whitehorne	03-Dec-2024	31-Mar-2026
CR35p Plans in place to reduce future deficits	Plans in place to reduce future deficits.	The medium-term financial plan is only balanced over the next four years with the use of general fund reserves and further savings and/or revenue raising by increasing Council Tax and Business Rate Premium. City Fund moves into deficit position from 2026/27 onwards. The government plans to engage with councils about reforms to the funding system, including technical details of resetting the business rates retention system. This consultation will begin in early 2025, with implementation	Sonia Virdee; Genine Whitehorne	03-Dec-2024	31-Mar-2026

		<p>of these reforms starting through the multi-year Settlement in 2026/27. As such the current MTFP will be updated as part of the 25/26 budget process.</p> <p>Future deficits should not be ignored, previously the business rate growth had been kept separate to fund the major projects and not relied on to balance the in-year position, due to increases in inflation and reductions in property income forecasts this is no longer possible. Radical decisions are now needed on how best to bring down the annual operating deficit, over and above those already identified (income generation, operational property review, investment property review), including major changes or stoppages to existing services provision and/or reduction in grants. This will require a renewed approach to transformation underpin by a clear communication plan to all members, so they are aware of the challenges ahead.</p>			
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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	Flight path
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 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.</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>	 Likelihood Impact	12	Risk reviewed and Actions updated, No change to score. Updated entry 21 Jan 2025	 Likelihood Impact	4	31-Jul-2025	Reduce

Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR39b Ambition 25 Reward Review	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 2025	On-going employee and Future Ambition 18 Comms are being shared with a detailed timeline around implementation of Ambition 25 to follow Members approval in Q4 2025.	Alison Littlewood	21-Jan-2025	30-Apr-2025
CR39c Alternative	To assure the Corporation that a robust contingent labour provider and process is	A thorough procurement process to identify a new contingent labour provider has been completed and approved by Members. Implementation to hand over services to the new provider will begin	Alison Littlewood;	21-Jan-2025	31-Jul-2025

Service Delivery models and the Contingent Labour review project	implemented, a review of the current service will be undertaken.	in January 2025 with a view to the service starting in July 2025.	Dionne Williams-Dodoo		
CR39j Vision and Values	We recognise that having a positive employment brand helps to attract potential candidates.	This work will be undertaken in two stages. <ol style="list-style-type: none"> 1. Is to agree new over-arching values and behaviours. 2. Is to look at the employment brand. <p>The work to identify and implement the over-arching values and behaviours is underway with a three-stage procurement process with the plan to identify a successful supplier by end of April 2025.</p>		21-Jan-2025	31-Oct-2025
CR39k Staff engagement survey	Our next Our People Survey which will measure staff engagement and provide feedback on working experiences at the City of London will launch on the 15th April 2024. Through the survey we will do the follow: <ol style="list-style-type: none"> 1. Understand the drivers that are contributing to any potential negative experiences at working at the City. 2. Understand what City of London corporation is doing well for its employees. 3. Understand themes and develop action plans that will enable us to position ourselves as the employer of choice. 4. With a view that the summary of findings will feed into keeping the People Strategy as a living breathing document. 	Departmental action plans will continue to be submitted on a bi-monthly basis for review by the People and HR teams. The corporate response will be presented to the Corporate Services Committee in June 2025, alongside the next update on the People Strategy.		21-Jan-2025	31-Dec-2025
CR39M Approach the hard to fill roles	Approach to hard to fill roles - We have recruited a Strategic Campaigns and Resourcing Projects Lead on a 12 month FTC. This post will support with creating targeted and bespoke recruitment campaigns for senior/ exec recruitment and hard to fill posts at the City of London Corporation. A range of methods, including the use of	Power BI has been utilised to add real time results to the new recruitment dashboard and help identify genuine hard to fill roles. By creating and designing social media advertising, headhunting candidates and direct mailing to candidates to promote the EVP and Branding and enhance the candidate experience this has created a positive response to hard to fill roles.		21-Jan-2025	31-Mar-2025

	<p>appropriate search and select agencies, proactive candidate search and engagement, events etc. will be used to promote the City of London Corporation as a destination to work at.</p> <p>We will be looking to raise the employer profile of the City of London Corporation. We will also consider how and where we look for supply of talent e.g. engaging with our competitors as needed.</p>				
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Top red risks only - short summary by department

Report Type: Risks Report

Generated on: 17 January 2025





Rows are sorted by Risk Score




Barbican Centre (6 risks)

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Date Reviewed	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
BBC Buildings 027	Failure to maintain and renew Buildings and Estates Infrastructure	8	4	32		17-Dec-2024	4	1	4		30-Apr-2026	Reduce	
BBC Buildings 010	BBC Conservatory Glazing	8	3	24		17-Dec-2024	8	2	16		31-Dec-2029	Reduce	
BBC Buildings 001	Building Safety Act 2022 – High Risk Building Status	8	2	16		17-Dec-2024	4	1	4		31-Mar-2025		
BBC H&S 001	Safety Maturity	8	2	16		12-Dec-2024	2	1	2		31-Mar-2025		
BBC H&S 002	Failure to deal with Emergency/Major Incident/Risk of Terrorism	8	2	16		17-Dec-2024	8	1	8		30-Sep-2024	Reduce	
BBC H&S 005	Fire Regulation Compliance	8	2	16		12-Dec-2024	2	1	2		31-Dec-2025	Reduce	

Chamberlain's Department (1 risk)




Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Date Reviewed	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
CHB 002	Housing Revenue Account Financials	4	4	16		09-Oct-2024	4	2	8		31-May-2025	Reduce	

City of London Freeman's School (1 risk)




Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Date Reviewed	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
CLF-016	Financial Sustainability	4	4	16		1-Oct-2024	2	2	4		31-Aug-2025	Reduce	

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City Junior School (1 risk)

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Date Reviewed	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
CJS 001	Inadequate finances or financial plans	4	4	16		19-Nov-2024	2	3	6		31-Dec-2024	Reduce	

City of London School (1 risk)

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Date Reviewed	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
CLS-FS-004	School's Affordability	4	4	16		18-Oct-2024	2	3	6		31-Aug-2025	Reduce	

City of London Schools for Girls (2 risks)

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Date Reviewed	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
CLSG-01	External pressures on financial model (SA5-Operations)	8	4	32		12-Dec-2024	4	3	12		31-Dec-2024	Reduce	
CLSG-13	Governance	4	4	16		04-Oct-2024	4	3	12		31-Dec-2024	Reduce	

City Surveyor's Department (5 risks)

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Date Reviewed	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		09-Jan-2025	2	3	6		31-Mar-2025	Reduce	
SUR SMT 006	Construction Consultancy Management	4	4	16		09-Jan-2025	2	3	6		31-Mar-2025	Reduce	
SUR SMT 009	Recruitment and retention of property professional	4	4	16		10-Jan-2025	4	2	8		31-Mar-2025	Reduce	
SUR SMT 011	Contractor Failure	4	4	16		09-Jan-2025	2	3	6		31-Mar-2025	Reduce	
SUR SMT 017	Markets Parliamentary Bill	8	2	16		09-Jan-2025	4	1	4		31-Dec-2026	Reduce	

Department of Community & Children's Services (1 risk)

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Date Reviewed	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		16-Dec-2024	2	2	4		30-Jun-2026	Reduce	

Environment Department (1 risk)

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Date Reviewed	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
ENV-SLT 001	Maintenance and renewal of physical assets	4	4	16		18-Dec-2024	2	3	6		31-Mar-2026	Reduce	

Guildhall School of Music and Drama (2 risks)

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Date Reviewed	Target Impact	Target Likelihood	Target Risk Score	Target score	Target Date	Risk Approach	Flight Path
GSMD DDP 002	Reduced Recruitment and Retention of Key Staff	4	4	16		24-Oct-2024	2	2	4		31-Dec-2024	Reduce	
GSMD SUS 002	Inability to deliver a balanced and sustainable model over the School's Business Cycle	4	4	16		24-Oct-2024	2	2	4		31-May-2024	Reduce	

Town Clerk's Department (1 risk)

Code	Title	Current Impact	Current Likelihood	Current Risk Score	Current score	Date Reviewed	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		13-Dec-2024	8	2	16		31-Jun-2025	Reduce	

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City of London Corporation Committee Report

Committee(s): Investment Committee – For Information Audit and Risk Management Committee – For Information	Dated: 2 December 2024 3 February 2025
Subject: Mid-Year Treasury Management Review 2024/25	Public report: For Information
This proposal: <ul style="list-style-type: none"> • delivers Corporate Plan 2024-29 outcomes • provides statutory duties • provides business enabling functions 	Diverse Engaged Communities; Dynamic Economic Growth; Leading Sustainable Environment; Vibrant Thriving Destination; Providing Excellent Services; and Flourishing Public Spaces
Does this proposal require extra revenue and/or capital spending?	No
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
Report author:	Adam Buckley, Senior Accountant - Treasury

Summary

The Treasury Management Strategy Statement (TMSS) and Annual Investment Strategy for 2024/25 was approved by the Investment Committee and the Finance Committee in February 2024 and by the Court of Common Council on 7 March 2024 and came into effect on 1 April 2024.

Under CIPFA’s Code of Practice on Treasury Management, which was adopted by the Court of Common Council on 3 March 2010, there is a requirement to provide a mid-year review. The main points to note are as follows:

- The strategy has been reviewed to take account of economic and market developments over the first half of the year, particularly with regard to changes in interest rate expectations.
- The annual Consumer Prices Index (CPI) was 2.3% in April 2023, falling to 2.0% in May, rebounding marginally to 2.2% in July and August as expected, due to energy prices, before falling to 1.7% in September. With headline inflation lower, the Bank of England’s Monetary Policy Committee (MPC) initiated its loosening cycle in August 2024 with a 25bps Bank Rate cut from 5.25% to 5.00%, and this

rate was maintained at the September meeting. More recently, following the Autumn Statement and the US Presidential Election, the MPC continued its loosening cycle with a 25bps Bank Rate cut to 4.75% at its November meeting in line with market expectations. The revised path for interest rates over the medium term provided by Link Asset Services forecasts the Bank Rate to be 50bps - 75bps higher than forecast in May 2024, with an expected decline to 4.50% by March 2025 and 3.75% by March 2026, where the rate will remain until a further decrease to 3.50% by December 2026 where it will plateau.

- Under this scenario of falling interest rates, investment returns as a whole are expected to decrease over the rest of the financial year and the medium term, though less aggressively than previously forecast, as maturing investments are reinvested at reduced rates. However, as yields decrease, the capital value of the Corporation's (City Fund) bond fund investments increase as bond prices have an inverse relationship with interest rates (i.e. when interest rates decrease, bond prices increase and vice versa), and hence the capital value appreciates, and total returns during the period have increased.
- As at 30 September 2024, the City had cash balances totalling £1,151.8m. Most of the balances are held for payment to third parties or are restricted reserves. Cash balances are expected to reduce meaningfully over the medium term as spending on the capital programme increases.
- In light of the above, the Corporation's priorities remain as security and liquidity (ahead of yield). Given the current risk environment, officers do not recommend that the Corporation relaxes its risk appetite for the remainder of the year.
- No approved counterparty limits were breached during the first half of 2024/25 and the City has experienced no liquidity concerns.
- No external borrowing has been entered into by City Fund and it is not anticipated that City Fund will require any external borrowing during the remainder of the financial year.

Recommendation(s)

Members are asked to note the report.

Main Report

Background

1. The City of London Corporation (the City) is required 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.
2. The second main function of the treasury management service is the funding of capital expenditure plans. In September 2019 the City issued fixed rate market debt on behalf of City's Cash via a private placement, which will support that

entity's long term capital financing plans. The first tranche of borrowing proceeds of £250M were received in September 2019. The second tranche of borrowing proceeds of £200M were received in July 2021. The City has not undertaken any new borrowing in the first half of this year and does not at this stage anticipate any external borrowing in the remainder of 2024/25.

3. The City's treasury management activities are undertaken in accordance with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2021) which was adopted by the Court of Common Council on 3 March 2010.
4. 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 transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

Economic Update

5. UK headline consumer prices inflation (CPI) remained around the Bank of England's (BoE) 2.0% target, falling from an annual rate of 2.3% in April 2023 to 2.0% in May, rebounding marginally to 2.2% in July and August as expected, due to energy prices, before falling to 1.7% in September. With headline inflation lower, the BoE's Monetary Policy Committee (MPC), with a 5-4 vote, initiated its loosening cycle in August 2024 with a 25bps interest rate cut from 5.25% to 5.00%.
6. The Bank Rate was maintained at 5.00% at the September MPC meeting, in line with market expectations, at an 8-1 vote with the lone dissenter voting for a further 25bps reduction. In the accompanying statement, the Committee doubled down on its commitment to a gradual path of rate reduction, stating that "*...in the absence of material developments, a gradual approach to removing policy restraint remains appropriate.*"
7. More recently, following the Autumn Statement and the US Presidential Election, the MPC continued its loosening cycle with a 25bps interest rate cut to 4.75% at its November meeting in line with market expectations, at an 8-1 vote, with one voting for an increase to 5.0%. In the accompanying statement, the Committee repeated the previously held position on a gradual rate reduction, while it noted that there had been continued progress in disinflation.
8. Over the period (1 April to 31 September), the UK 10-year gilt yield declined from 4.32% in May 2024 to 4.02% following the Bank Rate cut in August 2024, though the market response was muted following the decision to hold the Bank Rate at 5.00% in September, with the 10-year yield rising by only 5bps after the announcement – likely as markets had priced in a 25% chance of a rate cut prior to the meeting. The sentiment in the near term is a possible rise in Gilt yields as UK policymakers remain cautious due to persistent inflation concerns.

9. According to the Office for National Statistics (ONS) Gross Domestic Product (GDP) grew by 0.6% in the quarter April to June 2024 following a 0.7% expansion in the first three months of the year. However, the economy stagnated in July with no growth, largely as a result of a sharp drop in manufacturing output which was not conducive of the new Labour Government's plan to accelerate the pace of growth. However, whilst there was 0.2% GDP growth in August with all three main sectors, services, production, and construction expanding by 0.1%, 0.5% and 0.4% respectively, growth remained sluggish.
10. Looking ahead, following the Policy Announcements in the Autumn Statement, including the anticipated major investment in the public sector, according to the Bank of England this is expected to lift UK real GDP to 1.7% by 2025 before growth moderates in 2026 and 2027. However, whether the Government's policies lead to a material uptick in growth primarily focuses on the logistics of fast tracking planning permissions, identifying sufficient skilled labour to undertake a resurgence in building, and an increase in the employee participation rate within the economy.
11. Additionally, there are increased concerns around the future path of inflation following the Autumn Budget and the outcome of the US Presidential election on 6 November. The introduction/extension of US tariffs following the US presidential election, as well as further tax cuts and an expansion of the current US budget deficit, may prove inflationary, with any change in US Treasury yields likely to impact UK gilt yields. The Bank of England have the CPI measure of inflation hitting 2.5% year-on-year by the end of 2024, 2.7% in Q4 2025, 2.2% Q4 2026, before dropping to 1.8% in 2027.
12. The increasing uncertainties of the Middle East may also exert an upward pressure on inflation, with oil prices rising in the aftermath of Iran's missile attack on Israel on 1 October. China's outpouring of new fiscal support measures in the latter stages of September has also added to the upshift in broader commodity prices, which, in turn, may impact on global inflation levels and thus monetary policy decisions.

Treasury Management Strategy Statement and Annual Investment Strategy Update

13. The Treasury Management Strategy Statement and Annual Investment Strategy for 2024/25 was approved by the Investment Committee (12 February 2024), the Finance Committee (20 February 2024) and the Court of Common Council (7 March 2024).
14. Having considered the strategy, officers believe that it remains appropriate for the second half of 2024/25 and do not recommend any fundamental changes are made.

Investment Strategy

15. The Corporation held £1,151.8m of investments as at 30 September 2024 (£901.2m at 31 March 2024). Most of the balances are held for payment to third parties or are restricted reserves; they also include debt issued by City's Cash in 2019/20 and in the first half of 2021/22. As the Corporation's capital programme

progresses, cash balances are projected to decline as internal borrowing increases (see paragraph 27 below). The weighted average rate of return on the City's treasury management portfolio at the end of September was 5.85%.

16. The weighted average rate of return was boosted by the short-dated bonds (i.e. *non-specified investments*) as their 12 month-trailing returns reached over 9% at the end of September 2024 (the weighted average rate of return excluding short-dated bonds funds was 5.28%). Bond prices have an inverse relationship with interest rates (i.e. when interest rates increase, bond prices decrease and vice versa), and hence there has been a corresponding increase in short-dated bond fund returns, as a year earlier interest rates had just reached a peak of 5.25% as the Bank of England continued its restrictive monetary policy to ease inflationary pressures, and as interest rates then plateaued and have now begun to decrease the total returns during the period increased.
17. As non-specified investments, only the City Fund will have exposure to the short-dated bond funds (as ratified by the Court of Common Council in December 2022), and as the IFRS9 override is still in place, any capital gains/losses will continue not to be taken through the General Fund.
18. In accordance with the CIPFA Treasury Management Code of Practice, the Corporation's investment priorities are:
 - Security of capital
 - Liquidity
 - Yield
19. The Corporation aims to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Corporation's risk appetite. In the current economic climate, it is considered appropriate to retain sufficient capacity to cover planned and potentially unanticipated cash flow needs, but also to seek out value by placing deposits with high credit rated counterparties where possible. The current investment strategy remains appropriate for facilitating these aims by limiting lending to only high-quality borrowers whilst also not being so restrictive as to create an overconcentration of exposure to any single counterparty.
20. At the outset of the year, the Corporation estimated the Bank Rate to have peaked at 5.25%, where it would remain until the second half of 2024, then incrementally reduce to 3.00% in the second half of 2025. Since the original strategy was written inflation has remained "sticky", and the larger than expected overall package in the Autumn budget and the potential impact it could have on growth and inflation in the coming years has seen markets dial back their rate cut expectations.
21. Prior to the Autumn budget and the MPC's November meeting, the revised path for interest rates over the medium term provided by Link Asset Services forecast the Bank Rate to decline to 4.00% by March 2025 and 3.25% by September 2025, where the rate would be maintained until a further decrease by September 2026, leaving rates at around 3.00% for the rest of the 2026/27 financial year.

22. Following the Autumn budget announcement, the outcome of the US Presidential election on 6 November, and rate cut by the MPC on 7 November, Link Asset Services released a further revised interest rate forecast on 11 November. In summary, the Bank Rate is now forecast to be 50bps – 75bps higher than was previously the case. Their view is that the policy announcements in the Autumn budget will be inflationary in the near term.
23. The latest Link Asset Services forecast now projects the Bank Rate will decline to 4.50% by March 2025, 4.00% by September 2025, and 3.75% by March 2026, where the rate will maintain until a further decrease by December 2026, leaving rates at around 3.50% in 2027 (see Appendix 1). Under this scenario, investment returns as a whole are still expected to decrease over the rest of the financial year and the medium term, though less aggressively than previously forecast.
24. Any movement below a 4.00% Bank Rate will be dependent on inflation data in the second half of 2025. Though bank rates are forecast to fall back over the next two to three years as inflation dampens, key risks to the Bank Rate forecast at present from domestic and international factors include:
- Inherent risks in the public sector investment by the UK Government which are expected to be inflationary in the near term, but may lead to an increased prospect of further government borrowing and tax rises, along with tepid GDP performance if progress is blocked;
 - If US policy follows the key policies set out in the presidential campaign, in particular the threat of implementing tariffs on goods and services coming into the US, this would likely have an inflationary impact across the global economy, and hence lead to interest rates remaining higher for longer; and.
 - Continuing geo-political risks, in particular in Eastern Europe and the Middle East.
25. In light of the above, the prime objective is to ensure cash is safe and available when needed, and the Corporation's priorities remain as security and liquidity, ahead of yield. It is not recommended that the Corporation relaxes its creditworthiness criteria at this stage to protect income as this would contradict the primary obligation of keeping the Corporation's cash assets secure, before considering yield.
26. No approved counterparty limits were breached during the first half of 2024/25 and the City has experienced no liquidity concerns. During the year, a new counterparty was onboarded, Standard Chartered Bank. The Treasury Management Strategy remains appropriate in enabling the City to pursue its prime objectives of security and liquidity, followed by yield.

Borrowing Strategy

City Fund

27. The City Fund has not acquired any external borrowing in the first half of the year and it is not anticipated that any external borrowing will be required in the remainder of 2024/25.

28. Although the City Fund is forecast to have a growing capital financing requirement forecast in the years ahead, it expects to be able to fund this in the short term via internal borrowing. Entering into new external borrowing now would increase the Corporation's revenue pressures in the immediate term (i.e. there would be a cost of carry).

City's Cash

29. City's Cash issued £450m of market debt in 2019/20, £200m of which was deferred for receipt until 2021/22. The Corporation took receipt of these borrowing proceeds in July 2021 and they were held in the short term investments portfolio until required by the capital programme. By deferring receipt of this borrowing until 2021, the City avoided paying additional interest costs whilst at the same time securing fixed rate borrowing on competitive terms. There are no plans to undertake any further borrowing on behalf of City's Cash in the second half of the year at this stage, but this will be monitored by officers as the Medium term Financial Plan (MTFP) is finalised.

Conclusion

30. The City has effectively executed the 2024/25 Treasury Management Strategy during the first six months of the year considering the original strategy against the current treasury management environment, officers judge that the investment strategy remains appropriate for the second half of the year.

Appendices

- Appendix 1 – Interest Rate Forecasts 2024/25 – 2027/28

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APPENDIX 1: Interest Rate Forecasts 2024/25 – 2027/28

PWLB rates and forecast shown below have taken into account the 20 basis point certainty rate reduction effective as of the 1st November 2012.

Please note, the lower Housing Revenue Account PWLB rate started on 15 June 2023 for those authorities with an HRA (standard rate minus 60 bps) and following the Autumn Statement, the availability of this rate has been extended to the end of June 2025.

Link Group Interest Rate View	11.11.24												
	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
BANK RATE	4.75	4.50	4.25	4.00	4.00	3.75	3.75	3.75	3.50	3.50	3.50	3.50	3.50
3 month ave earnings	4.70	4.50	4.30	4.00	4.00	4.00	3.80	3.80	3.80	3.50	3.50	3.50	3.50
6 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
12 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
5 yr PWLB	5.00	4.90	4.80	4.60	4.50	4.50	4.40	4.30	4.20	4.10	4.00	4.00	3.90
10 yr PWLB	5.30	5.10	5.00	4.80	4.80	4.70	4.50	4.50	4.40	4.30	4.20	4.20	4.10
25 yr PWLB	5.60	5.50	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.50
50 yr PWLB	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.40	4.30	4.30

Comparison of Link Group current November 2024 interest rate forecast vs May 2024 forecast

Bank Rate	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
11.11.24	4.75	4.50	4.25	4.00	4.00	3.75	3.75	3.75	3.50	3.50	3.50	3.50	3.50
28.05.24	4.50	4.00	3.50	3.25	3.25	3.25	3.25	3.00	3.00	3.00	-	-	-
Change	0.25	0.50	0.75	0.75	0.75	0.50	0.50	0.75	0.50	0.50	-	-	-

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