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# Finance Committee

**Date:** **WEDNESDAY, 15 JULY 2026**

**Time:** **12.45 pm**

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

**Members:**

Deputy Henry Colthurst (Chairman)
Deputy Andrien Meyers (Deputy Chair)
Samapti Bagchi
Shahnan Bakth
Alderman Alexander Barr
Deputy Emily Benn
Nicholas Bensted-Smith
Simon Burrows
Deputy Timothy Butcher
Deputy Bethany Coombs
Deputy Anne Corbett
Elizabeth Corrin
Susan Farrington
Steve Goodman OBE
Alderwoman Martha Grekos
Deputy Madush Gupta
Stephen Hodgson
Adam Hogg
Deputy Ann Holmes
Sandra Jenner
Alderman Sir Alastair King DL
Deputy Paul Martinelli
Alderman Bronek Masojada
Deputy Benjamin Murphy
Alderwoman Jennette Newman
Fraser Peck
Alderman Sir William Russell
Hugh Selka
Deputy Oliver Sells KC
Deputy Sir Michael Snyder
James St John Davis
Deputy James Thomson CBE
James Tumbridge
Deputy Christopher Hayward, Policy and Resources Committee (Ex-Officio Member)

**Enquiries:** **John Cater**

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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 OF THE PREVIOUS MEETING**

To agree the public minutes and non-public summary of the meeting held on 2nd June 2026.

**For Decision**
(Pages 7 - 14)

4. **FINANCE COMMITTEE'S FORWARD PLAN**

Report of the Chamberlain.

**For Information**
(Pages 15 - 16)

5. **PUBLIC UPDATE OF THE PROJECTS AND PROCUREMENT SUB-COMMITTEE MEETING OF 1 JULY**

To receive (public) updates of the Projects and Procurement Sub-Committee meeting of 1 July.

**For Information**

6. **REVENUE OUTTURN 2025/26 - FINANCE COMMITTEE OPERATIONAL SERVICES**

Joint Report of the Chamberlain, the Town Clerk, the City Surveyor, the Remembrancer, and the Director of Community and Children's Services.

**For Information**
(Pages 17 - 26)

7. **2025/26 OUTTURN REPORT FOR CITY FUND AND CITY'S ESTATE**

Report of the Chamberlain.

**For Information**
(Pages 27 - 42)

8. **RISK MANAGEMENT UPDATE REPORT**

Report of the Chamberlain.

**For Information**
(Pages 43 - 70)

9. **CENTRAL CONTINGENCIES (QUARTERLY REPORT)**

Report of the Chamberlain.

**For Decision**
(Pages 71 - 76)

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 Schedule 12A of the Local Government Act.

**For Decision**

**Part 2 - Non-Public Agenda**

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

To agree the non-public minutes of the meeting held on 2nd June 2026.

**For Decision**
(Pages 77 - 82)

14. **NON-PUBLIC UPDATE OF THE PROJECTS AND PROCUREMENT SUB-COMMITTEE MEETING OF 1 JULY**

To receive (non-public) updates of the Projects and Procurement Sub-Committee meeting of 1 July.

15. **IFM CONTRACT AWARD UPLIFT NOTIFICATION**

Report of the City Surveyor.

**For Decision**
(Pages 83 - 88)

16. **DCCS MECHANICAL, GAS & ELECTRICAL APPLIANCE TESTING CONTRACT – PROCUREMENT UPDATE**

Report of the Executive Director of Community and Children's Services.

**For Information**
(Pages 89 - 94)

17. **HRA UPDATE - 10 YEAR MAJOR REPAIRS PLAN - REVISED FORECAST**

Joint Report of the Chamberlain and the Executive Director of Community and Children's Services.

**For Decision**
(Pages 95 - 104)

18. **UPDATE ON SAVINGS AND BUDGET PRINCIPLES 2026/27 (VERBAL UPDATE)**

The Chamberlain to be heard.

**For Information**

19. **CITY'S ESTATE LONG TERM AFFORDABILITY, ASSET DRAWDOWN AND SAVINGS**

Report of the Chamberlain.

**For Decision**
(Pages 105 - 130)

20. **NEW MUSEUM OF LONDON: DELIVERY UPDATE**

Joint Report of the City Surveyor and the Chamberlain.

**For Decision**
(Pages 131 - 150)

21. **LONDON MUSEUM - APPOINTMENT OF TREASURER TO THE BOARD OF GOVERNORS**

Report of the Chamberlain.

**For Decision**
(Pages 151 - 154)

22. **PROGRAMME SAPPHIRE (VERBAL UPDATE)**

The Chamberlain to be heard.

**For Information**

23. **IPG DELEGATION REQUEST**

Report of the City Surveyor.

**For Decision**
(Pages 155 - 156)

24. **MPO DASHBOARDS REPORTING**

Report of the Chamberlain.

**For Information**
(Pages 157 - 168)

25. **EFFICIENCY AND PERFORMANCE REVIEW GROUP'S FORWARD PLAN**

Report of the Chamberlain.

**For Information**
(Pages 169 - 170)

26. **NON-PUBLIC APPENDICES TO THE CENTRAL CONTINGENCIES ITEM 9**

To be read in conjunction with Item 9.

**For Decision**
(Pages 171 - 178)

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

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

**FINANCE COMMITTEE**

**Tuesday, 2 June 2026**

Minutes of the meeting of the Finance Committee held at Guildhall, EC2 on Tuesday, 2 June 2026 at 1.00 pm

**Present**

**Members:**

Deputy Henry Colthurst (Chairman)
Samapti Bagchi
Simon Burrows
Deputy Timothy Butcher
Deputy Bethany Coombs
Deputy Anne Corbett
Elizabeth Corrin
Susan Farrington
Steve Goodman OBE
Deputy Madush Gupta
Adam Hogg
Deputy Ann Holmes
Sandra Jenner
Deputy Paul Martinelli
Deputy Benjamin Murphy
Alderman Sir William Russell
Deputy Oliver Sells KC
Deputy James Thomson CBE
Deputy Christopher Hayward (Ex-Officio Member)

**Observers:**

Deputy Andrien Meyers (Deputy Chairman)
Alderman Bronek Masojada
Alderwoman Jennette Newman
Fraser Peck

**Officers:**

| | | |
|---|---|---|
| Ian Thomas CBE | - | Town Clerk |
| Caroline Al-Beyerty | - | Chamberlain |
| Michael Cogher | - | Comptroller and City Solicitor |
| Paul Wilkinson | - | City Surveyor |
| Sonia Virdee | - | Financial Services Director |
| Genine Whitehorne | - | Commercial Director |
| Robert Murphy | - | Investment Property Group Director |
| Kate Neale | - | Climate Action Programme Director |
| Chris Bonner | - | Director of Regeneration and Development |
| Simon Gray | - | ERP Programme Director |
| Matt Lock | - | Group Chief Internal Auditor |
| David Abbott | - | Chamberlain’s Department |
| Phil Black | - | Chamberlain’s Department |
| Monica Patel | - | Chamberlain’s Department |
| Bridget O’Dyer | - | Community & Children's Services Department |
| Harinder Thandi | - | Chamberlain’s Department |
| Sandra Milburn | - | Chamberlain’s Department |
| John Park | - | Communications and External Affairs |
| Charlotte Rendle | - | Chamberlain’s Department |
| Emily Slatter | - | Town Clerk’s Department |
| Connie Dale | - | Chamberlain’s Department |
| Doris Chan | - | Town Clerk’s Department |

1. **APOLOGIES**

Apologies for absence were received from Deputy Andrien Meyers, Alderman Alexander Barr, Nicholas Bensted-Smith, Alderwoman Martha Grekos, Stephen Hodgson, Alderman Alastair King DL, Alderman Bronek Masojada, Alderwoman Jennette Newman, Fraser Peck, Deputy Sir Michael Snyder, James St John Davis, and James Tumbridge.

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

There were no declarations of interest.

3. **MINUTES OF THE PREVIOUS MEETING**

**RESOLVED**, that – the public minutes and non-public summary of the meeting held on 28th April 2026 be approved as an accurate record.

4. **FINANCE COMMITTEE'S FORWARD PLAN**

The Committee received a Report of the Chamberlain concerning the Committee's Forward Plan.

**RESOLVED**: - that the Committee noted the Report.

5. **PUBLIC UPDATES OF THE PROJECTS AND PROCUREMENT SUB-COMMITTEE MEETING - 19 MAY 2026**

The Committee received a verbal update of the key public items at the Projects and Procurement Sub-Committee meeting held on 19th May 2026.

**RESOLVED** – that the Committee noted the Report.

6. **HIGHWAY CONSTRUCTION & MAINTENANCE TERM CONTRACT – PROPOSED CONTRACT EXTENSION**

The Committee considered a Report of the Executive Director, Environment concerning a proposed extension for the City Corporation's Highway Construction and Maintenance Contract.

**RESOLVED:** - that the Committee:

- Agreed the extension of the Highway Maintenance term contract with FM Conway for a further five years from June 2027, ensuring continuity of service delivery, sustained performance, and effective forward planning for major programmes. The proposed extension is in accordance with the original procurement provisions and represents a continuation of an existing compliant contractual arrangement.

- Agreed that the Comptroller and City Solicitor is instructed to prepare, and arrange for due execution of, a Deed of Variation recording the extension and other agreed changes to the contract in accordance with its terms.

7. **STAGE 1 - CITY OF LONDON STREET HOMELESSNESS OUTREACH AND SUPPORT SERVICE**

The Committee considered a joint Report of the Executive Director, Community and Children's Services and the Chamberlain concerning procurement strategy and evaluation criteria to be used in the selection of a preferred supplier for a Street Homelessness Outreach and Support service contract, supporting the work of the Department of Community and Children's Services.

**RESOLVED** - that the Committee approved the procurement strategy under the Open Procedure (Procurement Act 2023) and the evaluation criteria on a 55 / 15 / 30% Quality / Responsible Procurement / Price ratio.

8. **STAGE 1 - PAN LONDON SUBSTANCE MISUSE PROGRAMME - INPATIENT DETOXIFICATION AND STABILISATION BEDS**

The Committee considered a Report of the Executive Director of Community and
Children's Services concerning the undertaking of an Invitation to Tender exercise and, following completion of that process, the award of a contract for drug and alcohol inpatient detoxification provision for London.

The Chairman reminded Members that the Corporation was facilitating this programme in its role as the host Authority to the Pan-London Substance Use Programme on behalf of London local authority partners. The programme was funded through a combination of protected drug and alcohol funding within the local authority Public Health Grant (which includes London Consortia grant funding, which is a separate allocation within City and Hackney's Public Health Grant) and Pan-London Substance Use Programme local authority banked reserves. The City Corporation has acted as lead commissioner for these services since 2021.

Given its strategic importance and value to the City, a broader piece of work on the City's Pan-London activities would be undertaken by the Projects and Procurement Sub-Committee later in 2026. A summary would be submitted to the Finance Committee in due course.

**RESOLVED**: - that the Committee:

- Noted the report.
- Approved the use of Regulation 11 (Competitive Process) of the PSR to undertake a procurement exercise for drug and alcohol inpatient detoxification provision for London, as set out in this report.

9. **CLIMATE ACTION STRATEGY FINANCE UPDATE TO END OF YEAR 5 (FY2025/2026)**

The Committee received a Report of the Executive Director of Innovation and Growth concerning the Corporation's Climate Action Strategy.

A Member commended the success of this strategy so far. However, it was noted that the costs for Scope 3 (achieving full net zero across the Corporation's full value chain by 2040) had yet to be outlined to Members. Given the significant pressures on the City's current finances, it raised the serious question about where this funding would come from. In response, Members were informed that, hitherto, the costs had mainly been generated by improvements to the Corporation's operations and capital assets, including buildings and machinery. Given the success of this initial work, moving beyond 2027, the spending would refocus on how the Corporation would influence and bring changes to our value and supply chains.

Whilst noting that it was useful to see the split in costs between City Fund, City's Estate and City Bridge Foundation, a Member asked whether a split could also be presented showing the savings for each of these three funds, so as to avoid any inadvertent cross-subsidies. It was confirmed that this information was available and going forward would be included in reporting.

The Chairman asked whether there was a breakdown in the identified £53m of savings since the CAS was rolled out. Members were informed that £36 million was due to avoided costs, with the majority of this sum coming via significant savings on the Corporation's energy bills. The remaining £17m was in realised savings.

Whilst the City Corporation was broadly on track to achieve net zero by 2040, officers were currently re-forecasting the organisation's pathway to 2040 which would be shared with the Finance Committee in the autumn. Given the increasing frequency of external factors and central government's shifting priorities, it was vital that Members were presented with a full and frank Report which outlined the savings and costs and how the strategy would impact the Corporation's Medium-Term-Financial-Plan (MTFP).

Separately, officers emphasised the CAS team's role in mainstreaming the goals and policies of the Strategy across the Corporation's Departments as service areas should ultimately be empowered to progress these.

**RESOLVED** - that the Committee noted the Report.

10. **UPDATE OF FINANCE REGULATIONS**

The Committee considered a Report of the Chamberlain concerning the City's Financial Regulations.

It was noted that the Regulations would highlight non-local authority functions which were not subject to the Procurement Act 2023.

**RESOLVED** - that the Committee:

- Critically examined and approved the revised Financial Regulations set out in Appendix B;

- Approved a delegation to the Chamberlain to amend the regulations in respect of any further changes that may need to be made as a result of the review of the Procurement Code and to tidy up numbering and formatting of the Financial Regulations document; and

- Noted that the next review of the regulations will be undertaken early in 2027, to pick up any further changes required, with the outcome reported to the Finance Committee before June 2027.

11. **RISK MANAGEMENT UPDATE REPORT**
The Committee received a Report of the Chamberlain concerning the financial corporate and departmental risks documented by the Chamberlain's Department.

Given the importance of the issue, Members noted that a Report on the Housing Revenue Account (HRA) would be submitted to the Committee in July. In the meantime, the Chamberlain provided a brief high-level overview; at year-end of 2025/26, the position was that of a £624,000 surplus, with work ongoing in this financial year to secure a similar outcome in spring 2027. In terms of future funding for housing stock repairs and new supply, the Chamberlain asked that this discussion be deferred until July when a full discussion with other key officers in attendance could take place.

**RESOLVED** – that the Committee noted the Report.

12. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
A Question was raised as follows -

A Member asked whether the Corporation should consider a decrease in the Officer Workplace Attendance Policy at Guildhall from 3 to 2 days if the result achieved savings from the opportunity to consolidate all employees in a smaller footprint and dispose of the remaining portion of the Guildhall campus for commercial development.

The Chairman welcomed the question and, whilst acknowledging the Finance Committee's remit in driving savings, suggested that, for now, such an option would be a useful component in the upcoming wider discussion about the City's Workplace Policy at the Corporate Services Committee meeting in September.

13. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
There were no urgent items.

14. **EXCLUSION OF THE PUBLIC**
**RESOLVED** - That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part I of Schedule 12A of the Local Government Act.

15. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**
**RESOLVED**, that – the non-public minutes of the meeting held on 28th April 2026 be approved as an accurate record.

16. **NON-PUBLIC UPDATES OF THE PROJECTS AND PROCUREMENT SUB-COMMITTEE MEETING - 19 MAY 2026**
The Committee received a verbal update of the key non-public items at the Projects and Procurement Sub-Committee meeting held on 19th May 2026.

17. **INSURANCE - PROPERTY PROCUREMENT STAGE 1 STRATEGY**
The Committee considered a Report of the Chamberlain concerning the procurement approach and evaluation criteria for appointing preferred suppliers for the placement of the property insurance programme across the City Corporation portfolio.

18. **INTEREST RATES FOR LOAN FACILITIES**
The Committee considered a Report of the Chamberlain concerning the interest rates for the City Corporation's loan facilities to the institutional departments and third-party bodies within the City of London Corporation 'family',

19. **PROJECT SAPPHIRE UPDATE**
The Committee considered a Report of the Chamberlain concerning Project SAPphire.

20. **FORMER BARKING POWER STATION - UPDATE ON PHASE 1 AND APPROVAL TO PROCEED ON PHASE 2**
The Committee considered a Report of the City Surveyor concerning the former Barking Power Station site.

21. **CITY FUND DISPOSAL - PROJECT SHIELD 1**
The Committee considered a Report of the City Surveyor concerning a disposal of a City Fund property asset.

22. **CITY FUND DISPOSAL - PROJECT SHIELD 2**
The Committee considered a Report of the City Surveyor concerning a leasehold disposal of a City Fund property asset.

23. **DELEGATED AUTHORITY REQUEST (IPG)**
The Committee considered a Report of the City Surveyor concerning a request for Delegated Authority.

24. **EFFICIENCY AND PERFORMANCE REVIEW GROUP'S FORWARD PLAN**
The Committee received a Report of the Chamberlain concerning the Efficiency and Performance Review Group's Forward Workplan.

25. **MPO DASHBOARD REPORTING**
The Committee received a Report of the Chamberlain concerning the Major Programmes.

26. **NON-PUBLIC APPENDIX - (ITEM 6 - HIGHWAY CONSTRUCTION & MAINTENANCE TERM CONTRACT - PROPOSED CONTRACT EXTENSION)**
This was considered in conjunction with Item 6.

27. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
There were no non-public questions relating to the work of the Committee.

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

29. **THE PAN LONDON SEXUAL HEALTH ESERVICE**
The Committee considered a joint Report of the Director of Community & Children's Services and the Chamberlain concerning the Pan-London Sexual Health E-Service.

**The meeting ended at 2.30 pm**

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Chairman

**Contact Officer: John Cater**

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# FINANCE COMMITTEE – WORK PROGRAMME 2025-26

| | 15th July - 26 | 22nd Sep - 26 | 24th Nov - 26 | 19th Jan-27 |
|---|---|---|---|---|
| **Budget Setting Process & Medium-Term Financial Planning** | Verbal Update on and budget principles 2026/27Savings<br><br>City's Estate – recommended approach to sustainability | Q1 Budget monitoring plus progress on in year savings and p-cards<br><br>Update on Savings<br><br>Budget Principles | Q2 Budget monitoring plus progress on in year savings and p-cards | |
| **Effective Financial Management Arrangements for The City Corporation** | MPO Dashboard Reporting (CHB)<br><br>Efficiency and Performance forward plan<br><br>Revenue Outturn report 25/26<br><br>Provisional Outturn report 25/26<br><br>HRA update<br><br>London Museum – appointment of Treasurer to the Board of Governors | MPO Dashboard Reporting (CHB)<br><br>Efficiency and Performance forward plan<br><br>Capital review and reprioritisation<br><br>Update from Internal Audit – Assurance Financial Control<br><br>Write off report - Business Rates and Council tax | MPO Dashboard Reporting (CHB)<br><br>Efficiency and Performance forward plan | MPO Dashboard Reporting (CHB)<br><br>Efficiency and Performance forward plan<br><br>Barbican 10-Year Plan |
| **Financial Statements** | | City Fund and Pension Fund statement of accounts | City's Estate financial statements<br><br>City's Estate trust funds and sundry trust funds annual reports and financial statements | |
| **Finance Committee as a Service Committee** | Risk Management Update Report<br><br>verbal Update Programme SAPphire (Quarterly)<br><br>Central Contingencies (Quarterly report) | Risk Management Update Report<br><br>Chamberlain's Business plan Q1 report | Risk Management Update Report<br><br>Chamberlain's Business plan Q2 report<br><br>Contingency Report (Quarterly) | Risk Management Update Report<br><br>Programme SAPphire Review & Benefits Report |
| **Other Departments reports** | New Museum of London: Delivery Update(Surveyors)<br><br>IFM Contract Award Uplift Notification<br><br>DCCS Mechanical, Gas & Electrical Appliance testing contract – Procurement update<br><br>IPG Delegations Request | | | GSMD 5-year plan |





Updated as at: 07 July 2026

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| | |
|---|---|
| **Committee:**<br>Finance Committee – For Information | Dated:<br>15th July 2026 |
| **Subject:**<br><br>Revenue Outturn 2025/26 – Finance Committee Operational Services | **Public report:**<br><br>For Information |
| **This proposal:**<br>• **provides statutory duties**<br>• **provides business enabling functions** | |
| **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:**<br>The Chamberlain; The Town Clerk; The City Surveyor; The Remembrancer; and Director of Community and Children's Services | |
| **Report author:**<br>Dawit Araya, Finance Business Partner, Chamberlain's Department | |

## Summary

This report presents a comparison between the 2025/26 revenue outturn for the services managed by your Committee and the budget for the year. It also includes details of the carry forward requests that have been submitted for consideration, subject to approval by the Chamberlain in consultation with the Chair and Deputy Chair of Finance.

The budget for 2025/26 was set at £70.019m, reflecting an increase of £3.3m (5%) from the start of year budget of £66.700m. Appendix 1 provides a detailed breakdown of the main variations.

The total net expenditure on operational services managed by your committee was £70.790m, which is an overspend of £771k (1%) compared to the budget of £70.019m. This comprised an underspend on local risk budgets of £2.915m, offset in part by an overspend on central risk budgets of £2.570m and a net overspending of £1.116m on Cyclical Work Programme (CWP) and Capital and Support services recharges.

Appendix 3 provides a detailed comparison of local risk outturn against the 2025/26 budget for each Chief Officer by division of service, with explanations of significant variations. Appendix 4 provides the same analysis for central risk outturn.

A detailed review of local risk underspend shows that the Town Clerk was £1.042m underspent mainly due to the rephasing of the five-year Cyclical Works Programme. The Remembrancer was £1.336m underspent as a result of additional income from events and the Chamberlain and City Surveyor recorded a combined underspend of £537k mainly reflecting staff cost savings and delays to the Financial Services Division training plan. The delivery of the training plan is essential and due to additional competing priorities and staff turnover the staff training has been deferred and will be delivered during 2026/27.

The Chamberlain and the Director of Community and Children's Services have submitted budget carry-forward requests from 2025/26 to 2026/27 totaling £438k. These requests are detailed in Appendix 2. While the overall committee budget is overspent, Chief Officers may still submit carry-forward requests against individual departmental underspends. These requests are assessed in the context of each fund's overall financial position and are delegated for approval by the Chamberlain, in consultation with the Chair and Deputy Chair of Resource Allocation Sub Committee – this meeting takes place on 1st July.

## Recommendations

Members are asked to note:

- The 2025/26 revenue outturn which reveals an overall net overspend of £771,000 compared to the 2025/26 budget for operational services under this Committee.
- The proposed local risk budget carry-forwards totaling £438,000 to the financial year 2026/27.

## Main Report

### Budget Position for 2025/26

1. The 2025/26 budget for operational services overseen by this Committee totals £70.019m, which is an increase of £3.3m (5%) compared to the start of year budget of £66.700m. A detailed breakdown of the movement in budget by Chief Officer is set out in Appendix 1.

### Revenue Outturn for 2025/26

2. The actual net expenditure on operational services overseen by your Committee was £70.790m, which is £771k more than the budget of £70.019m. Below is a summary comparison with the budget.

**Table 1 – Summary comparison of 2025-26 Revenue Outturn with Budget 2025-26**

| | Budget 2025/26 £000 | Revenue Outturn £000 | Variation (Better) / Worse £000 |
|---|---|---|---|
| **Direct Net Expenditure** | | | |
| The Chamberlain | 40,847 | 43,623 | 2,776 |
| The Town Clerk | 5,163 | 4,393 | (770) |
| The City Surveyor | 14,077 | 13,296 | (781) |
| The Remembrancer | 1,437 | (6) | (1,443) |
| Director of Community and Children's Services | 252 | 125 | (127) |
| **Total Direct Net Expenditure** | **61,776** | **61,431** | **(345)** |
| **The City Surveyor CWP** | **4,767** | **4,447** | **(320)** |
| **Capital and Support Services** | **3,476** | **4,912** | **1,436** |
| **Total Net Expenditure** | **70,019** | **70,790** | **771** |

Income and favorable variances are presented in brackets.

3. Major variances for the £771k total net overspend comprise:
   - **Chamberlain's** – £2.776m net expenditure increased mainly due to actual insurance premium increase and claims made during the year.
   - **Town Clerk** – (£770k) net underspend largely relates to deferral of CWP works at

Mansion House which will now be included as part of the wider Mansion House Shutdown.

- **City Surveyor** – net expenditure decreased by (£781k), primarily due to decreased rates, managed fund underspend and electricity rebate.
- **Remembrancer** – net expenditure decreased by (£1.443m) due mainly to overachievement of income relating to events and some underspends across several budget lines.
- **Director of Community & Children's Services** – the (£127k) underspend relates to deferred maintenance works on the Gresham almshouses. A carry forward request has been made for £100k to cover warden call system, bollard lighting, security improvement and additional funding for other small items was approved in October 2024.
- **Cyclical Works Programme (CWP)** – decreased expenditure on services covered by this committee of (£320k) below budget. This is due to re-alignment of the phasing to give better economies of scale by combining projects which will see the proposed schemes being delivered in 2026/27. In 2025/26 the overall CWP programme across the City was ahead of budget. The overall outturn for the CWP is reported to Resource Allocation Sub-Committee.
- **Capital and Support Service Recharges** – increase in net expenditure of £1.436m. This variance primarily reflects the overachievement of income by the Remembrancer increasing the net recharge required to balance. This has been retained within Finance Committee.

4. Appendix 3 and Appendix 4 provide detailed analysis of significant variances against Local and Central risk budgets by Chief Officer and division of service.

**Carry Forwards to 2026/27**

5. The Chamberlain and the Director of Community & Children's Services have requested budget carry forwards to 2026/27 totaling £438,000 in respect of your Committee. The details of these are shown in Appendix 2.

**Appendices**

- Appendix 1 – Breakdown of budget adjustment from start of year Budget 2025/26
- Appendix 2 – Proposed Budget Carry Forwards to 2026/27
- Appendix 3 – Comparison of 2025/26 Revenue Outturn with the Budget and commentaries for Local Risk
- Appendix 4 – Comparison of 2025/26 Revenue Outturn with the Budget and commentaries for Central Risk

**Contact**

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Appendix 1

# Finance Committee Operational Services
# Breakdown of Movement in Budget 2025/26

| Review of Adjustments to Budget 2025/26 | |
|---|---|
| **Local Risk Budget Adjustments by Chief Officer** | **£000** |
| **Local Risk Budget Before Adjustment (Chamberlain)** | **16,324** |
| Contingency Allocation for HRA Survey, Procurement Transformation Programme & Project & Governanace Team | 743 |
| 2025 Pay Award, apprentice funding and income from London Councils | 671 |
| Carry Forwards 2024-25 to 2025-26 -Internal Audit, Commercial & Business Support | 418 |
| Virement Following The Split of London Council Income | 64 |
| **Local Risk Budget 2025/26 (Chamberlain)** | **18,220** |
| **Local Risk Budget Before Adjustment (Town Clerk)** | **2,718** |
| Change in Surveyor's Repairs & Maintenance, Cleaning & Security budget | 1,326 |
| Pay Award 2025 | 4 |
| **Local Risk Budget 2025/26 (Town Clerk)** | **4,048** |
| **Local Risk Budget Before Adjustment (City Surveyor)** | **16,767** |
| Pay Award 2025, Central Apprenticship & Energy & Contract inflation budget uplift | 609 |
| Film income and other adjustments | (1,023) |
| Changes in Surveyor's Repairs & Maintenance budget | (2,501) |
| **Local Risk Budget 2025/26 (City Surveyor)** | **13,852** |
| **Local Risk BudgetBefore Adjustment (Remembrancer)** | **(358)** |
| Virement Following The Creation of Trading Account for Remembrancer | 927 |
| 2025 Pay Award & apprentice funding | 32 |
| **Local Risk Budget 2025/26 (Remembrancer)** | **601** |
| **Total Local Risk Budget** | **36,721** |

These variations are either approved within Chamberlain's delegations or by Committee / Court during the 2025/26 budget setting process.

Review of adjustments to budget 2025/26 (continued overleaf).

| Central Risk Budget Adjustments by Chief Officer | £000 |
|---|---|
| | |
| **Central Risk Budget Before Adjustment (Chamberlain)** | **18,895** |
| Contingency Allocation Ambition 25, & PM professional development & Consultants Fee | 3,380 |
| Transformation Fund for Commercial | 264 |
| Budget Transfer from other Committee to Commercial following the new structure (A25) | 88 |
| **Central Risk Budget 2025/26 (Chamberlain)** | **22,627** |
| | |
| **Central Risk Budget Before Adjustment (Town Clerk)** | **1,034** |
| Contingency OPR review and other | 129 |
| Carry Forwards from 23-24 | 24 |
| Budget Transfer from other Town Clerk to Remembrancer | (72) |
| **Central Risk Budget 2025/26 (Town Clerk)** | **1,115** |
| | |
| **Central Risk Budget Before Adjustment (City Surveyor)** | **5,236** |
| Increase in Supplementary Revenue Projects | 395 |
| Rate rebate P&L adjsutments | (639) |
| **Central Risk Budget 2025/26 (City Surveyor)** | **4,992** |
| | |
| **Central Risk Budget Before Adjustment (Remembrancer)** | **192** |
| 2023 Pay Award & Hospitality from Contingency | 644 |
| **Central Risk Budget 2025/26 (Remembrancer)** | **836** |
| | |
| **Central Risk Budget Before Adjustment (Director of Community and Children's Services)** | **65** |
| Contingency Allocation Gresham Carry Forward | 187 |
| **Central Risk Budget 2025/26 (Director of Community and Children's Services)** | **252** |
| | |
| **Total Central Risk Final Budget 2025/26** | **29,822** |
| **Capital and Support Services Budget Before Adjustment** | **5,827** |
| Net Adjustments in central recharges | (2,351) |
| **Capital and Support Services Budget 2025/26** | **3,476** |
| **TOTAL 2025/26 BUDGET BEFORE ADJUSTMENT** | **66,700** |
| **Adjustments** | 3,319 |
| **TOTAL 2025-26 BUDGET** | **70,019** |
| Figures in brackets indicate income, increase in income or decreases in expenditure. | |

These variations are either approved within Chamberlain's delegations or by Committee / Court during the 2025/26 budget setting process.

## Summary of in year budget adjustments from £66.700m to £70.019m

| Summary of Adjustments to Budget 2025/26 | Net £000 |
|---|---|
| **Starting Position** | **66,700** |
| Contingency Allocations | 4,703 |
| Budget Transfer from other Committee to Commercial (Ambition 25) and all virements | 1,007 |
| Net movements including pay award, energy & contract inflation, apprentice funding and other minor changes | 937 |
| Carry Forwards 2024-25 to 2025-26 | 442 |
| Supplementary Revenue Projects and budget adjustments | (244) |
| Changes in the timing of cyclical repairs and maintenance works programme | (1,175) |
| Reduction in Recharge budgets | (2,351) |
| **Budget 2025/26** | **70,019** |
| Income and favorable variances are presented in brackets. | |

| Requests For Budget to be Carried Forward From 2025/26 to 2026/27 | |
|---|---|
| | **Requested Carry Forward To 2026-27 £000** |
| ***Chamberlain's Department*** | |
| **Chamberlain's - General**<br>Temporary support under Financial Services Division, is needed to bolster the team's capabilities and capacity given the significant workstreams being implemented during 2026/27 - i.e. Ambition 25, Programme SAPphire, FIT Strategy; Savings, three-year integrated budget planning; upskilling, over and above business as usual. Without this support it is highly likely deadlines will not be met. | 338 |
| **Total Chief Financial Officer and Chamberlain** | **338** |
| | |
| ***Director of Community & Children's Services*** | |
| To Fund remaining security and Health & safety work at the Gresham Almshouses including, Warden system £41k, Bollard Lighting £23k, Security improvements £14k, Tree root investigation £7k, Structural Survey £4k, Electrical Repairs £5k, Contingency £5k. | 100 |
| **Director of Community & Children's Services** | **100** |
| | |
| **Total** | **438** |

Note of Carry-Forward Rules

Financial Regulation 2.18 provides that any surpluses on a department's local risk budgets may be carried forward provided that these do not include any fortuitous savings outside the control of the Chief Officer and are carried forward for a specific purpose. The cumulative underspend which is to be carried forward is limited to 10% of the Chief Officer's local risk budget, up to a general maximum of £500,000 or £1,000,000 in the case of the City Surveyor.

Carry-forward bids are agreed by the Chamberlain in consultation with the Chairman and Deputy Chairman of the Resource Allocation Sub Committee – this meeting is taking place on 1st July.

Any deficit on the total of a Chief Officer's local risk budget is required to be carried forward and recovered from within the department's budget allocation for the following year unless specifically waived during the carry- forward meeting with the Chamberlain in consultation with the Chair and Deputy Chair of Resource Allocation Sub Committee.

## Finance Committee Operational Services
## Comparison of 2025/26 Revenue Outturn with Budget 2025/26 for Local Risk

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| Comparison of 2025-26 Revenue Outturn with Budget 2025/26 – Local Risk | | | | |
|---|---|---|---|---|
| **Local Risk** | **Budget 2025/26 £000** | **Revenue Outturn £000** | **Variation (Better) / Worse £000** | **Notes** |
| **By Chief Officer** | | | | |
| **Local Risk** | | | | |
| The Chamberlain | 18,220 | 17,864 | (356) | |
| The Town Clerk | 4,048 | 3,006 | (1,042) | |
| The City Surveyor | 9,085 | 8,904 | (181) | |
| The Remembrancer | 601 | (735) | (1,336) | |
| **Total Local Risk** | **31,954** | **29,039** | **(2,915)** | |
| **By Division of Service** | | | | |
| Chamberlain's - General | 8,993 | 9,028 | 35 | |
| Chamberlain's - Internal Audit | 933 | 953 | 20 | |
| Chamberlain's - Business Support | 1,333 | 909 | (424) | i |
| Chamberlain's - Commercial | 4,818 | 4,854 | 36 | |
| Chamberlain's Court | 120 | 14 | (106) | ii |
| Chamberlain's - Cost of Collection | 2,023 | 2,106 | 83 | iii |
| Town Clerk - Corporate Services | 33 | 23 | (10) | |
| Town Clerk - Shrieval Support | 531 | 416 | (115) | iv |
| Town Clerk - Mansion House Premises | 3,484 | 2,567 | (917) | v |
| City Surveyor - Central Criminal Court | 452 | 443 | (9) | |
| City Surveyor - Mayor's Court | 40 | 38 | (2) | |
| City Surveyor - Walbrook Wharf | 1,053 | 1,024 | (29) | |
| City Surveyor - Guildhall Complex | 7,540 | 7,399 | (141) | vi |
| Remembrancer - Guildhall Trading Account | 84 | (1,126) | (1,210) | vii |
| Remembrancer - Guildhall Complex | 517 | 391 | (126) | viii |
| **Division of Service Totals** | **31,954** | **29,039** | **(2,915)** | |

Figures in brackets indicate income, increase in income or decreases in expenditure.

The Local risk favorable variance of £2.915m compared to the budget primarily consists of:

i **Chamberlain's Business Support (£424k) underspend** – mainly due to vacant posts and lower-than-anticipated training requirements during 2025/26. The related staff training activity is expected to be delivered in 2026/27.

ii **Chamberlain's Court (£106k) underspend** – principally relates to additional income from Freedom ceremonies due to an increase in activity and higher charges.

iii **Chamberlain - Cost of Collection £83k overspend –** mainly due to Business Rates legal costs in tackling tax avoidance schemes.

iv **Town Clerk - Shrieval Support (£115k) underspend –** due to savings from vacant posts.

v **Town Clerk - Mansion House Premises (£917k) underspend –** principally due to under utilised additional funding allocated in 2025/26 for security costs and some extra costs for building surveys for future works.

vi **City Surveyor - Guildhall Complex (£141k) underspend –** due to less reactive repairs and maintenance works than anticipated and savings on equipment, furniture and materials budgets due to lower requirements.

vii **Remembrancer - Guildhall Trading Account (£1.210m) underspend –** The underspend is primarily attributed to increased income from hosting larger and more events in 2025/26 partially offset by increased staff costs associated with the events.

viii **Remembrancer - Guildhall Complex (£126k) underspend –** savings from staff vacancy, equipment and printing due to lower requirements.

## Finance Committee Operational Services
### Comparison of 2025/26 Revenue Outturn with Budget 2025/26 for Central Risk

| Comparison of 2025-26 Revenue Outturn with Budget 2025/26 – Central Risk | | | | |
|---|---|---|---|---|
| **Central Risk** | **Budget 2025/26 £000** | **Revenue Outturn £000** | **Variation (Better) / Worse £000** | **Notes** |
| **By Chief Officer** | | | | |
| **Central Risk** | | | | |
| The Chamberlain | 22,627 | 25,759 | 3,132 | |
| The Town Clerk | 1,115 | 1,387 | 272 | |
| The City Surveyor | 4,992 | 4,392 | (600) | |
| The Remembrancer | 836 | 729 | (107) | |
| Director of Community and Children's Services | 252 | 125 | (127) | |
| **Total Central Risk** | **29,822** | **32,392** | **2,570** | |
| **By Division of Service** | | | | |
| Chamberlain's - General | 20,321 | 22,923 | 2,602 | i |
| Chamberlain's - City Moiety | (314) | (347) | (33) | |
| Chamberlain's - Discretionary Expenditure | 859 | 804 | (55) | |
| Chamberlain's - Business Support | (31) | 257 | 288 | ii |
| Chamberlain's - Commercial | 3,274 | 3,729 | 455 | iii |
| Chamberlain's - Cost of Collection | (1,482) | (1,607) | (125) | iv |
| Town Clerk - Corporate Services | 906 | 1,232 | 326 | v |
| Town Clerk - Mansion House Premises | 209 | 155 | (54) | |
| City Surveyor - Central Criminal Court | 453 | 808 | 355 | vi |
| City Surveyor - Walbrook Wharf | 609 | 782 | 173 | vii |
| City Surveyor - Guildhall Complex | 3,930 | 2,802 | (1,128) | viii |
| Remembrancer - Corporate Services | 401 | 367 | (34) | |
| Remembrancer - Guildhall Trading Account | 435 | 362 | (73) | ix |
| Director of Community and Children's Services | 252 | 125 | (127) | x |
| **Division of Service Totals** | **29,822** | **32,392** | **2,570** | |

Figures in brackets indicate income, increase in income or decreases in expenditure.

The Central risk unfavorable variance of £2.570m against the budget principally comprises:

i **Chamberlain General £2.602m overspend** – mainly due to an increase in insurance premium and claims during the year.

ii **Chamberlain Business Support £288k overspend –** mainly due to increased WorldPay charges from higher transaction volumes, partially offset by higher interest receipts from cash balances due to rising interest rates.

iii **Chamberlain - Commercial £455k overspend –** primarily results from agency costs for consultants fee to fund the ongoing procurement improvement programme.

iv **Chamberlain - Cost of Collection (£125k) underspend** - primarily attributed to an increase in income from the 2025/26 national non-domestic rates cost of collection allowance.

v **Town Clerk £326k overspend -** primarily due to higher AV costs, additional costs in relation to the recent elections and a number of other administrative items

vi **City Surveyor - Central Criminal Court £355k overspend –** primarily relates to non-recoverable element of rates as only 95% is recoverable from HMCTS.

vii **City Surveyor - Walbrook Wharf £173k overspend –** primarily due to higher rates and additional premises costs.

viii **City Surveyor - Guildhall Complex (£1.128m) underspend –** primarily attributed to a rates rebate received during the year and higher rental income than anticipated for 65a Basinghall Street, offset in part by an increase in energy costs.

ix **City Surveyor - Guildhall Trading Account (£73k) underspend –** primarily attributed to a reduction in rates.

x **Director of Community & Children's Service (£127k) underspend –** savings on repairs and maintenance, equipment and printing due to lower requirements.

| | |
|---|---|
| **Committee(s):**<br>Finance Committee – For information | **Dated:**<br>15/07/26 |
| **Subject:** 2025/26 Outturn Report for City Fund and City's Estate | **Public** |
| **Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?** | N/a |
| **Does this proposal require extra revenue and/or capital spending?** | **N** |
| **If so, how much?** | **N/a** |
| **What is the source of Funding?** | **N/a** |
| **Has this Funding Source been agreed with the Chamberlain's Department?** | **N/a** |
| **Report of:** The Chamberlain | **For Information** |
| **Report author:** Louise Said, Group Accountant - Strategic Finance | |


**Summary**

This paper provides a summary of the 2025/26 draft outturn position for City Fund and City's Estate. For revenue budgets, City Fund was underspent by £39.6m and City's Estate underspent by £12.5m.

For City Fund, the £39.6m underspend is an increase of £17.5m from the forecast reported at month 10.

For City's Estate the £12.5m underspend is an increase of £13.7m from the forecast reported at month 10.

For both funds additional income was received on money market funds along with a slippage in Supplementary revenue project costs. In addition, external dividends on City's Estate were higher than forecast. Detailed analysis of variances will be reported to service committees.

As per the Financial Regulations, Chief Officers can bid to carry forward funds into the following financial year, where their local risk budget is underspent. The Chamberlain, in consultation with the Chairman and Deputy Chairman of Resource Allocation Sub-Committee (RASC) will be reviewing the carry forward bids in early July. Bids received from Chief Officers total £1.2m from City Fund and £1.1m from City's Estate to fund delayed activity from 2025/26 due to various reasons. To note any approved carry forwards will be offset against the amounts transferred to reserves.

Central contingencies including those held by Finance and Policy & Resources Committees had unspent balances of:

- £7.3m City Fund
- £12.2m City's Estate

These amounts will be transferred to reserves in order to support pressures in future years. The budget paper that was agreed by Court in March 2026 listed a number of one off or time limited pressures and recommended these be funded from these underspends and will therefore be considered by the Chamberlain and Chairman and Deputy Chairman of RASC as part of the carry forward process.

Finance Regulations state that Chief Officer local risk overspends are to be carried forward and recovered in the following financial year (except where special provisions apply e.g. ring-fenced funds). However, under exceptional circumstances the Chamberlain, in consultation with the Chair and Deputy Chairman of Resource Allocation Sub Committee may recommend that these overspends are not carried forward in full. This will be discussed alongside the carry forward bids

This report also provides a summary of the 2025/26 outturn for Capital and Supplementary Revenue Projects (SRPs) across both City Fund and City's Estate.

For City Fund, the actual capital and SRP expenditure in 2025/26 amounted to £439.5m which was £64.8m less than the approved budget.

City's Estate capital and SRP spend was £141.8m which was £12.2m less than budget.

These favourable variances are essentially due to slippage and reprofiling of the capital programmes throughout the year.

## Recommendation(s)

Members are asked to:

- Note the report and provisional outturns for City Fund and City's Estate for the financial year 2025/26.
- Note the carry forward requests will be discussed by the Chamberlain, Chairman and Deputy Chairman of RASC in July and outcomes communicated to Chief Officers.

## Main Report

### Background

1. This report summaries the 2025/26 provisional outturn position for City Fund and City's Estate.

2. In March each year, the Court of Common Council approves the Revenue and Capital programmes as part of the annual budget setting process.

3. The purpose of this report is to provide a summary of the 2025/26 actual expenditure for City Fund and City's Estate against the budget and consider the reasons for any significant variances.

4. The section below shows a snapshot of the current position. More detailed analysis by Fund is shown in the subsequent section.

**Current Position**

5. **Revenue:**

**City Fund:** Net expenditure for the year, against the final budget totalled £202.7m, resulting in a £39.6m underspend. This equates to a 16.3% total variance. Total Local risk had an adverse variance on City Fund of £1.1m which is less than 0.01% variance when compared to the net local risk budget.

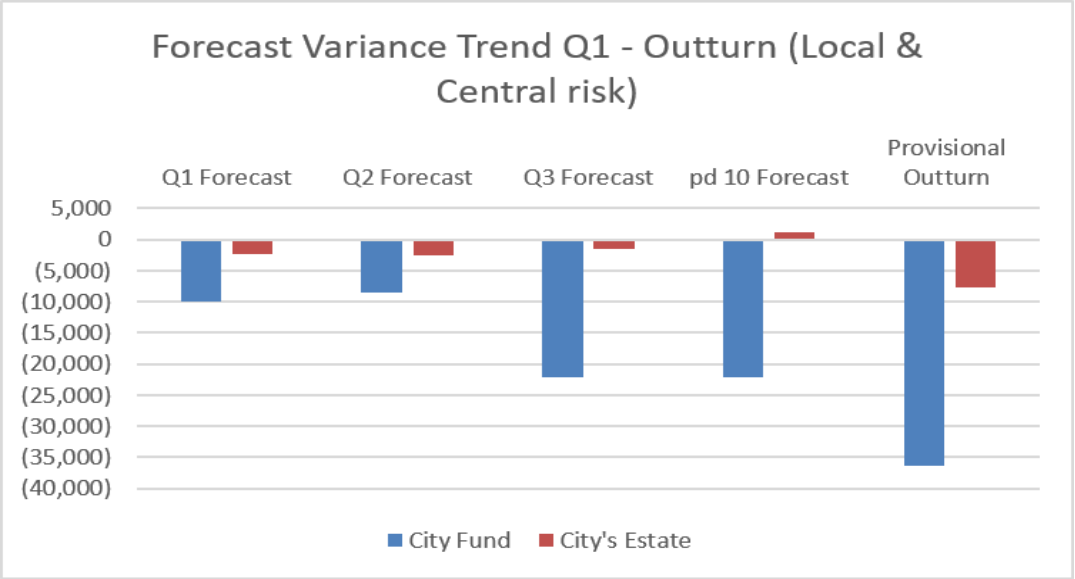
**City's Estate:** Net expenditure for the year amounted to £77.9m which was an underspend of £12.5m when compared to budget (13.8% total variance). Total local risk had a favourable variance of £4.5m which equates to 8% of the net local risk budget.

**Table 1: 2025/26 Outturn Summary by Fund**

| | Net Budget £m | Provisional Outturn £m | Variance (Better) / worse £m | Local Risk £m | Central Risk £m | CWP £m | Support Services £m |
|---|---|---|---|---|---|---|---|
| | | | | | | | |
| **City Fund** | 242.3 | 202.7 | (39.6) | 1.1 | (37.3) | (3.3) | (0.1) |
| **City's Estate** | 90.4 | 77.9 | (12.5) | (4.5) | (3.1) | (3.7) | (1.2) |

6. Whilst the overall position on each fund was better than budget, there were a range of financial outcomes under each Committee, which are summarised in later sections of this report alongside the key variances contributing to the overall position of each fund. Each Committee will receive an outturn report setting out in more detail the variances that have occurred during the year.

**Chart 1: Forecast Variance Trend from Q1 to Outturn**




**Capital:**

**City Fund:** The total expenditure incurred in 2025/26 was £439.5m against the budget of £504.3m. (12.8% variance)

**City's Estate**: The total expenditure incurred in 2025/26 amounted to £141.8m against the budget of £154m (7.9% variance)

Table 2 below shows the split between supplementary revenue and capital spend, there is also an additional line for the grant from City's Estate to City Fund for the Salisbury Square development for the Courts element of the build.

**Table 2: Capital Expenditure Summary split**

| Expenditure Type | City Fund Outturn £m | City Estate Outturn £m |
|---|---|---|
| **SRP** | 8.9 | 20.9 |
| **Grant for Salisbury Square (City's Estate)** | - | 83.9 |
| **Capital** | 430.6 | 37.0 |
| **Total** | **439.5** | **141.8** |

**Table 3: Funding the Capital Programme**

| Sources of Funding | City Fund Outturn £m | City's Estate Outturn £m |
|---|---|---|
| **Revenue/Earmarked Reserves** | 74.7 | |
| **Asset Disposal Proceeds** | 191.0 | 139.5 |
| **Grants and Contributions** | 173.8 | 2.3 |
| **Total** | **439.5** | **141.8** |

The following paragraphs explain the detailed position by fund

## City Fund

### Revenue

**7.** The year-end position against the final budget for each committee is shown below.

**Table 4: City Fund 2025-26 Revenue Outturn by Committee**

| Net Expenditure (Income) | Net Bud £m | Provisional Outturn £m | Var £m | Local Risk / CWP £m | Central Risk £m | Support Services £m |
|---|---|---|---|---|---|---|
| | | | Variation (Better)/Worse | | | |
| Barbican Centre | 32.5 | 32.8 | **0.3** | 3.0 | (2.8) | 0.1 |
| Barbican Residential | 3.4 | 2.3 | **(1.1)** | (0.9) | (0.8) | 0.6 |
| Community and Children's Services | 20.5 | 20.8 | **0.3** | 0.4 | (0.2) | 0.1 |
| Culture Heritage and Libraries | 23.8 | 24.1 | **0.3** | 0.0 | 0.1 | 0.2 |
| Finance | 9.9 | (19.1) | **(29.1)** | (3.3) | (25.0) | (0.8) |
| Licensing | 0.4 | 0.3 | **(0.1)** | (0.1) | 0.0 | 0.0 |
| Market Board | (0.4) | (0.5) | **(0.1)** | (0.1) | 0.0 | 0.0 |
| Natural Environment Board | 2.2 | 2.5 | **0.3** | 0.3 | (0.1) | 0.1 |
| Planning and Transportation | 18.5 | 15.9 | **(2.6)** | (1.7) | 0.0 | (0.9) |
| Police | 122.7 | 122.7 | **0.0** | 0.2 | (0.3) | 0.1 |
| Police Authority Board | 1.0 | 1.0 | **0.0** | 0.0 | 0.0 | 0.0 |
| Policy and Resources | 11.4 | 9.9 | **(1.5)** | (0.4) | (0.6) | (0.5) |
| Port Health and Environmental Services | 20.2 | 20.9 | **0.7** | 0.7 | (0.3) | 0.3 |
| Investment Committee | (23.8) | (30.8) | **(7.0)** | (0.3) | (7.3) | 0.6 |
| **City Fund requirement to be met from government grants, local taxation and transfers to/(from) reserves.** | **242.3** | **202.7** | **(39.6)** | **(2.2)** | **(37.3)** | **(0.1)** |

8. The key variations contributing to the £39.6m better than budget position are:

   a. **Finance** Income from interest on average cash balances exceeded the original budget by £24.3m principally due to the increase in the level of average cash balances held, and hence available for investment, and upon which interest was applied, coupled with interest rates remaining higher for longer, compared to that anticipated when the budget was set in November 2024. Th larger cash balances were due to re-phasing of capital and major project expenditure. It should be noted that investment income is volatile and changes in the economic environment could significantly impact the final outturn. In addition, adjustments were required in relation to accounting for IFRS16 leases requirement, this accounting standard has resulted in previously operating (revenue) leases now being converted into assets on the balance sheets.

   b. **Barbican Residential:** There was slippage in repairs and maintenance works scheduled to take place during the year due to resourcing issues. These works included windows replacement, roofing works, stock condition surveys and water system testing. A bid to carry forward these unspent funds will be

made in order for these works to take place in 2026/27. Rental income was also over achieved within landlords services and the Trade Centre largely due to rent step up as a result of a rent review and the recovery of arrears.

c. **Planning & Transportation:** Mainly due to staff vacancies (£1.3m), additional income Traffic management fees (£0.7m), building regulation fees (£0.5m), Drains and Sewers admin fee and Thames Water reimbursement (£0.2m) and other fees (£0.3m). These were partly offset by shortfalls in Planning fees and Planning performance agreements of £0.3m and reduced car parking income of £0.2m.

d. **Policy & Resources:** Underspend due to increased income from filming and staff vacancies, principally members of the senior leadership team which were vacant for a prolonged period in 2025/26.

e. **Investment Committee:** Higher rental income than budgeted is primarily due to the delay in the disposal of Worship Street Estate which has been postponed until March 2028 resulting in additional income in 2025/26 and 2026/27. In addition, income from 69 Mansell Court was above budget by £0.7m as the disposal has completed but the City has retained the rental income until the expiry of the sole occupiers lease in September 2025.

These underspends were offset by a number of overspends, in particular:

f. **Barbican Centre:** As reported throughout the year, the main contributing factor is under performance against in-year targets and carried-forward deficits, totalling £2.3m. Trading income is down by £1.3m, though this represents a significant improvement following the successful delivery of 3% savings targets across the organisation (£1.2m). The remaining shortfall is due to one-off building costs and delays in implementing planned savings due to delivery challenges. They are engaging consultants to explore material financial options that could positively impact both the current and future years financial position. The Chamberlain, along with the Chairman and Deputy Chairman of Finance have reviewed the expenditure and are sympathetic to allowing the local risk overspend to be offset by the underspend on central risk relating to the successful rates settlement that was reached with the Valuation Office Agency.

g. **Port Health and Environmental Services Committee:** This adverse variance is mainly due to unidentified savings of £0.75m, which as reported throughout the year were partly offset by underspends elsewhere in the Executive Director's portfolio. A

shortfall in income from Animal Health Services was partly offset by a reduction in staff costs due to posts held vacant, and new grant income was received for waste management in relation to the Extended Producer Responsibility for packaging scheme.

h. It should be noted that the Police operates as a ring-fenced fund and therefore any outturn variances are able to be absorbed within the Force's own reserve balances.

**Capital**

9. The provisional City Fund Capital outturn position against the final budget for each Chief Officer department is shown in Table 5 below.

**Table 5: City Fund Capital Expenditure by Chief Officer**

| CAPITAL PROGRAMME - CITY FUND | Budget £'m | Outturn £'m | Variance £'m |
|---|---|---|---|
| **CAPITAL & SRP - BAU** | | | |
| Barbican Centre | 1.8 | 2.5 | 0.7 |
| Chamberlains & Chief Financial Officer | 17.3 | 13.2 | (4.1) |
| City Surveyor & Property | 17.0 | 8.5 | (8.5) |
| Community & Children's Services (Non HRA) | 14.6 | 2.1 | (12.5) |
| City of London Police | 16.8 | 13.7 | (3.1) |
| Environment | 55.1 | 16.6 | (38.5) |
| **Sub-Total** | **122.6** | **56.5** | **(66.1)** |
| **CAPITAL & SRP - MAJOR PROJECTS** | | | |
| Barbican Renewal | 27.0 | 17.6 | (9.4) |
| Bastion House | 0.9 | 0.0 | (0.9) |
| Community Services - HRA | 48.7 | 34.0 | (14.7) |
| FPEP | 25.6 | 20.1 | (5.5) |
| Museum of London | 70.2 | 101.6 | 31.4 |
| Salisbury Square | 209.3 | 209.7 | 0.4 |
| **Sub-Total** | 381.7 | 383.0 | 1.3 |
| **TOTAL CAPITAL PROGRAMME** | **504.3** | **439.5** | **(64.8)** |

10. The main items of slippage within the BAU programme:

a. There is significant slippage identified against **Environment** (£38.5m), **Community Services** (£12.5m) and **City Surveyors** of (£8.5m)

b. The slippage in the Environment projects is across a range of programmes including West Smithfield Area Public Realm & Transportation Project £3.5m, Secure City £5m, St Paul's Gyratory transformation £2.5m and £2.5m Leadenhall Street Improvements - City Cluster Vision Programme

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c. The £12.5m underspend in Community and Children's Service is owing to the barbican podium and tower lifts refurbishment schemes not progressing as forecasted; these budgets are still required and as such will be re-profiled into future years.

d. City Surveyors slippage of £8.5m, mainly due to underspend of £3.5m in Calcutta house & 133-137 Whitechapel High street and £2.2m Central criminal court external and internal fabric works and £1.4m Riverbank House Defences

Other Chief Officer departments with significant variances, include:

- **City of London Police** with an aggregated £2.5m slippage, primarily relating to slight delays in project progression

- **Chamberlains & Chief Financial Officer** £4.1m slippage is primarily due to phasing on corporate projects, primarily programme Sapphire (ERP) and the Network refresh project

11. The main items of slippage within the Major Projects programme:

- Barbican Renewal - slippage of £8.5m consolidated the most intensive construction activities into a 12-month period from the end of June 2028 to the end of June 2029. This resulted in a revised cashflow profile for the £230.6m funding envelope, aligned with the updated delivery programme.

  In addition, the Barbican's recent classification as a Higher-Risk Building under the Building Safety Act has impacted the programme. Elements of scope originally planned for delivery in the previous financial year have been delayed to allow for compliance with the Building Safety Regulator's gateway approval process.

- £14.7m slippage for HRA is due to delays in some of the social housing schemes going live.

- The Museum of London - a £25m GLA grant was brought forward from 2026/27 and passed to the Museum. The Museum re-profiled City grant drawdown to meet accelerating expenditure & bridge the timing gap in fundraising pledges banked.

- £5.5m is delays to some projects within the FPEP, these are being phased into future years.

**City's Estate**

**Revenue**

12. The year-end position against the final budget for each committee is shown below.

**Table 6: City's Estate 2025/26 Revenue Outturn by Committee**

| Net Expenditure (Income) | Net Bud £m | Outturn £m | *Var £m* | Local Risk £m | Central Risk £m | Support Services £m |
|---|---|---|---|---|---|---|
| | | | | | Variation (Better)/Worse | |
| Culture, Heritage & Libraries | 0.6 | 0.9 | ***0.3*** | 0.2 | 0.1 | 0.0 |
| Education Board | 3.3 | 3.2 | ***(0.1)*** | 0.0 | (0.1) | 0.0 |
| Finance | 52.1 | 45.1 | ***(9.4)*** | (3.7) | (5.0) | (0.8) |
| G. P. Committee of Aldermen | 6.1 | 5.8 | ***(0.3)*** | (0.4) | 0.1 | 0.0 |
| Guildhall School of Music and Drama | 20.9 | 20.6 | ***(0.3)*** | (0.4) | 0.0 | 0.0 |
| Market Board | 2.7 | 1.8 | ***(0.9)*** | (0.9) | 0.0 | (0.1) |
| Natural Environment: - | | | | | | |
| Natural Environment Directorate | 0.5 | 0.5 | ***0.0*** | (0.1) | 0.0 | 0.1 |
| Epping Forest and Commons | 13.5 | 13.5 | ***0.2*** | 0.2 | 0.0 | 0.0 |
| Hampstead, Queen's Park and Highgate | 10.3 | 10.4 | ***0.1*** | 0.1 | 0.0 | 0.0 |
| Bunhill Fields | 0.3 | 0.3 | ***0.0*** | 0.0 | 0.0 | 0.0 |
| West Ham Park | 1.8 | 2.1 | ***0.3*** | 0.3 | 0.0 | 0.0 |
| Policy and Resources | 25.9 | 25.9 | ***0.0*** | (0.1) | (0.1) | 0.3 |
| Investment Committee | (50.7) | (49.7) | ***1.0*** | 0.0 | 0.7 | 0.3 |
| Schools: - | | | | | | |
| City of London School | 1.4 | 1.4 | ***0.0*** | (1.6) | 1.6 | 0.0 |
| City of London Freemen's School | 0.6 | (1.0) | ***(1.6)*** | (0.3) | (0.3) | (1.0) |
| City of London School for Girls | 1.5 | 0.1 | ***(1.4)*** | (1.1) | (0.3) | 0.0 |
| City of London Junior School | (0.2) | (0.6) | ***(0.4)*** | (0.5) | 0.1 | 0.0 |
| **Deficit/(Surplus) from (to) reserves** | **90.4** | **77.9** | ***(12.5)*** | **(8.2)** | **(3.1)** | **(1.2)** |

13. The key variations contributing to the £12.5m better than budget position are:

a. **Finance** – Net additional investment income of £3.1m contributed to this favourable position along with an underspend on the cyclical works budget of £3.6m that was underspent due to slippage on GSMD and Mansion House due to the re-phasing of the work to align with other major works in 2026/27.

b. **Markets Board –** During the year a rates rebate of £150k was received in relation to Smithfield Market which has contributed to the favourable variance along with higher than budgeted income including from on-site management activity and car parking.

14. These have been offset by adverse variances across a number of service areas. The main ones being:

a. **Investment Committee** – The rental income was slightly under budget which is due in the main to reduced rental income from our investment properties. This reflects the current market conditions as well as a number of planned property disposal to support the City's Major Projects completing earlier than previously anticipated.

15. It should be noted that all four City of London Schools operate as ring-fenced funds and therefore any outturn variances are absorbed within their own reserve balances.

**Capital**

16. The provisional City's Estate Capital outturn position against the final budget for each Chief Officer department is shown in Table 7 below.

**Table 7: City Estate Capital Expenditure by Chief Officer**

| CAPITAL PROGRAMME - CITY'S ESTATE | Budget £m | Outturn £m | Variance £m |
|---|---|---|---|
| **CAPITAL & SRP - BAU** | | | |
| Chamberlains & Chief Financial Officer | 12.4 | 5.6 | (6.8) |
| City of London Freemen's School | 3.0 | 2.1 | (0.9) |
| City of London School | 4.0 | 3.1 | (0.9) |
| City of London School for Girls | 2.5 | 1.8 | (0.7) |
| City Surveyor & Property | 12.8 | 19.6 | 6.8 |
| Community & Children's Services (Non HRA) | 0.1 | 0.0 | (0.1) |
| Environment | 6.4 | 2.2 | (4.2) |
| Principal GSMD | 3.5 | 1.7 | (1.8) |
| **Sub-Total** | **44.7** | **36.0** | **(8.7)** |
| **CAPITAL & SRP - MAJOR PROJECTS** | | | |
| Museum of London | 22.9 | 21.9 | (1.0) |
| City Fund (Combined Courts) | 86.4 | 83.9 | (2.5) |
| **Sub-Total** | **109.3** | **105.8** | **(3.5)** |
| **TOTAL CAPITAL PROGRAMME** | **154.0** | **141.8** | **(12.2)** |

17. The main area of variance relates to:

c. **City Surveyor & Property** The main variance is due to the purchase of John Stow House that was not in the MTFP although it is fully funded

d. **Chamberlains & Chief Financial Officer** The corporate projects such ERP and Future Network Programme did not spend as anticipated with a slippage of £4.5m. The expenditure is also reduced by the corporate recharge to City Fund and City Bridge Foundation.

**Major Projects:**

- **Museum of London** –some programme slippage due to Landlord works not progressing as originally intended.

- **City Fund (Combined Courts) –** Slight miscalculation of grant due in MTFP base. This was corrected at outturn.

**Additional information**

18. In addition to reporting by Committee, the position of each Chief Officer is reported, and these are shown in appendix 1 with respect to the overall position of each fund by Chief Officer, and appendix 2 which reflect the outturn of each Chief Officer against their local risk budget, which is the element directly under their control.

19. Financial regulations also delegate authority to the Chamberlain, in consultation with the Chairman and Deputy Chairman of Resource Allocation Sub Committee (RASC) to carry forward unspent funds into the following financial year where a Chief Officer local risk budget is underspent. The meeting is scheduled for early July and the outcome will be communicated to Chief Officers.

20. Finance Regulations state that Chief Officer local risk overspends are to be carried forward and recovered in the following financial year (except where special provisions apply e.g. ring-fenced funds). However, under exceptional circumstances the Chamberlain, in consultation with the Chair and Deputy Chairman of Resource Allocation Sub Committee may recommend that these overspends are not carried forward in full. This will be discussed alongside the carry forward bids.

21. Gross purchase card expenditure in 2025/26 was £6.2m (up 3.52% on the previous year) and we received a rebate from the card provider Lloyds Bank of £53k (up 16.14%). We introduced a "Three Strikes Rule" in March 2026 to drive improvement in compliance, and an update on this will be submitted in a future paper.

**Conclusion**

22. City Fund's provisional revenue outturn for the year was an underspend of £39.6m and capital spend was £64.8m less than budget largely due to increased income on money market funds and slippage in capital works and SRP.

23. City's Estate's provisional outturn is in a similar position showing a revenue underspend of £12.5m and slippage in capital work and SRP resulting in an underspend of £12.2m when compared to the approved budget.

24. The Chamberlain, in consultation with the Chairman and Deputy Chairman of RASC will review the carry forward requests in early July and decisions will be

communication to Chief Officers. Any overspends recommended to be written off will be brought back for approval by Finance Committee in accordance with regulations.

25. There will be capital review in the summer of 2026 to understand the inflationary impact and an assessment of what may need to be prioritised to allow projects to progress.

26. The 2025/26 position is subject to audit review so remains provisional until that process has been completed. The final position will be confirmed to Finance Committee as part of the accounts sign off process.

**Appendices**

- Appendix 1 – 2025/26 Outturn by Chief Officer (all risks)
- Appendix 2 – 2025/26 Local Risk Outturn by Chief Officer

**Louise Said**
Group Accountant, Strategic Finance
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## Appendix 1 – 2025/26 Outturn by Chief Officer (all risks)

| Chief Officer Total Outturn | Budget £'000 | Provisional Outturn £'000 | Variance £'000 |
|---|---|---|---|
| **City Fund** | | | |
| Chief Financial Officer and Chamberlain | (1,915) | (27,534) | (25,619) |
| Chief Executive and Town Clerk | 21,777 | 21,412 | (365) |
| Executive Director Comms and external affairs | 2,633 | 1,921 | (712) |
| City Surveyor (Including CWP) | (5,244) | (15,556) | (10,312) |
| Commissioner of Police | 122,696 | 122,696 | - |
| Executive Director Community and Children's Services excluding HRA | 27,869 | 27,082 | (787) |
| Executive Director Environment | 38,004 | 35,441 | (2,563) |
| Executive Director Innovation and Growth | 5,387 | 4,971 | (416) |
| Managing Director Barbican Centre | 31,132 | 32,283 | 1,151 |
| **Total City Fund** | **242,339** | **202,716** | **(39,623)** |
| **City's Estate** | | | |
| Chief Financial Officer and Chamberlain | 35,566 | 29,710 | (5,856) |
| Chief Executive and Town Clerk | 13,028 | 14,170 | 1,142 |
| Executive Director Comms and external affairs | 1,089 | 980 | (109) |
| City Surveyor | (24,197) | (27,593) | (3,396) |
| Executive Director Community and Children's Services excluding HRA | 3,561 | 3,353 | (208) |
| Executive Director Environment | 18,326 | 18,409 | 83 |
| Executive Director Innovation and Growth | 9,942 | 9,043 | (899) |
| Principal Guildhall School of Music and Drama | 20,460 | 20,460 | - |
| Remembrancer | 9,277 | 9,402 | 125 |
| Head City of London Boys School | 1,393 | 1,413 | 20 |
| Head City of London Freemen's School | 626 | (991) | (1,617) |
| Head City of London School for Girls | 1,531 | 142 | (1,389) |
| Head City of London Junior School | (200) | (643) | (443) |
| **Total City's Estate** | **90,402** | **77,855** | **(12,547)** |
| **Guildhall Admin** | | | |
| Chief Financial Officer and Chamberlain | 45,670 | 47,570 | 1,900 |
| Chief Executive and Town Clerk | 6,361 | 5,432 | (929) |
| City Surveyor | 21,882 | 20,043 | (1,839) |
| Comptroller and City Solicitor | 1,715 | 1,724 | 9 |
| Chief Strategy Officer | 1,961 | 1,862 | (99) |
| Chief People Officer | 8,601 | 6,088 | (2,513) |
| **Total Guildhall Administration** | **86,190** | **82,719** | **(3,471)** |
| Reapportionment of Guildhall Admin (Recharges) | (86,190) | (82,719) | 3,471 |
| **Grand Totals** | **332,741** | **280,571** | **(52,170)** |

## Appendix 2 - 2025/26 Local Risk Outturn by Chief Officer

| Chief Officer Cash Limited Budgets (excluding Cyclial works programme) | Budget £'000 | Provisional Outturn £'000 | Variance Under / (over) £'000 |
|---|---|---|---|
| **City Fund** | | | |
| Chief Financial Officer and Chamberlain | 2,023 | 2,117 | 94 |
| Chief Executive and Town Clerk | 7,440 | 7,342 | (98) |
| Executive Director of Corporate Communications & External Affairs | 3,047 | 2,742 | (305) |
| City Surveyor | 5,510 | 5,174 | (336) |
| Executive Director Community and Children's Services excluding HRA | 15,611 | 14,935 | (676) |
| Executive Director Environment | 25,735 | 24,059 | (1,676) |
| Executive Director Innovation and Growth | 6,354 | 6,357 | 3 |
| Managing Director Barbican Centre | 20,517 | 24,307 | 3,790 |
| **Total City Fund (excluding Police)** | **86,237** | **87,033** | **796** |
| **City's Estate** | | | |
| Chief Financial Officer and Chamberlain | 121 | 15 | (106) |
| Chief Executive and Town Clerk | 5,664 | 5,205 | (459) |
| City Surveyor | 18,699 | 18,283 | (416) |
| Executive Director Community and Children's Services excluding HRA | 906 | 906 | - |
| Executive Director Environment | 13,793 | 13,789 | (4) |
| Principal Guildhall School of Music and Drama | 15,243 | 15,176 | (67) |
| Remembrancer | 2,069 | 2,052 | (17) |
| Head City of London Boys School | 530 | (1,058) | (1,588) |
| Head City of London Freemen's School | (1,250) | (1,526) | (276) |
| Head City of London School for Girls | 844 | (272) | (1,116) |
| Head City of London Junior School | (346) | (840) | (494) |
| **Total City's Estate** | **56,273** | **51,730** | **(4,543)** |
| **Guildhall Admin** | | | |
| Chief Financial Officer and Chamberlain | 24,917 | 24,977 | 60 |
| Chief Executive and Town Clerk | 4,438 | 4,200 | (238) |
| Chief Strategy Officer | 1,957 | 1,856 | (101) |
| Chief People Officer | 6,786 | 6,722 | (64) |
| City Surveyor | 7,552 | 7,399 | (153) |
| Comptroller and City Solicitor | 1,588 | 1,587 | (1) |
| Remembrancer | 601 | (735) | (1,336) |
| **Total Guildhall Administration** | **47,839** | **46,006** | **(1,833)** |
| **Grand Totals (excluding Police)** | **190,349** | **184,769** | **(5,580)** |
| Commissioner of Police | 119,134 | 119,368 | 234 |
| **Grand Totals** | **309,483** | **304,137** | **(5,346)** |

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# City of London Corporation Committee Report

| | |
|---|---|
| **Committee(s):**<br>Finance Committee – For information | **Dated:**<br>15 July 2026 |
| **Subject:**<br>Chamberlain's Departmental Risk Management Update | **Public report:**<br>For Information |
| **This proposal:**<br>• **delivers Corporate Plan 2024-29 outcomes**<br>• **provides statutory duties** | Providing Excellent Services |
| **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:** | Caroline Al-Beyerty, Chamberlain |
| **Report author:** | Leah Woodlock, Chamberlain's Department |


**Summary**

The Finance Committee is updated regularly on the corporate and departmental risks documented by the Chamberlain's department. There continues to be **two** RED-rated financial risks listed on the Corporate Risk Register. Mitigation efforts are ongoing to prevent the realisation of these risks. The risk score for all corporate risks have remained unchanged since the previous update.

The Chamberlain's Senior Leadership Team and divisional management teams regularly update the risk register to monitor risks and opportunities.


**Recommendation**

Members are asked to:

- Note the report

**Main Report**

**Background**

1. The Risk Management Framework of the City of London Corporation requires each Chief Officer to report regularly to the Committee the key risks faced in their department. The Finance Committee has determined that it will receive the Chamberlain's Risk Register at each meeting.

2. The Digital Information Technology Service (DITS) as a part of the Chamberlain's Department risks are reported to the Digital Services Committee for oversight. The Commercial, Change and Portfolio Delivery (CCPD) as a part of the Chamberlain's Department risks are reported to the Projects and Procurement Sub-Committee for oversight.

**Current Position**

3. The Chamberlain's department has two financial RED Corporate Risks, which are regularly reviewed, with multiple mitigation measures in place to prevent them or future risks. The detailed updates on the risks and the mitigating actions are included in appendix 1 of this report.

4. The risk score for CR35 **Unsustainable Medium-Term Finances – City Fund (current score RED 16)** remains unchanged. Over the past month, further analysis of income and expenditure has progressed ahead of the Policy & Resources Away Day in July. Members will receive the recommended budget-setting principles for the next three years, alongside an overview of the savings programme, proposals to reduce the forecast deficit, and income generation opportunities in the autumn.

5. For both City Fund and City's Estate ongoing geo-political uncertainty continues to present a material financial risk, particularly through its impact on global supply chains, inflationary pressures, and market volatility. These factors may drive cost increases in key areas such as construction materials, energy, and contracted services, placing additional strain on programme and project budgets. The position will be actively monitored through regular market intelligence, supplier engagement, and financial forecasting, with mitigating actions developed as required to manage cost escalation and uphold delivery within approved resources.

6. **CR42 Housing Revenue Account (HRA) Finances (current score RED 16)**, remains a significant financial risk for the Housing Revenue Account. Recent updates reflect progress in securing approval for the £152m uplift to the major improvement works programme and Exceptional Financial Support for 2026/27, alongside continued engagement with MHCLG and wider local government partners on the sustainability of HRAs. However, pressures remain acute due to the Regulator of Social Housing's C3 grading, delayed delivery of new units such as Sydenham Hill and Black Raven Court, ongoing repairs and maintenance pressures, and the need to prioritise future health and safety works. Continued monitoring of capital schemes, quarterly reviews of staff and repair costs, and further work with CIPFA and government partners will be critical to reducing the risk and supporting a longer-term sustainable social housing provision.

**Strategic implications** –

Financial implications – As outlined in the individual risks in appendix 1, the identified mitigations with support the avoidance of the realisation of risks and therefore negative financial implications.

Resource implications – Not applicable

Legal implications – failure to mitigate the Chamberlain's Department's risks (particularly those relating to City Fund), would impose legal and statutory implications for the City of London Corporation.

Risk implications – As noted in the report and appendix 1.

Equalities implications – Not applicable

Climate implications – Not applicable

Security implications – Not applicable

**Conclusion**

7. Members are asked to note the actions taken by Chamberlain's Department to manage all risks. Actions aim to continue monitoring and reducing the risk level, which will be reported on at future finance committees.

**Appendices**

- Appendix 1 – Chamberlain's Departmental Risk Register

**Background Papers**

Chamberlain's Departmental Risk Management Update Reports

**Leah Woodlock**
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# CHB corporate and departmental risks - detailed report

**Generated on:** 15 June 2026 12:11


CR42 - Housing Revenue Account Financials (formerly CHB 002)
CR33 - Project portfolio strategic impact and/or financial value
CR38 - Unsustainable Medium Term Finances - City's Estate
CR35 - Unsustainable Medium Term Finances - City Fund

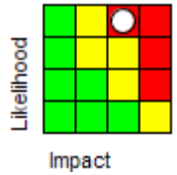

Rows are sorted by Risk Score

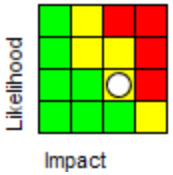
## Risk Level Description Corporate



| | | | | |
|---|---|---|---|---|
| **Code** | **CR42** | **Title** | | Housing Revenue Account Financials (formerly CHB 002) |

| | | |
|---|---|---|
| **Description** | | **Cause:** The Housing Revenue Account is not self-financing and is unable to deliver its statutory duties.<br>Current known cost pressures include:<br>• Ongoing delays in building statutory new homes are causing delays to income streams and increased costs.<br>• Resourcing for health and safety to ensure meeting of compliance requirements.<br>• Substantial improvement works required on existing stock.<br>• Existing funding streams are constrained, with reliance on temporary or uncertain sources such as National Insurance grant allocations, external grants, and re-prioritisation decisions regarding City Fund Capital Reserves<br>• Delays to new units reducing rental income at the same time<br><br>**Event:** Inability to produce balanced Housing Revenue Accounts, breaching the City of London Corporation's statutory duties.<br>**Effect:** Breaching the City of London Corporation's statutory duties, reputational damage and inability to effectively deliver the housing service. |

| | | | | |
|---|---|---|---|---|
| **Current Risk Assessment, Score & Trend Comparison** |  | 16 | – | Constant |
| **Likelihood** | Likely | **Impact** | | Major |
| **Risk Score** | 16 | **Review Date** | | 23-June-2026 |

| | | | | | |
|---|---|---|---|---|---|
| **Target Risk Assessment & Score** |  | | | **8** | |
| **Likelihood** | Unlikely | **Impact** | | | Major |
| **Risk Score** | 8 | **Target Date** | | | 30-Mar-2027 |

| | | |
|---|---|---|
| **Latest Note** | | Court of Common Council has approved an uplift of £152m (including optimism bias) to the major improvement works programme, ensuring that corporate ambitions around housing can be met.<br><br>Officers from Chamberlain's, Surveyors and housing meet regularly to ensure that schemes for new unit delivery are on track for delivery and ensure that units are tenanted as soon as possible.<br><br>Exceptional Financial Support (EFS) secured – Capital direction 2026/27 (need support for up to 4 years). This needs to be applied for each year.<br><br>Regulator of Social Housing report – C3 grading (C3 Consumer Standard grading, identifying serious failings in meeting required consumer outcomes). Need to prioritise future programme of works in 2026/27, apply for a revised EFS for 2026/27.<br><br>Failure to bring on the new units – such as Sydenham Hill and Black Raven Court. |

| | | | |
|---|---|---|---|
| **Risk Level** | Corporate | **Department** | Chamberlain's |
| **Creation Date** | 16-Oct-2023 | **Risk Owner** | Mark Jarvis; Sonia Virdee |
| **Approach** | Reduce | **Risk Administrator** | Leah Woodlock |
| **Head of Profession 1** | Financial Services | **Risk assigned to** | Chamberlain |
| **Head of Profession 2** | Estates & Facilities | **Committee** | Finance Committee |
| **Head of Profession 3** | n.a | **Parent Risk** | CR Corporate Risk Register |

**Actions related to this risk:**

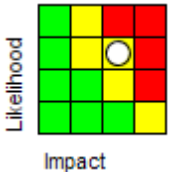
| Ref No: | Action Description | Latest Note | Latest Note Date | Action Owner | Due Date |
|---|---|---|---|---|---|
| ***CR42a Capital Schemes Monitoring*** | Close monitoring of capital schemes is required during 2026/27, update to be provided in regular reporting of capital forecasts. | The review of the major projects programme and the revised HRA 10 Year Plan has identified substantial funding gap of approximately £152m (including a 50% Optimism Bias) if corporate ambitions around housing are to be met.<br><br>Finance, P&R & CoCo has approved the required capital funding through a mixture of City Fund and 3rd party sources (November and December).<br><br>Update on latest HRA revenue & capital position going to DCCS (30th June) and Finance (15th July), with delegated authority requested to submit a revised EFS application for 2026/27. | 30-June-2026 | Mark Jarvis | 30-Mar-2027 |
| ***CR42b Repairs & Maintenance*** | Impact of inflation - capital schemes forecast to exceed budget as well as much increased repairs and maintenance and energy costs. | The Savills report and Pennington review identified high repairs and maintenance costs, management costs and depreciation charges.<br><br>A report on the current years financial position including management action to reduce costs and offset lost income was presented in December to Finance and P&R.<br><br>A joint external review (with MHLCG) of efficiency by CIPFA has been delayed due to MHLCG resourcing issues and a separate review will now be undertaken solely by the City, as outlined in the report to Finance Committee due 15 July.. | 30-Mar-2026 | Mark Jarvis | 30-Mar-2027 |
| ***CR42c MHCLG Engagement*** | Engagement with government departments (e.g., MHCLG) and other stakeholders to discuss challenges and options. | Many other London Boroughs also have very fragile HRAs and we are working with local government colleagues as well as MHCLG and Treasury on wider solutions to current challenges. An agreement has been reached for EFS support of £2.6m for 2026/27. Work is planned for the summer to identify any further urgent Health & Safety works that might require additional in year funding to be reviewed with MHLCG at the end of Q2. Noting any revision to the EFS will require a drawdown from City Fund General Fund. | 23-June-2026 | Mark Jarvis | 30-Mar-2027 |

| | | | | | |
|---|---|---|---|---|---|
| ***CR42d Grant Funding & Capitalisations*** | Utilising fair proportion of National Insurance Grant Funding to cover increased Employers NI for health and safety staffing costs. Ensuring appropriate expenditure is fully capitalised. | Quarterly reviews of staff and repair costs in place to ensure full capitalisation where appropriate. | 23-June-2026 | Mark Jarvis | 30-Mar-2027 |
| ***CR42e Ensuring a long term sustainable social housing provision*** | Review options to improve long term sustainability, including partnering with third parties | Scope of works to be agreed with external consultants CIPFA is underway and will be commissioned for the Summer. | 23-June-2026 | Mark Jarvis | 30-Mar-2027 |

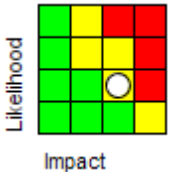
| Code | CR33 | Title | Project portfolio strategic impact and/or financial value |
|---|---|---|---|

| Description | **Cause:** The City of London Corporation is committed to delivering a diverse and ambitious portfolio of projects spanning both capital and revenue projects. As part of strengthening governance and delivery oversight, the Corporation introduced a new P3 (Projects, Programmes and Portfolio) Framework in autumn 2025. The successful adoption of this framework is critical along with the development and appropriate utilisation of a strategic prioritisation tool to support consistent decision-making and alignment with corporate priorities. If the framework and its associated tools are not successfully embedded and adopted, it may result in fragmented governance, unclear accountability, and inability to deliver projects and programmes and achieve strategic intent.<br>**Event:** Inadequate portfolio-level control and weak adherence to corporate prioritisation mechanisms result in consistent delays to project progression, evidently inconsistent delivery, and fragmented governance. Financial implications emerge from deferred starts and prolonged maintenance obligations, whilst increasing the risk of reputational damage due to perceived inefficiency and lack of transparency.<br>**Effect:** The realisation of this risk would significantly undermine the Corporation's ability to deliver its strategic priorities and realise intended benefits across both capital and non-capital programmes. Delays or abandonment of pipelined and future initiatives would weaken organisational momentum and credibility, while repeated slippages and inconsistent oversight could erode trust among key stakeholders, including government partners and the wider public. Financially, deferred project starts, and prolonged maintenance obligations would increase revenue and capital expenditure, placing additional pressure on the Medium-Term Financial Plan (MTFP). The lack of effective governance and transparency would reduce assurance over programme performance, hinder informed decision-making, and compromise the Corporation's ability to respond with agility to emerging needs and opportunities. Collectively, these impacts would diminish the Corporation's reputation, operational efficiency, and long-term sustainability |
|---|---|



| Current Risk Assessment, Score & Trend Comparison |  | 12 | – | Constant |
|---|---|---|---|---|

| Likelihood | Possible | Impact | Major |
|---|---|---|---|
| Risk Score | 12 | Review Date | 01-Apr-2026 |

| Target Risk Assessment & Score |  | 8 |
|---|---|---|

| Likelihood | Unlikely | Impact | Major |
|---|---|---|---|
| Risk Score | 8 | Target Date | 31-Mar-2029 |

| Latest Note | Following the successful launch of the P3 policy framework in November 2025, work has focussed on embedding the framework and introducing new Gateway processes, templates, and guidance; continuous data cleansing/validation exercises of the project portfolio have been undertaken to enhance reporting accuracy; and development of the new Project Management Academy (P3 Development Hub) is underway.<br><br>Planning work is being undertaken to implement the finance module for Cora, alongside work to integrate with Programme Sapphire (SAP finance |
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| | elements); as well as to introduce the next stage of portfolio management implementation through introduction of benefits management and full business case development during 2026/27.<br><br>This risk is planned to be taken to the Chief Officer Risk Management Group for re-grading consideration to a departmental risk. |

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| **Risk Level** | Corporate | **Department** | Chamberlain's |
| **Creation Date** | 14-Feb-2020 | **Risk Owner** | Genine Whitehorne |
| **Approach** | Reduce | **Risk Administrator** | ~~Paul Dudley~~; Olivia Plunkett; Jess Roberts; Tabitha Swann; Genine Whitehorne; Leah Woodlock; Thomas Wrench |
| **Head of Profession 1** | Financial Services | **Risk assigned to** | Nadhim Ahmed |
| **Head of Profession 2** | Commercial | **Committee** | Finance Committee |
| **Head of Profession 3** | Programme Management | **Parent Risk** | CR Corporate Risk Register |

**Actions related to this risk:**

| Ref No: | Action Description | Latest Note | Latest Note Date | Action Owner | Due Date |
|---|---|---|---|---|---|
| ***CR33j Project Management Academy*** | Refresh the Project Management Academy | A supplier has been awarded a contract to develop e-learning material and face to face modules. Work is underway with the supplier to develop course module materials. The suite of e-learning and face to face modules will be launched in Autumn under the banner of the P3 Development Hub. Internal training is available for all staff on the P3 Framework and the Cora Project Management system, with the recent P3 bootcamp sessions having helped to improve system user compliance And data quality. | 30-Apr-2026 | Nadhim Ahmed | 30-Nov-2026 |
| ***CR33l Cashflow and /Forecast Monitoring*** | Monitor the high-level cashflow/forecast monthly | As part of the P3 framework, the Chamberlain's Assurance Board reviews the financial dashboards and forecasts for Major Programmes (Tier 4) and the wider portfolio, with guidance provided to the Portfolio Board. Monthly monitoring/reporting also goes to Finance Committee.<br><br>There is also a monthly Investments meeting with the Chamberlain, Director of IPG and Corporate Treasurer to review the cashflow and capital realisation strategy, which is also reported to Investment Committee. The generation of receipts from property sales and the drawdown from financial | 01-Jul-2026 | David Abbott | 31-Mar-2029 |

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| | | investments is necessary to fund cash outflows. Given wider market conditions, receipts (from both the sale of investment properties and the market sites), will not deliver to the timescales or quantum originally targeted. This will result in the need for short-term internal borrowing from City Fund and/or further drawdown from the Financial Investment portfolio. This is a key risk that will continue to be monitored. | | | |
| ***CR33m Secure Third-Party Funding*** | Secure Third-Party Funding | A project update report is prepared for information to the Finance Committee, Capital Buildings Board and Policy & Resources Committee on a regular basis. This will continue throughout the lifespan of the Major Programmes. | 30-Apr-2026 | Sonia Virdee; Paul Wilkinson | 31-Mar-2029 |
| ***CR33o P3 compliance monitoring*** | A suite of key performance indicators (KPIs) are in development to complement portfolio reporting. This will eventually be used to assess P3 compliance at officer portfolio boards and at Projects and Procurement Sub-Committee (PPsC). | A suite of key performance indicators (KPIs) are in development to complement portfolio reporting. This will eventually be used to assess P3 compliance at officer portfolio boards and at Projects and Procurement Sub-Committee (PPsC).<br><br>Draft compliance metrics (KPIs) have been developed, including those aggregated and reported to the Projects and Procurement Sub-Committee (PPsC) since March 2026. We will look to work with HR to implement these metrics for the mid-year review process with supporting guidance for staff and managers. | 30-Apr-2026 | Genine Whitehorne | 31-Mar-2027 |
| ***CR33p P3 performance management objectives*** | Embedding P3 accountabilities and responsibilities in performance management objectives | Engagement with HR colleagues is planned to incorporate compliance objectives with the P3 policy framework as part of the annual performance management cycle. Initial focus will be on the objective setting process as part of the new performance management cycle for 2026/27.<br><br>Draft compliance metrics (KPIs) have been developed for system use and quality of project management, including those aggregated and reported to the Projects and Procurement Sub-Committee (PPsC) since March 2026. We will look to work with HR to implement these metrics for the mid-year review process with supporting guidance for staff and managers.<br><br>Other mitigations being developed for the remainder of 2026/27: include plans to contribute to an upcoming review of the performance management framework; tracking mandatory P3 Development Hub | 30-Apr-2026 | Genine Whitehorne | 31-Mar-2027 |

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| | | learning and development; and exploring SRO specific performance management measures. | | | |

| Code | CR38 | Title | Unsustainable Medium Term Finances - City's Estate |
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| Description | **Causes:** The embedded increased impact of inflation, following the peak of 10.7% in Autumn 2022 (as reported by the Office for Budget Responsibility).<br>Aging estate crystallising high levels of expenditure over short time period, putting pressure on Reserves.<br>Reduction in rental income from the property investment portfolio following post pandemic changes in workplace attendance reducing demand for grade B office accommodation.<br>**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.<br>**Effects: T**he 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. |
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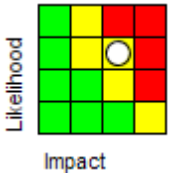
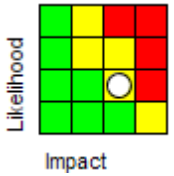
| Current Risk Assessment, Score & Trend Comparison |  | 12 | – | Constant |
|---|---|---|---|---|

| Likelihood | Possible | Impact | Major |
|---|---|---|---|
| Risk Score | 12 | Review Date | 23-Mar-2026 |

| Target Risk Assessment & Score |  | 8 | |
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| Likelihood | Unlikely | Impact | Major |
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| Risk Score | 8 | Target Date | 31-Mar-2029 |

| Latest Note | The City's Estate MTFP remains exposed to income volatility, particularly in relation to investment and property returns, alongside ongoing inflationary cost pressures. A medium-term funding gap persists, requiring continued prioritisation and cost management to maintain balance. Sustainability is dependent on investment performance, with any underperformance likely to necessitate compensating savings or reductions in discretionary expenditure. |
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| Risk Level | Corporate | Department | Chamberlain's |
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|---|---|---|---|
| **Creation Date** | 31-Oct-2022 | **Risk Owner** | Caroline Al-Beyerty |
| **Approach** | Reduce | **Risk Administrator** | Leah Woodlock |
| **Head of Profession 1** | Financial Services | **Risk assigned to** | Sonia Virdee |
| **Head of Profession 2** | | **Committee** | Finance Committee |
| **Head of Profession 3** | | **Parent Risk** | CR Corporate Risk Register |

**Actions related to this risk:**

| Ref No: | Action Description | Latest Note | Latest Note Date | Action Owner | 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<br>• Monitor the use of inflation contingency | Regular monitoring the office of budget responsibility's inflation forecasts, The Consumer Prices Index (CPI) rose by 2.8% in the 12 months to May 2026, unchanged from 2.8% in the 12 months to April (source Office for National Statistics). | 18-June-2026 | Sonia Virdee | 31-Mar-2027 |
| ***CR38e A reduction in key income streams and increase in bad Debt*** | Monitoring key income streams<br>• i.e. rental income from the property investment portfolio. | This is being monitored monthly, with action being taken within the portfolio to maximise income generation opportunities. Ensure income generation schemes are sustainable and on-going opportunities are explored.<br>Benchmarking exercises are currently being undertaken to provide a market comparison.<br>The Member led Income Generation working party continues into 2026/27.<br>Chamberlain's is working closely with the City Surveyor's team to identify where disposals are required to support the funding of the capital programme, with a focus on maximising opportunities to achieve the best possible value and terms from those disposals. Later this year, further | 27-June-2026 | Sonia Virdee; Genine Whitehorne | 31-Mar-2027 |

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| | | work will also consider the diversification of the investment portfolio to optimise rental income and strengthen overall returns. | | | |
| ***CR38f Achievement of current Savings Programme*** | Delivering the current savings programme and securing permanent year-on-year savings. | Pressures and mitigations are being recorded at a more granular level to improve the tracking and reporting on savings during the year. A savings timetable and approach have been reset for 2026/27 to ensure in-year savings are delivered. With also a proactive approach to identifying and delivering savings in 202728 and 2028/29.<br>The new approach to savings has been approved by this committee at its April meeting. Analysis of income and expenditure has progressed in advance of the Policy & Resources Away Day in July. Members will be presented with recommended budget-setting principles for the next three years, alongside an overview of the savings programme, proposals to reduce the forecast deficit, and potential income generation opportunities to be considered in the autumn.<br><br>In parallel, work has been undertaken to assess the financial sustainability of City's Estate. This is the subject of a separate report on the Committee's agenda, which asks Members to discuss the underlying structural challenge—moving beyond incremental savings to agree the level of expenditure that can be sustainably supported by City's Estate, and to embed this discipline into future decision-making.<br><br>In addition, the Town Clerk's SLT has identified potential savings opportunities, which will be further developed and refined in line with the direction agreed at the Policy & Resources Away Day. | 27-June-2026 | Sonia Virdee | 31-Jan-2027 |
| ***CR38g Major Projects Financial Envelope*** | Remain within the financial envelopes approved for major projects. | The only major project remaining within City Estate is the MoL Landlord Works, which is nearing completion, as well as the funding contribution towards SSD. As per City Fund, projects are routinely reviewed by the Chamberlain's Assurance Board, and reported to Finance Committee, Capital Buildings Board, and Policy & Resources Committee. | 12-May-2026 | Sonia Virdee | 31-Mar-2029 |
| ***CR38i Charities Review (Natural Environment)*** | Undertake the Charities Review (Natural Environment) | Charities must be able to fundraise effectively to ensure their long-term sustainability, increase diversity of income, and reduce dependence on the City of London Corporation.<br><br>Approval has been given to shift all NE Charities to a Grant Funding Model | 22June0-r-2026 | Emily Brennan; Marguerite Jenkin | 31-Mar-2027 |

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| | | by April 2026, following a two-year implementation phase that began in April 2025. Key committees have endorsed the plan, with oversight and contingency funding arrangements in place (subject to business case) to support the transition. A comprehensive framework document outlines the procedures, guidelines, and monitoring requirements for the funding model, ensuring clarity and consistency throughout the implementation process. Reserves policies for each of the NE Charities are currently receiving service committee consideration. As part of the income generation workstream of the NECR project, the NE team are reviewing opportunities from a fundraising and commercial income perspective and identifying enablers to develop these. | | | |
| ***CR38j Plans in place to reduce future deficits.*** | Reduce annual operating deficit, including major changes or stoppages to existing services provision and/or reduction in grants. | The requirements for the revised approach to savings was discussed at Efficiency & Performance Review Group. An Officer Financial Planning Forum has been stood up to codesign the financial and business planning approach, standards and framework.<br>For City's Estate, a proposed framework in relation to the annual drawdown (deficit) v the net asset position is to be used as a guide to determine the level of reductions required which is subject to a separate paper on this committees agenda. | 27-June-2026 | Sonia Virdee; Genine Whitehorne | 31-Jan-2027 |
| ***CR38k Income Generation*** | Development of income generation opportunities. | Income Generation schemes are being explored, these include but not limited to events, advertising and sponsorship, filming, retail opportunities and fees and charges. A Member led Income Generation Working Party has been established to recommend direction, momentum and prioritisation on income generation opportunities. The priority areas of focus for this financial year will be agreed by IGWP at their meeting in July 2026 and key metrics will be developed to enable monitoring and progress reporting. | 18-Jun-2026 | Genine Whitehorne | 31-Mar-2029 |
| ***CR38l GSMD – 5-year sustainable model*** | Delivery of the Guildhall School of Music & Drama (GSMD) 5 year plan | Delivery of the GSMD 5-year plan is progressing as intended, demonstrating strengthened financial grip, improved planning discipline and sustained focus on long-term sustainability. The GSMD are planning to return to Finance Committee in December to present this. | 15-Jun-2026 | Natasha Mitchell/ Udhay Bhakoo | 31-Oct-2027 |

| Code | CR35 | Title | Unsustainable Medium Term Finances - City Fund |
|---|---|---|---|

| Description | **Causes:**<br>• Persistent high inflation, as reported and forecast by the Office for Budget Responsibility.<br>• 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.<br>• The Government's Fair Funding settlement from 26/27 has significant impacts for the City Corporation. The updated formula has a foundation on residents and does not consider daily commuter populations and the costs affiliated with this. The City Corporation has received transitional relief over the three year period as part of a bespoke funding arrangement. However, core funding has reduced by over £60m and discussions are ongoing with central government. Until the position is clarified, there is tremendous fiscal uncertainty.<br>• Impact from geopolitical decisions – becoming a structural economic driver for the UK.<br><br>**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.<br>**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. |
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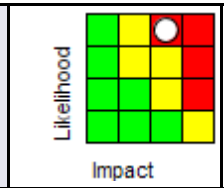
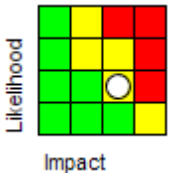
| Current Risk Assessment, Score & Trend Comparison |  | 16 | – | Constant |
|---|---|---|---|---|

| Likelihood | Likely | Impact | Major |
|---|---|---|---|
| Risk Score | 16 | Review Date | 26-Mar-2026 |

| Target Risk Assessment & Score |  | 8 | |
|---|---|---|---|

| Likelihood | Unlikely | Impact | Major |
|---|---|---|---|
| Risk Score | 8 | Target Date | 31-Mar-2027 |

| Latest Note | The City Fund MTFP continues to reflect a structural funding gap driven by what the City does for pan-London, National and daytime population impacted by demand, inflationary pressures, and limited growth in core funding streams. Delivery of the savings programme remains critical but carries ongoing risk in terms of achievability and timing of benefits. The position remains sensitive to external funding reform, including business rates reset and Fair Funding, with continued reliance on reserves providing only short-term mitigation rather than a sustainable solution. |
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| Risk Level | Corporate | Department | Chamberlain's |
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|---|---|---|---|
| **Creation Date** | 19-Jun-2020 | **Risk Owner** | Caroline Al-Beyerty |
| **Approach** | Reduce | **Risk Administrator** | Olivia Plunkett; Jess Roberts; Tabitha Swann; Thomas Wrench |
| **Head of Profession 1** | Financial Services | **Risk assigned to** | Sonia Virdee |
| **Head of Profession 2** | | **Committee** | Finance Committee |
| **Head of Profession 3** | | **Parent Risk** | CR Corporate Risk Register |

**Actions related to this risk:**

| Ref No: | Action Description | Latest Note | Latest Note Date | Action Owner | Due Date |
|---|---|---|---|---|---|
| ***CR35a Impact of inflation*** | Monitoring the impact of inflationary pressures (including pressures on energy costs) and construction inflation impacts on capex programme<br>• Use of inflation contingency | Regular monitoring the office of budget responsibility's inflation forecasts, The Consumer Prices Index (CPI) rose by 2.8% in the 12 months to May 2026, unchanged from 2.8% in the 12 months to April (source Office for National Statistics).<br><br>Identifying areas that are forecasting to exceed budget envelope due to inflation increases. These pressures and mitigations are now tracked in greater detail for better reporting. | 18-June-2026 | Iain Jenkins | 31-Mar-2027 |
| ***CR35c Major Projects*** | Remain within the financial envelopes approved for major projects. | Major projects are reported monthly to the Chamberlain's Assurance Board, with updates to the Portfolio Board led by the Town Clerk/Chief Executive. Regular reports also go to the Capital Buildings Board, Finance Committee, and Policy and Resources Committee.<br><br>All projects are currently forecast to be completed within budget, though there remain risks (i.e. cost increases within SSD/FPEP; fundraising and potential inflationary pressures within the Barbican; cashflow and fundraising for the MoL), which will continue to be reviewed monthly. | 01-Jul-2026 | Sonia Virdee | 31-Mar-2029 |
| ***CR35f Achievement of current Savings Programme*** | Delivering the current savings programme and securing permanent year-on-year savings (including Police Authority) | Pressures and mitigations are being recorded at a more granular level to improve the tracking and reporting on savings during the year, this information has been incorporated into the budget monitoring reports to this committee to help inform Members of key risks and progress.<br><br>A savings timetable and approach have been reset for 2026/27 to ensure | 27-June-2026 | Alistair Cook; Sonia Virdee; Genine Whitehorne | 31-Jan-2027 |

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| | | in-year savings are delivered. With also a proactive approach to ide ntifying and delivering savings in 202728 and 2028/29. Analysis of income and expenditure has progressed in advance of the Policy & Resources Away Day in July. Members will be presented with recommended budget-setting principles for the next three years, alongside an overview of the savings programme, proposals to reduce the forecast deficit, and potential income generation opportunities to be considered in the autumn.<br><br>In addition, the Town Clerk's SLT has identified potential savings opportunities, which will be further developed and refined in line with the direction agreed at the Policy & Resources Away Day. | | | |
| ***CR35p Plans in place to reduce future deficits*** | Plans in place to reduce future deficits. | An Officer Financial Planning Forum has been stood up to co-design the financial and business planning approach, standards and framework.<br><br>A Chief Officer Savings Assurance Board has been established to monitor and enable the identified savings, it currently meets fortnightly.<br><br>Op North Star<br>A Fortnightly Senior Officer Strategic Coordination Group established to coordinate activities related to Police Reform and Fair Funding Review (FFR).<br>Alongside this:<br>a. A Fortnightly Members Briefing established to update Members on the progress of Operation North Star.<br>b. A FFR Board stood up to meet monthly.<br>c. FFR Workstreams have now stood up to advise timeline and ensure deliverables for achieving favourable fair funding outcomes.<br><br>Further direction from P&R Away day will further inform where savings should be targeted. | 27-June-2026 | Sonia Virdee; Genine Whitehorne | 31-Mar-2027 |
| ***CR35q Income Generation*** | Develop income generation opportunities | Income Generation schemes are being explored, these include but not limited to events, advertising and sponsorship, filming, retail opportunities and fees and charges.<br><br>The Member led Income Generation Working Party will continue into | 12-May-2026 | Genine Whitehorne | 31-Mar-2027 |

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| | | 2026/27 and the role is to continue to recommend direction, keep momentum and prioritisation on income generation opportunities. | | | |
| ***CR35r Mitigate the impact Local Government Settlement*** | Engage with MHCLG on transitional funding | The City Corporation has secured transitional relief over the three years as part of a bespoke funding arrangement. In addition, the Secretary of State is removing the council tax referendum threshold for the City and 5 other Local Authorities in 27/28 and 28/29. The 5% remains in place for 26/27. Whilst council tax is a local decision, core grant will assume that we levy above the 5% during 27/28 and 28/29.<br><br>Currently, at the end of the transitional relief, Government are not supporting the national and pan-London services.<br><br>Members have approved the extension of the scope of the Business Rate Premium to use for daytime population services (from 1st April), £12.6m contributed.<br><br>A Fair Funding Workstream has been established, with initial activities reviewing the type and audience of expenditure.<br><br>Budget approach and principles will be taken to P&R Away Day to guide the next three years budget setting guidelines. | 27-June-2026 | Sonia Virdee | 30-Sep-2026 |
| ***CR35s Mitigate the impact of the Police Reform*** | Develop a working party and a response to the announcement of the Police Reform | Terms of reference have been agreed for the forces review.<br><br>Funding will be reviewed separately (following the outcome of the forces review). | 30-Mar-2026 | Alistair Cook | 30-Jun-2026 |
| ***CR35t Barbican Centre – 10 year business plan*** | Delivering the 10-year business plan | The 10-year plan is in development and will be presented to the Barbican Centre Board in the spring for approval.<br><br>The Efficiency and Performance Review Group will be presented the draft 10-year plan for review and scrutiny at its July and September meetings with final proposals brought back to Finance Committee in the Autumn | 27-June-2026 | Abigail Pogson, Sarah Wall | 31-Mar-2029 |
| ***CR35u City Fund Structural funding shortfall*** | Establishing a new budget setting framework to address the structural | A new framework was approved by Finance Committee at its April meeting to establish the process in addressing the structural funding deficit within City Fund when transitional funding arrangements come to an end. | 27-June-2026 | Sonia Virdee, Genine Whitehorne | 16-July-2026 |

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| | funding shortfall from the local government funding formula | Alongside this, discussions with government around the future funding of services not captured within the funding formula are ongoing.<br><br>A draft approach has been established along with an associated timeline. | | | |

## Risk Level Description Departmental

| Code | CHB 005 | Title | Resistance to Transformation and Change (Change Fatigue) |
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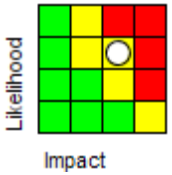
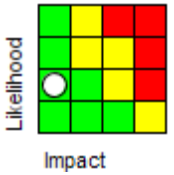
| **Description** | **Cause**:<br>• Ineffective change management and business transformation activities<br>• Culture of resisting change within the organisation<br>• Resource capacity – staff are consumed by BAU tasks they have no further capacity to support change<br>• Ineffective prioritisation of programmes<br><br>**Event**:<br>• Low user acceptance rates and failure to integrate the necessary cultural changes.<br>• Low change readiness<br>• Un-utilised technologies or enhancements<br>• Additionally, the broader transformation programme (such as users not fully adopting the new ERP system), may face resistance. This can result in resistance to the business transformation that the transformation programme and other initiatives aim to achieve.<br><br>**Effect**:<br>Decreased productivity, increased operational costs, and failure to achieve the desired outcomes of the Transformation programme and the broader transformation initiatives. The lack of business transformation may hinder the corporation's ability to modernise operations and align with the current corporate plan and strategies. Furthermore, the failure to achieve the transformation goals, such as improved efficiency, increased capacity, and better information management, may negatively impact the corporation's ability to deliver on its strategic objectives and maintain a competitive edge. |

| Current Risk Assessment, Score & Trend Comparison |  | 12 | | Constant |
|---|---|---|---|---|
| **Likelihood** | Possible | **Impact** | | Major |
| **Risk Score** | 12 | **Review Date** | | 30-Mar-2026 |

| Target Risk Assessment & Score |  | | 2 |
|---|---|---|---|
| **Likelihood** | Unlikely | **Impact** | Minor |
| **Risk Score** | 2 | **Target Date** | 30-Jun-2026 |

| Latest Note | Currently, numerous transformation/improvement programs and new strategies are being implemented across the Chamberlain's department and the wider City of London Corporation.<br><br>Current workload pressures across the Chamberlain's Department remain significant, with staff required to support multiple transformation and change programmes alongside the delivery of core BAU responsibilities. This creates an ongoing risk that capacity constraints may affect the pace of delivery, reduce change readiness, and contribute to change fatigue across teams. While progress continues through the development of structured change management activity, stakeholder engagement, and dedicated transformation support, the cumulative impact of Programme Sapphire, Ambition 25, savings delivery, financial planning and wider corporate change activity will need to be carefully prioritised and sequenced to ensure staff have sufficient capacity to deliver both transformation objectives and essential service requirements.<br>Further pressures within the Financial Services Division arise from a number of key staff moving on to promotional opportunities outside the Corporation. While this is a positive reflection of talent development, it is creating additional pressure on a small number of remaining staff and impacts overall capacity. While recruitment to these positions are underway, additional capacity is necessary to support competing priorities; however, progress will be dependent on the approval of carry-forward requests to provide the necessary funding continuity. |
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| Risk Level | Departmental | Department | Chamberlain's |
|---|---|---|---|
| Creation Date | 12-May-2025 | Risk Owner | Genine Whitehorne |
| Approach | Reduce | Risk Administrator | Leah Woodlock |
| Head of Profession 1 | Financial Services | Risk assigned to | Chamberlain |
| Head of Profession 2 | Commercial | Committee | Finance Committee |
| Head of Profession 3 | Strategy & Plans | Parent Risk | CHB CHB Departmental Cross Cutting Risks |

**Actions related to this risk:**

| Ref No: | Action Description | Latest Note | Linked Actions Progress | Latest Note Date | Action Owner | Due Date |
|---|---|---|---|---|---|---|

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| ***CHB 005a Stakeholder Engagement*** | Identifying and engaging with key stakeholders to enable success of the transformation | Introducing change leadership role to Future Ambition 18, utilising the bi-monthly meetings to present the change and transformation programmes.<br><br>The Change Champion network is being used to support change at all employee levels.<br><br>SLT has agreed the phased delivery of transformation broken down into manageable horizons. The first horizon, 2026, focusses on change readiness. This includes developing the stakeholder communications and engagement plan and working with the Executive Leadership Board to enable them to become effective transformation leaders. | 30% | 18-Junr-2026 | Steve Strain / Corinne Ede | 31 Dec 2026 |
| ***CHB 005b Change Management Strategy*** | Develop a change management strategy | The change management strategy is currently being developed and tested through application in City of London Corporation's key priority programmes and projects, with a focus on A25, SAP and People Strategy<br><br>A transformation vision and statement of intent have been developed to help articulate the case for change. These are now being used to develop key success measures and a change framework. The staff survey in the Autumn will be used as an opportunity to establish a change baseline. | 50% | 18-Jun-2026 | Steve Strain / Corinne Ede | 31 Dec 2026 |
| ***CHB 005d Strategic Transformation Partner*** | Procure a transformation partner to deliver the transformation agenda. | Procurement is underway for a transformation partner. It is anticipated that the partner will come on board in late 2026. | 40% | 18-Jun-2026 | Steve Strain | 31 Dec 2026 |

| Code | CHB 003 | Title | Inconsistent application of the internal control environment |
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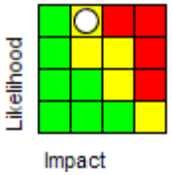
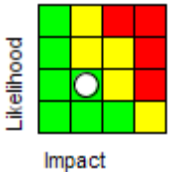
|---|---|
| **Description** | **Cause**:<br>Inconsistent application of internal controls across the City of London Corporation, including but not limited to:<br>• Failure of staff management to adhere to financial and procurement regulations, leading to: • Poor Purchase Order Compliance<br>• Inefficient budget management<br><br>• Delays in setting up Project Codes due to governance<br>• Ineffective contract and supplier management<br>• Lack of management oversight of purchasing activities<br>• Misinterpretation and inconsistent understanding of financial and procurement regulations<br>• Inconsistent guidance from subject matter experts<br>• Complex procedures driving officers towards using workarounds<br><br>**Event**:<br>• Increase in transactional errors<br>• Decrease in payment performance<br>• Impact on cashflow management and accuracy of forecasting<br>• Heightened demand for customised approvals and urgent decisions<br>• Diminished strategic challenge capacity<br>• Disrupted delivery of Business as Usual (BAU) operations<br><br>**Effect**:<br>• Failure to achieve value for money<br>• Negative internal and external audit opinions<br>• Detrimental effects on supplier partnerships and commercial appeal to the market |

| Current Risk Assessment, Score & Trend Comparison |  | 8 | | Constant |
|---|---|---|---|---|
| **Likelihood** | Likely | **Impact** | | Serious |
| **Risk Score** | 8 | **Review Date** | | 30-Mar-2026 |

| Target Risk Assessment & Score |  | 4 | |
|---|---|---|---|
| **Likelihood** | Unlikely | **Impact** | Serious |
| **Risk Score** | 4 | **Target Date** | 31-Jul-2026 |

| Latest Note | There continue to be signs of inconsistent application of internal controls across the Corporation, with issues manifesting in multiple forms. This remains a concern for overall governance and financial stability. To address these inconsistencies, the financial leadership group—comprising finance representatives from all parts of the Corporation and its institutions—has been tasked with working alongside business customers to strengthen the internal control environment.<br><br>Several mitigation measures have been identified to enhance compliance and maximise the effectiveness of controls. The Finance Leadership Group (FLG) has been instructed to compile and evidence additional actions already implemented, which will be added to the action list for further monitoring. A strong focus is being placed on user training and awareness, to ensure all staff are equipped to comply fully with internal spending and purchasing procedures.<br><br>To address non-compliance, the FLG has agreed to enforce sanctions for poor performance. These include reporting repeat offenders to Chief Officers, revoking purchase cards where necessary, and implementing performance management procedures.<br><br>This risk remains a priority, as further instances of inconsistent controls could jeopardise the Corporation's ability to achieve a balanced medium-term financial plan. |
|---|---|

| Risk Level | Departmental | Department | Chamberlain’s |
|---|---|---|---|
| Creation Date | 28-Feb-2024 | Risk Owner | Caroline Al-Beyerty |
| Approach | Reduce | Risk Administrator | Hayley Hajduczek; Leah Woodlock |
| Head of Profession 1 | Commercial | Risk assigned to | Caroline Al-Beyerty |
| Head of Profession 2 | Financial Services | Committee | Finance Committee |
| Head of Profession 3 | Internal Audit | Parent Risk | CHB CHB Departmental Cross Cutting Risks |

**Actions related to this risk:**

| Ref No: | Action Description | Latest Note | Linked Actions Progress | Latest Note Date | Action Owner | Due Date |
|---|---|---|---|---|---|---|
| ***CHB003e Review of procurement regulation*** | Review of procurement regulations and are explicit around requirements | Comprehensive engagement across the Corporation has been completed and the new Procurement Policy is now being finalised for approval by Projects & Procurement Sub Committee after the summer recess. | 60% | 22-June-2026 | Kashi Akhtar | 30-Sepn-2026 |
| ***CHB003h Escalation and enforcement of non-compliance activities*** | Escalation and enforcement of non-compliance activities | Performance issues to be reported and dealt with by line manager, and Assistant Director, Financial Shared Services. Further non-compliance to be escalated to the SLT.<br><br>A three-strike rule is now being implemented for P-Card users. Since implementation the number of transactions that are non-compliant has reduced to 2%. In the most recent monitoring period, 37 cardholders have not submitted all their transactions within that period and as a result 28 cardholders will get a first strike and 9 will get a second strike. Of the 37 cardholders receiving a strike this month 31 are from the institutional areas and all but one of the cardholders receiving a second strike are from the institutional areas. This is a significant improvement and shows that the new controls are working. | 80% | 26- June - 2026 | Phil Black | 31-Jul-2026 |
| ***CHB003i Finance Leadership Group Interventions*** | The Finance Leadership Group are responsible for partnering with departments and services to improve overall compliance. An action plan for each department/institution will be | The Finance Leadership Group meets each month to review current actions and mitigations with regular updates to Chief Officers being taken and support requested from Financial Services Department to assist Chief Officers. Department and institution performance is assessed monthly, with finance representatives | 20% | 27-June-2026 | Sonia Virdee | 31-Jul-2026 |

| | | | | | | |
|---|---|---|---|---|---|---|
| | details and reviewed monthly at the FLG meetings. This will encourage sharing of strategies and best practice. | exchanging effective strategies for reducing non-compliance. | | | | |

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|---|---|
| **Committee(s):**<br>Finance Committee – For Decision | **Dated:**<br>15 July 2026 |
| **Subject:** Central Contingencies 2026/27 | **Public report:**<br>For Decision |
| **This proposal:**<br>• **provides business enabling functions** | |
| **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:** | Chamberlain |
| **Report author:** | Laura Yeo, Financial Services Division |


## Summary

This report has been produced to provide Members with the year-end position for 2025/26 Contingencies and an update on the uncommitted balances for 2026/27 Contingencies.

Of the previous allocations agreed by Committee, a sum of £1,269,000 will be required in future years, therefore it is proposed that these committed sums are carried forward from 2025/26 to 2026/27, thereby ensuring that a full year's contingency provision is available during 2026/27.

It is proposed that the uncommitted balances for the Project Reserve Contingencies 2025/26 of £496,000 are carried forward from 2025/26 to 2026/27. The approval process for carry forwards is delegated to Chamberlains with consultation with the Chair and Deputy Chair of the Resource Allocation Sub Committee (RASC).


## Recommendation(s)

Members are asked to:

- Agree to carry forward sufficient resources of £1,269,000 to meet existing allocations and £496,000 uncommitted balances for the Project Reserve Contingencies, thereby providing sufficient contingencies for funding requirements that may arise during 2026/27.

## Main Report

### Background

1. Service Committee budgets are prepared within the resources allocated by the Policy and Resources Committee, and with the exception of the Policy and

Resources Committee, such budgets do not include any significant contingencies. The budgets directly overseen by the Finance Committee therefore include central contingencies to meet unforeseen and/or exceptional items that may be identified across the City Corporation's range of activities. Requests for allocations from the contingencies should demonstrate why the costs cannot, or should not, be met from existing provisions.

2. In addition to the Central Contingencies, the Committee has three specific contingencies, an International Disasters Fund (IDF) of £100,000 to support humanitarian emergency funding appeals, and Project Reserve Contingencies to support project type spend.

**Current Position**

2025/26 Contingency Balances

3. The year-end position of the 2025/26 Central Contingencies and Specific Contingencies are set out in Tables 1 and 2 respectively. Appendix 1 provides details of the sums the Committee has previously allocated from the 2025/26 Contingencies.

| **Table 1: 2025/26 Central Contingencies** | | | |
|---|---|---|---|
| | **City's Estate £'000** | **City Fund £'000** | **Total £'000** |
| 2025/26 Provision | 950 | 800 | 1,750 |
| Provision brought forward to fund allocations agreed in previous years | 128 | 1,244 | 1,372 |
| Provision brought forward to fund future years | 84 | 229 | 313 |
| **Total Provision** | **1,162** | **2,273** | **3,435** |
| Less Allocations | | | |
| 2025/26 financial year | (412) | (878) | (1,290) |
| To be carried forward to fund allocations agreed | (128) | (985) | (1,113) |
| For future financial years to be carried forward | (0) | (0) | (0) |
| **Total Allocations** | **(540)** | **(1,863)** | **(2,403)** |
| **Uncommitted Balances** | **622** | **410** | **1,032** |

| Table 2: 2025/26 Specific Contingencies | | | |
|---|---|---|---|
| **International Disaster Fund** | **City's Estate £'000** | **City Fund £'000** | **Total £'000** |
| 2025/26 Provision | 100 | 0 | 100 |
| Provision brought forward | 0 | 0 | 0 |
| Less Allocations | | | |
| 2025/26 financial year | (100) | (0) | (100) |
| **Uncommitted Balance** | **0** | **0** | **0** |
| **Project Reserve Contingency** | | | |
| 2025/26 Provision | 0 | 0 | 0 |
| Provision brought forward to fund allocations agreed in previous years | 215 | 0 | 215 |
| Provision brought forward to fund future years | 410 | 0 | 410 |
| Additional allocation brought forward to fund future years | 0 | 200 | 200 |
| **Total Provision** | **625** | **200** | **825** |
| Less Allocations | | | |
| 2025/26 financial year | (329) | (0) | (329) |
| To be carried forward to fund allocations agreed | (156) | (0) | (156) |
| For future financial years to be carried forward | (140) | (200) | (340) |
| **Total Allocations** | **(625)** | **(200)** | **(825)** |
| **Uncommitted Balance** | **0** | **0** | **0** |

4. Of the previous allocations agreed by Committee, a total sum of £1,269,000 as listed below will be required in future years. Therefore, it is proposed that these sums are carried forward from 2025/26 to 2026/27, thereby ensuring that a full year's contingency provision is available during 2026/27.

    - £128,000 towards the National Environment Charities fundamental review support from City's Estate Contingency.
    - £155,000 towards Puddle Dock options analysis from City's Estate Project Reserve Contingency.
    - £835,000 towards Barbican Residential Estate non recovery of service charge from City Fund Contingency.

- £150,000 towards London Metropolitan Archives feasibility works from City Fund Contingency.

5. To provide sufficient contingencies for funding requirements that may arise during 2026/27, it is proposed that the uncommitted balances for the Project Reserve Contingencies 2025/26 of £496,000 are carried forward from 2025/26 to 2026/27. The carry forwards will be approved under delegation to the Chamberlain with consultation with the Chair and Deputy Chair of the Resource Allocation Sub Committee (RASC).

2026/27 Contingency Balances

6. If the proposed sums to be carried forward are agreed, the uncommitted balances that are available for 2026/27 Contingencies are set out in the table below.

| **Table 3: 2026/27 Central Contingencies** | | | |
|---|---|---|---|
| | **City's Estate £'000** | **City Fund £'000** | **Total £'000** |
| **Central Contingencies** | | | |
| 2026/27 Provision | 950 | 800 | 1,750 |
| 2025/26 Brought forward | 128 | 985 | 1,113 |
| **Total Provision** | **1,078** | **1,785** | **2,863** |
| Previously agreed allocations | (128) | (985) | (1,113) |
| Pending request on the agenda | (0) | (0) | (0) |
| **Total Commitments** | **(128)** | **(985)** | **(1,113)** |
| **Uncommitted Balances** | **950** | **800** | **1,750** |
| | | | |
| **Specific Contingency - International Disaster Fund** | | | |
| 2026/27 Provision | 100 | 0 | 100 |
| 2025/26 Brought forward | 0 | 0 | 0 |
| **Total Provision** | **100** | **0** | **100** |
| Previously agreed allocations | (100) | (0) | (100) |
| Pending requests on the agenda | (0) | (0) | (0) |
| **Total Commitments** | **(100)** | **(0)** | **(100)** |
| **Uncommitted Balance** | **0** | **0** | **0** |
| | | | |
| **Specific Contingency – Project Reserve** | | | |
| 2026/27 Provision | 0 | 0 | 0 |
| 2025/26 Brought forward | 296 | 200 | 496 |
| **Total Provision** | **296** | **200** | **496** |
| Previously agreed allocations | (156) | (0) | (156) |
| Pending request on the agenda | (0) | (0) | (0) |
| **Total Commitments** | **(156)** | **(0)** | **(156)** |
| **Uncommitted Balance** | **140** | **200** | **340** |

7. In the case of a request for additional funding for a project that affects all three funds, the City Bridge Foundation (CBF) Board would approve its portion of any such joint project. All requests specific to CBF only are considered solely by the CBF Board.

8. At the time of preparing this report, there are no requests for allocations from contingency funds elsewhere on the agenda.

**Corporate & Strategic Implications**

Strategic Implications – Contained within the body of the report
Financial implications – Contained within the body of the report
Resource Implications – Contained within the body of the report
Legal Implications - None
Risk Implications - None
Equalities Implications - None
Climate Implications - None
Security Implications - None

**Conclusion**

9. Members are asked to agree to carry forward resources of £1,269,000 to meet existing allocations and £496,000 Project Reserve Contingencies uncommitted balances, thereby providing sufficient contingencies for funding requirements that may arise during 2026/27.

**Appendices**

- Appendix 1 – 2025/26 Contingencies
- Appendix 2 – 2026/27 Contingencies

**Laura Yeo**
Group Accountant
Financial Services Division
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