

## **ANNUAL GOVERNANCE STATEMENT 2018/2019/1920**

### **Scope of Responsibility**

1. The City of London Corporation is the governing body of the Square Mile dedicated to a vibrant and thriving City, supporting a diverse and sustainable London within a globally-successful UK. It aims to contribute to a flourishing society, support a thriving economy and shape outstanding environments by strengthening the character, capacity and connections of the City, London and the UK for the benefit of people who live, learn, work and visit here. Its unique franchise arrangements support the achievement of these aims.
2. Although this statement has been prepared to reflect the City of London Corporation in its capacity as ~~a~~ local authority, ~~and a~~ police authority ~~and port health authority~~, which are paid for through the City Fund, the governance arrangements are applied by the Corporation to its other functions funded by City's Cash and the Bridge House Estates equally to its other funds—City's Cash and Bridge House Estates.
3. The City of London Corporation ("the City Corporation") is responsible for ensuring that its business is conducted in accordance with the law and proper standards of governance; that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively; and that arrangements are made to secure continuous improvement in the way its functions are operated.
4. In discharging this overall responsibility, the City Corporation is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
5. The City Corporation has approved and adopted a code of corporate governance which is consistent with the principles of the CIPFA/SOLACE <sup>1</sup>Framework *Delivering Good Governance in Local Government*. ~~A copy of the code is on the City Corporation's website, [www.cityoflondon.gov.uk](http://www.cityoflondon.gov.uk).~~ This statement explains how the City Corporation has complied with the code and also meets the requirements of regulation 6(1) of the Accounts and Audit (England) Regulations 2015, which requires all relevant bodies to prepare an annual governance statement.

### **The Purpose of the Governance Framework**

6. The governance framework comprises the systems and processes by which the City Corporation is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the City Corporation to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
7. The system of internal control is a significant part of that framework and is designed to manage all risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable rather than absolute assurance of effectiveness. The City Corporation's system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of its policies, aims and objectives, to evaluate the likelihood of those risks

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<sup>1</sup> CIPFA is the Chartered Institute of Public Finance and Accountancy  
SOLACE is the Society of Local Authority Chief Executives

being realised and the impact should they be realised, and to manage them economically, efficiently and effectively.

8. The governance framework has been in place at the City Corporation for the year ended 31<sup>st</sup> March 202019 and up to the date of approval of the statement of accounts.

## **Key Elements of the Governance Framework**

### Code of Corporate Governance

9. The principles of good governance are embedded within a comprehensive published Code of Corporate Governance. This code covers both the local authority and police authority roles, and links together a framework of policies and procedures, including:
  - Standing Orders, which govern the conduct of the City Corporation's affairs, particularly the operation of Committees and the relationship between Members and officers;
  - Financial Regulations, which lay down rules that aim to ensure the proper management and safeguarding of the City Corporation's financial and other resources;
  - Terms of reference for each Committee;
  - A Scheme of Delegations, which defines the responsibility for decision-making and the exercise of authority;
  - A Members' Code of Conduct, which defines standards of personal behaviour;
  - A Standards Committee whose role is to promote high standards of Member behaviour and to deal with complaints made against Members, and oversight of the register of interests, gifts and hospitality;
  - A Code of Conduct for employees;
  - The Corporate Plan 2018-23;
  - A corporate complaints procedure, operated through the Town Clerk's Department, with a separate procedure in the Department of Community and Children's Services to comply with the relevant regulations, and a separate complaints process in respect of complaints about the City of London Police;
  - A corporate Project Toolkit and other detailed guidance for officers, including procedures and manuals for business-critical systems;
  - An anti-fraud and corruption strategy, including: anti-bribery arrangements; a social housing tenancy fraud, anti-fraud and prosecution policy; and a whistleblowing policy;
  - A Risk Management Strategy;
  - Job and person specifications for senior elected Members and the Court of Aldermen; and
  - A protocol for Member/officer relations.
10. The City Corporation's main decision-making body is the Court of Common Council, which brings together all of its elected Mmembers. Members sit on a variety of committees which manage the organisation's different functions, and report to the Court of Common Council on progress and issues as appropriate. The Town Clerk and Chief Executive is the City Corporation's statutory head of paid service, and chairs the Chief Officers Group, and the Summit Group, which is the primary officer decision-

making body. ~~In 2015/16 a new officer governance framework was introduced, comprising four Chief Officer Strategic Steering Groups, reporting to the Summit Group, although, following the substantive development of the new Corporate Plan 2018-23, three of these groups have ceased to meet.~~ The Comptroller and City Solicitor discharges the role of monitoring officer under the Local Government and Housing Act 1989. The Chamberlain carries out the duties of the section 151 officer as necessitated by the Local Government Act 1972 which requires every local authority to appoint a suitably qualified officer responsible for the proper administration of its affairs.

11. The Court of Common Council is defined as the police authority for the City of London Police area in accordance with the provisions of the City of London Police Act 1839 and the Police Act 1996.
12. The role of the police authority is to ensure that the City of London Police runs an effective and efficient service by holding the Commissioner to account; to ensure value for money in the way the police is run; and set policing priorities taking into account the views of the community. These, and other key duties, are specifically delegated to the Police Authority Board. The Police Authority Board has the following Sub Committees and Boards to provide enhanced oversight in specific areas of police work:
  - The Professional Standards and Integrity Sub Committee has responsibility for providing detailed oversight over professional standards and integrity within the Force, and examines the casework of every single complaint recorded by the Force;
  - The Performance and Resource Management Sub Committee monitors performance against the Policing Plan and oversees management of risk, human and financial resources;
  - The Economic Crime ~~Board~~ Committee considers matters relating to the Force's national responsibilities for economic crime and fraud investigation, as well as local performance on tackling economic crime; and
  - The Police Pensions Board is responsible for securing compliance with police pension scheme regulations and other legislation relating to the governance and administration of the scheme.
13. Under the Localism Act 2011, the City Corporation is under a duty to promote and maintain high standards of conduct by Members and co-opted Members. In particular, the Court of Common Council must adopt and publicise a code dealing with the conduct that is expected of Members when they are acting in that capacity and have in place a mechanism for the making and investigation of complaints. The Court approved a revised Code of Conduct in March 2018, following a review by the Standards Working Party.
14. The City Corporation has appropriate arrangements in place under which written allegations of a breach of the Member Code of Conduct can be investigated and decisions on those allegations taken. A Complaints Procedure is in place and following a review a revised model came into force in the 2018/19 municipal year. A Dispensations Sub Committee exists for the purposes of considering requests from Members for a dispensation to speak or vote on certain matters (where they have a disclosable pecuniary interest and are otherwise prevented from participation) being considered at Committee meetings. A new dispensations policy was approved by the Court of Common Council in March 2019 and further reviewed, with advice obtained from Counsel engaged by the City Corporation, on 24<sup>th</sup> January 2020 with further changes being made following a review by the Dispensations (Standards) Working Party, which

~~was established by the Town Clerk in July 2018 to review the dispensations policy and associated issues.~~ Elected and co-opted Members are invited to review and update their Member Declarations on an annual basis (although there is no statutory requirement to do so).

15. Under Section 28 of the Localism Act, the ~~Common Council~~ City Corporation is required to appoint at least one Independent Person to support the standards arrangements. The Court of Common Council has made three appointments to the position of Independent Person.
16. The Localism Act also requires the ~~City Corporation~~ Common Council to prepare and publish a Pay Policy Statement each year, setting out its approach to pay for the most senior and junior members of staff. The Pay Policy Statement for ~~2018~~ 2019/2020 was agreed by the Court of Common Council in March 201~~8~~9 and published on the City Corporation's website.
17. To assist in meeting the City Corporation's obligations under the Bribery Act 2010, officers with decision-making powers in relation to higher risk activities are required to make an annual declaration to confirm that they have met the requirements relating to potential conflicts of interest, as set out in the Employee Code of Conduct, and to confirm that they have not engaged in any conduct which might give rise to an offence under the Act.
18. As a result of the Protection of Freedoms Act 2011-12, revisions were agreed to the City Corporation's policy and procedures in respect of the Regulation of Investigatory Powers Act 2000 (RIPA), which regulates surveillance carried out by public authorities in the conduct of their business. A report was made in September 2017 to the Policy and Resources Committee on the City Corporation's use of RIPA powers. In November 2018, the Office of the Surveillance Commissioners conducted an inspection of the City Corporation's arrangements. The inspector concluded that the City Corporation is keen to set and maintain standards and has a sound RIPA structure, with good policies and procedures.
19. In November 2019 following changes to legislation and best practice amendments, the City Corporation's RIPA Policy and Procedure document was updated to reflect these changes and to ensure we remain compliant continued compliance in relation to the procedural requirements of handling applications submitted under RIPA.

## Standards Committee

- ~~18.~~ The Standards Committee oversees the conduct of Members and Co-opted Members in all areas of the City of London Corporation's activities be it local authority, police authority or non-local authority functions. Its main responsibility is to promote and maintain high standards of conduct by elected Members and Members co-opted on to City of London Committees.

~~19-20.~~

~~20-21.~~ Its functions include:

- monitoring and regularly reviewing the operation of the Code of Conduct for Members and related procedures;
- considering any alleged breaches of the Code;

- monitoring Members' declarations to ensure compliance with both the statutory and local registration requirements;
- regularly reviewing the complaints procedure and dispensations arrangements; and
- submitting an annual report to the Court of Common Council.

22. In March 2019 a new and extensively consulted upon guidance and policy came into effect. However a petition relating to the Dispensations Policy was considered by the Committee alongside other relevant matters, including the Principles of Public Life, general public confidence in local government and the City Corporation in particular, and non-Localism Act requirements/restrictions in relation to conflicts of interest. Much of this municipal year has therefore been focused on the further refinement and liberalisation of our Dispensations Policy.

24. At the January 2020 meeting of the Standards Committee, Members considered the opinion of Counsel. The Committee voted nine in favour with one abstention, to accept his opinion that the approach suggested by the elected Member regarding the granting of 'general' dispensations was unlawful. The Committee then continued to agree ways in which we are able to further liberalise the policy.

~~22. During 2016/17, the Standards Committee commissioned an independent, broadly-based review of the arrangements in place for addressing matters connected with the conduct of Members (including co-opted Members) under the Localism Act 2011, with particular focus on the Complaints Procedure (relating to alleged breaches of the Members' Code of Conduct). A Member Working Party was formed to review the resulting report and how the recommendations in the report might be progressed and implemented. The Working Party's recommendations were considered by the Court of Common Council on 8<sup>th</sup> March 2018, with a revised Code of Conduct and Guidance on the Code of Conduct adopted. A new Complaints Procedure was also approved, which came into force on 19<sup>th</sup> July 2018, once the Members of the Standards Committee and the newly created Standards Appeal Committee had been trained in the new arrangements.~~

23.

24. The Committee undertakes an annual review of the Protocol on Member/Officer Relations. ~~Four allegations of breaches of the Members' Code of Conduct were made to the Committee during 2018/19. During 2019/20, eight alleged breaches of the Members' Code of Conduct were considered in accordance with the agreed procedure.~~

~~25.24.~~

~~26.25.~~ A comprehensive package of learning and development was offered to all new and returning Members and included briefing sessions on corporate planning, the Member Code of Conduct and the Member/Officer Protocol, as well as other aspects of the governance framework i.e. how decisions are taken, Standing Orders and financial regulations.

## Electoral arrangements

~~27.~~ The City Corporation administers electoral registration and elections in the City of London and maintains an accurate database of organisations and individuals in the City

of London who are eligible to register to vote. For these purposes, three separate registers are maintained: the Common Hall Register of Liverymen, the Ward Lists and the Electoral Register.

~~28.26.~~

~~29.27.~~ Common Hall is a meeting of the Liverymen of the City of London Livery Companies, held at Guildhall twice a year, to elect municipal officers including the Sheriffs and the Lord Mayor. The Lord Mayor is elected annually at Michaelmas, on 29 September, and the City's Sheriffs are elected after Midsummer day on 24 June. The main role of the Sheriffs is to support the Lord Mayor in their official duties undertaken on behalf of the City Corporation.

~~30.~~ Throughout the year, all premises in the City of London are visited to identify eligible organisations for the purpose of registration on the City of London Ward Lists. The Ward Lists, which are updated annually and published every February, are used for elections for Aldermen and Members of the Court of Common Council. At national and London-wide elections, the Electoral Register is used, which is updated annually alongside the Ward Lists.

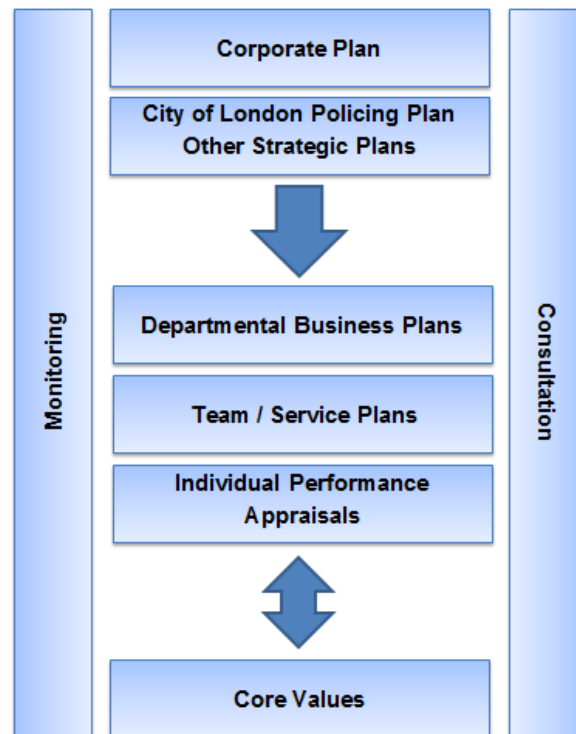
~~31.28.~~

~~32.~~ The City Corporation also provides advice to Members, candidates and election agents on a wide range of electoral matters, and guidance to those wishing to serve.

~~33.29.~~

~~30. Five-Four~~ by-elections were held in ~~2018/19~~2019/20 and returned ~~a total of four Aldermen and one new Member of the Court of Common Council~~four new Mmembers of the Court of Common Council. One Aldermanic election was also contested, which resulted in the sitting Alderman being re-elected. Three-Five further Aldermen were returned in ~~2018/19~~2019/20 following uncontested elections.





34.31. The City Corporation has a clear hierarchy of plans, setting out its ambitions and priorities:

- The Corporate Plan 2018-23 is the strategic framework for all the City Corporation's work between 2018 and 2023. It includes a statement of the City Corporation's vision, aims, responsibilities, capabilities and commitments. It was approved by Court of Common Council on 8<sup>th</sup> March 2018 and introduced on 1<sup>st</sup> April 2018.
- The City of London Police Corporate Plan 2018-23 sets out the ambitions and high-level commitments for the Force. Its Policing Plan details the policing priorities and shows how these will be delivered over the coming year. It also contains all the measures and targets against which the Police Committee hold the City of London Police to account.

35.32. Plans and strategies are informed by a range of consultation arrangements, such as City-wide residents' meetings, representative user groups and surveys of stakeholders. The City Corporation has a unique franchise, giving businesses (a key constituency) a direct say in the running of the City, and a range of engagement activities, including through the Lord Mayor, Chair of Policy and Resources Committee and the [Innovation and Growth Division \(formerly known as the Economic Development Office\)](#). An annual consultation meeting ~~is was~~ held ~~in early spring 2019~~ for business rates and council tax payers, ~~and another two for residents in May 2019~~. ~~the May residents' has been postponed and may end up taking a~~

36.33. The Health and Social Care Act 2012 transferred responsibility for health improvement of local populations to local authorities in England, with effect from 1<sup>st</sup> April 2013. The new duties included the establishment of a Health and Wellbeing Board, which provides collective leadership to improve health and wellbeing for the local area.

37-34. ~~The 2009 Information Management Strategy has been updated and refreshed. It and was approved by Summit Group in March 2019. The Information Management Strategy (originally updated and approved in October 2009) October 2009) It~~ sets out the headline approach to information management in the City Corporation. It summarises the current position, gives a vision of where we want to be and proposes a set of actions to start us on the path to that vision. The Strategy defines our approach to the other key elements for information management, in particular data security and data sharing. ~~The Information Management Strategy has been updated and refreshed. It was approved by Summit Group in March 2019.~~

38-35. Overall responsibility for Information Management Governance and cyber-security is vested in the Digital Services (Finance) Sub Committee (formerly known as the Information Technology Sub Committee). The Information Management Governance Steering Group Board reports to the Strategic Resources Group and Summit Group. The Comptroller and City Solicitor is the Senior Information Risk Owner (SIRO) and work continues to identify Information Asset Owners (IAO) and other key IM roles within departments. Key tasks include the building and maintenance of ~~and build~~ an information asset register.

39-36. The City Corporation has undertaken a thorough review and updated its policies and procedures ~~in~~ following the implementation of the General Data Protection Regulation (GDPR) on 25<sup>th</sup> May 2018, together with a programme of training for officers and ~~Mm~~ members across departments and institutions. Over 90% of the City Corporation staff have completed their training.

## Financial Management Arrangements

40-37. The Chamberlain ~~of London~~ is the Chief Finance eOfficer in accordance with section 151 of the local government act 1972 and has overall responsibility for ~~with statutory responsibility for~~ the proper administration of the City's financial affairs. In 2010 CIPFA issued a "*Statement on the Role of the Chief Financial Officer in Local Government*"<sup>2</sup> which defines the key responsibilities of this role and sets out how the requirements of legislation and professional standards should be met. The City's financial management arrangements conform to the governance requirements of the Statement. The Chamberlain also fulfils the role of Treasurer of the Police Authority.

41-38. The system of internal control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, a system of delegation and accountability, and independent scrutiny. In particular the system includes:

- a rolling in-depth survey of the City Corporation's forecast position over a five-year period;
- comprehensive budget setting processes;
- monthly, quarterly and annual financial reports that indicate performance against budgets and forecasts;
- access by all departmental and central finance staff to systems providing a suite of enquiries and reports to facilitate effective financial management on an ongoing basis;

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<sup>2</sup> Updated in 2016



- ongoing contact and communication between central finance officers and departmental finance officers;
- clearly defined capital expenditure guidelines;
- formal project management disciplines;
- the provision of high-quality advice across the organisation;
- an internal audit service combining in-house staff with external knowledge and expertise;
- insuring against specific risks;
- scrutiny by Members, OFSTED, CQC, HMICFRS, other inspectorates, External Audit and other stakeholders; and
- requests for Members and Chief Officers to disclose related party transactions including instances where their close family have completed transactions with the City Corporation.

39. The City Corporation has a long-standing and in-built culture of maximising returns from its resources and seeking value for money. It assesses the scope for improvements in efficiency /value for money at a corporate and service level by a variety of means, including improvement priorities set by the Policy and Resources Committee through the annual resource allocation process, and internal examination and review by the Efficiency and Performance (Finance) Sub Committee.

~~42.~~40. Following approval by the Court of Common Council in October 2016, an Efficiency and Sustainability Plan for the City Corporation was submitted to and accepted by the Department for Communities and Local Government (now the Ministry for Housing, Communities and Local Government). This provided a degree of certainty over central government funding for the period from 2016/17 to 2019/20. It also established a framework for continuous efficiency improvement beyond 2017/18 when the service based review programme was completed. A 2% per annum budget reduction target to deliver sufficient efficiencies across the City Corporation's funds continued during 2018/19/20. This was established to sustain these budgets over the medium term and allow for planned investment in services through a Priorities Investment Pot.

~~43.~~41. The Efficiency and Performance Sub Committee also has responsibility for monitoring and oversight of the Efficiency and Sustainability Plan and of delivery of the service based review savings departmental Economy, Efficiency and Effectiveness (EEE) Health Checks which include consideration of and increased income, and the cross-cutting efficiency reviews, and continues to challenge the achievement of value for money, helping to embed further a value for money culture within the City Corporation's business and planning processes.

~~44.~~ Following approval by the Court of Common Council in October 2016, an Efficiency and Sustainability Plan for the City Corporation was submitted to and accepted by the Department for Communities and Local Government (now the Ministry for Housing, Communities and Local Government). This provided a degree of certainty over central government funding for the period from 2016/17 to 2019/20. It also established a framework for continuous efficiency improvement beyond 2017/18 when the current service based review programme was completed. A 2% per annum budget reduction target to deliver sufficient efficiencies across the City Corporation's funds continued during 2018/19. This was established to sustain these budgets over the medium term and allow for planned investment in services through the Priorities Investment Pot.

- ~~45. Chief Officer Peer Reviews were piloted in 2017/18. The focus of these sessions was to discuss how each Chief Officer can make their departments more innovative, collaborative and agile whilst delivering the required 2% per annual budget reductions. These sessions led to the production of Economy, Efficiency and Effectiveness (EEE) Health Checks by each department, a number of which were provided to the Efficiency and Performance Sub Committee during 2018/19 after officer scrutiny through Summit Group.~~
42. The EEE Health Checks are designed to achieve better alignment of business plans to the Corporate Plan, the delivery of the 2% year-on-year ~~e~~Efficiency and ~~s~~Sustainability ~~p~~Plan in local risk budgets, and to enable the Efficiency and Performance Sub-Committee to fulfil its duty to review periodically the performance of each Chief Officer in order to promote efficiency and value for money.
- ~~46.43. A Fundamental Review was conducted in 2019/20 in order to align spending with the Corporate Plan and strengthen financial discipline in a time of declining resources. The objective was to ensure that resources are more effectively applied. The review related to City's Cash and the City Fund but did not include Bridge House Estates or the City of London Police as these are funded differently. Departments were tasked with submitting options for consideration by the Resource Allocation (Policy & Resources) Sub Committee at its annual informal away day. Selected options were built into budgets for future years and a commitment was given to reviewing the operating model and Mmember governance arrangements. Work has commenced on these reviews and an officer group is taking a corporate view of the commercial opportunities put forward and will bring forward proposals in due course.~~
- 47.44. During 2018/19, the Procurement Sub Committee was established. This Sub Committee is responsible for scrutinising and ensuring value for money is obtained on all City Corporation and City of London Police procurement contracts with of value of over £2m at key stages, including initial tender strategy to final contract award sign off. The Sub Committee also ensure compliance with the UK Public Contract Regulations and the Corporation's Procurement Code.
- ~~48.45. For non-Police services, the local government settlement in autumn 2018<sup>9</sup> was challenging but fell within the prudent assumptions included with the City's financial forecast. Subject to there being no significant adverse changes in financial planning assumptions across the periodPrior to the coronavirus outbreak, forecasts indicated a surplus in 2019~~20~~20/20<sup>1</sup>, although moving to a deficit position from 2020/21/24<sup>2</sup> with, the inclusion of funding for the Museum of London and Combined Courts relocation-projects will move the fund into a deficit position. More recently, however, the City Corporation is facing an earlier financial challenge as a result of a drop in revenue income and a predicted reduction in business rates; the MTFP will be reworked, potentially in July and a revised budget may follow in September. This will impact on the Fundamental Review as the scale of the challenge becomes clearer.~~
- 49.46. The economic outlook and public finances remain uncertain following the EU Referendum and there is no guarantee that government funding will be not be revised further downwards in later years. The Ministry of Housing, Communities and Local Government is currently consulting on a Fair Funding Review that will recalculate the baseline grant for City Fund from 2020/21. This will coincide with a move to greater business rates retention nationally, currently under consultation for implementation by 2020/21. The position is being monitored on an ongoing basis.
- ~~50. The City Corporation will continues to participate in a pilot scheme for the London business rate devolutionpool during 2019~~20~~20/20<sup>1</sup>with all 32 London Boroughs and the Greater London Authority, involving the establishment of a business rates pool. The~~

original proposal was approved in December 2017. The scheme has a financially neutral starting point but enables any year-on-year growth in rates revenue to be retained within London. Some of this has been used to establish a strategic investment fund and the rest will continue to be shared among participating authorities.

51. The City of London Police manages its budget on a ring-fenced basis. and The Court of Common Council approved the allocation of additional funds an increase in the from the business rates premium following the revaluation of business rates (£2.25m) and from a further increase in the Business Rates Premium from April 2019 (£2.0m) being allocated to cover most of the £5.4m Corporation funding commitment in 2020/21. Along with the Police savings plans, this would balance the 20/21 budget while also providing for the increased demands CoLP are facing in maintaining the security of the City, emerging cost pressures relating to security. This will result in a further £4.2m being available for Police activity. Nevertheless, the underlying financial position remains challenging with deficits forecast across the period and reserves being exhausted during 2018/2019/21.
52. In year work on the Medium-Term Financial Plan for the City of London Police has reduced forecast deficits through a combination of savings from the Police's Transform Programme and additional funding. Outturn for 19/20 was managed within the Police's budget, and a balanced budget has been set for 20/21 which has included additional Home Office funding for uplift in Police Officers. The Corporation has previously invested additional funding for Police capital priorities and, from 20/21, is moving to a loan-based capital funding mechanism. The City Corporation is also committing capital funding towards the Police Accommodation Strategy and Secure City infrastructure requirements. The City of London Police has a forecast deficit in subsequent years arising from increasing demand and the changing nature of policing. The Police is in the process of implementing recommendations through its Transform programme. Additional support is being provided by the City Corporation for capital investment priorities over the period between 2017/18 and 2022/23 totalling £17.5m plus some further IT and pension costs. The Police and the City Corporation are also investigating areas for greater collaboration, including the further development of a Joint Contact and Control Room as part of the Secure City programme.
- 53.47. The Police Performance and Resource Management Sub Committee's responsibilities include overseeing the Police's resource management in order to maximise the economic, efficient and effective use of resources to deliver its strategic priorities; monitoring government and other external agencies' policies and actions relating to police performance; overseeing the Police's risk management arrangements; ensuring continuous improvement in the Police's finance function and financial accounting systems; and ensuring that the Police delivers value for money. The Sub Committee also receives regular updates on the work of internal audit in relation to the Police and inspection reports from HMICFRS.
- 54.48. The Policy and Resources Committee determines the level of the City Corporation's own resources to be made available to finance capital projects on the basis of a recommendation from the Resource Allocation Sub Committee. Ordinarily, such projects are financed from capital rather than revenue resources, and major projects from provisions set aside in financial forecasts.
- 55.49. The City Corporation has a number of procedures in place to ensure that its policies and the principles that underpin them are implemented economically, efficiently and effectively. This framework includes:
- Financial Strategy - This provides a common base for guiding the City Corporation's approach to managing financial resources and includes the pursuit of budget policies

that seek to achieve a sustainable level of revenue spending and create headroom for capital investment and policy initiatives;

- Budget policy - The key policy is to balance current expenditure and current income over the medium term. Both blanket pressure and targeted reviews are applied to encourage Chief Officers to continuously seek improved efficiency;
- Annual resource allocation process - This is the framework within which the City Corporation makes judgements on adjustments to resource levels and ensures that these are properly implemented;
- Corporate Property Asset Management Strategy - This aims to ensure that the City Corporation's operational assets are managed effectively, efficiently and sustainably, in support of the organisation's strategic priorities and business needs;
- Capital project evaluation, management and monitoring - The City Corporation has a comprehensive system of controls covering the entire life cycle of capital and major revenue projects. An annual bids process was introduced from 2019/20 to enable Members to prioritise projects and align with the corporate plan objectives; and
- Treasury Management and Investment Strategies - Setting out the arrangements for the management of the City Corporation's investments, borrowing, cash flows, banking and money market transactions; the effective control of risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

56.50. Consideration is given to efficiency during the development and approval stages of all major projects, with expected efficiency gains quantified within reports to Members.

57.51. The performance of the City Corporation's financial and property investments is monitored and benchmarked regularly, both in-house and independently, through experts in the field.

58.52. The City Corporation's project management and procurement arrangements provide a consistent approach to project management and co-ordination of the portfolio of projects across the organisation. The Projects Sub Committee meets monthly to ensure that projects align with corporate objectives and strategy and provide value for money.

## Risk Management

59. ~~In May 2014, the Audit and Risk Management Committee approved a Risk Management Strategy that set out a new policy statement and a revised framework, which aligns with the key principles of ISO 31000: Risk Management Principles and Guidelines, and BS 31100: Risk Management Code of Practice, and defines clearly the roles and responsibilities of officers, senior management and Members. The Strategy emphasises risk management as a key element within the City's systems of corporate governance and establishes a clear system for the evaluation of risk and escalation of emerging issues to the appropriate scrutiny level. The Strategy assists in ensuring that risk management continues to be integrated by Chief Officers within their business and service planning and aligned to departmental objectives. A review of the strategy will be undertaken in 2019/20.~~

60. ~~Strategic decisions on risk management are made by the Summit Group on a quarterly basis. Summit Group also receives quarterly risk update reports and is responsible for determining new corporate risks. The Chief Officer Risk Management Group (CORMG), acting on behalf of Summit Group, meets quarterly to undertake a more in-depth review of the corporate and top departmental level red risks. CORMG also makes recommendations to Summit Group for new corporate risks.~~



61. Oversight of the City Corporation's risk management is provided by the Audit and Risk Management Committee. In addition to receiving quarterly risk update reports, the Audit and Risk Management Committee has adopted a cycle of regular departmental risk challenge sessions, with Chief Officers and their respective Committee Chairmen, which take place prior to their meetings. During 2018/19, the Committee has undertaken 11 deep-dive reports, including the General Data Protection Regulation, police funding, road safety and Brexit. There have also been six informal risk challenges, where the Committee discusses with respective Chief Officers a department's risk management arrangements, current and future risks.
62. The Committee has also introduced the regular reporting of top departmental risks to every Service Committee.
53. The corporate risk register contains thirteen risks, including three new risks that have been added during the last year. In January 2020, the Audit and Risk Management Committee approved a revised and updated Risk Management Strategy that includes an updated policy statement and a revised framework, which aligns with the key principles of ISO 31000:2018 Risk Management Principles and Guidelines, and BS ISO 31000:2018 Risk management guidelines, and defines clearly the roles and responsibilities of officers, senior management and Members. The Strategy emphasises risk management as a key element within the City's systems of corporate governance and establishes a clear system for the evaluation of risk and escalation of emerging issues to the appropriate scrutiny level. The Strategy assists in ensuring that risk management continues to be integrated by Chief Officers within their business and service planning and aligned to departmental objectives. The strategy will be reviewed on annual basis.
54. Strategic decisions on risk management are made by the Summit Group. On a quarterly basis Summit Group receives a quarterly risk update reports and is responsible for approving new corporate risks. The Chief Officer Risk Management Group (CORMG), acting on behalf of Summit Group, meets quarterly to undertake a more in-depth review of the corporate and top departmental-level red risks. CORMG also makes recommendations to Summit Group for new corporate risks.
55. Oversight of the City Corporation's risk management is provided by the Audit and Risk Management Committee. In addition to receiving quarterly risk update reports, the Audit and Risk Management Committee has adopted a cycle of regular departmental risk challenge sessions, with Chief Officers and their respective Committee Chairmen, which take place prior to their meetings. During 2019/20, the Committee has undertaken 8 deep-dive reports, including information security, health and safety, Police Funding and Safeguarding. There have also been five informal risk challenges, where the Committee discusses with respective Chief Officers a department's risk management arrangements, current and future risks. The last committee meeting of this Municipal year (31 March 2020) was disrupted by the COVID 19 emergency. During 2019/20, the Committee has exercised its oversight role in a number of ways. In addition to receiving quarterly risk update reports, which contain information about the corporate and red departmental level risks, as well it considers and endorses as endorsing new corporate risks. The Committee continues to operate a cycle of regular departmental risk challenge sessions with Chief Officers and their respective Committee Chairmen, of which there were five in 2019/20. The Committee has received nine deep-dive reports, including the safeguarding, resilience, information security and Police funding.
56. The last committee meeting of this Municipal year (31 March 2020) was disrupted by the COVID-19 emergency. As a result the two corporate risk deep dive reports and the Chief Officer risk challenge have been rescheduled for 2020/21.

57. The corporate risk register contains 19 risks, including six new risks that have been added during the last year. One risk, GDPR, has been determined now to be at departmental level.

## Health & Safety and Wellbeing

~~63.~~58. The Health & Safety at Work etc. Act 1974 requires the City as an employer to ensure that it implements systems for the protection of its staff and others affected by its activities. The City Corporation health and safety management system is aligned to HSG65, the Health and Safety Executive's guidance document on the essential philosophy of good health and safety. The City Corporation systems will remain aligned with this guidance, to ensure that safety becomes part of normal business by applying a practical, sensible and common-sense approach.

59. Corporate Risk 09 (Health Safety and Wellbeing) concerns the City's Health and Safety Management System and its application. Effective health and safety management enables innovation, growth and enhances productivity, as well as helping the City Corporation to achieve its strategic objectives. The Health Safety and Wellbeing (People) Team (in Corporate HR) are the custodians of the health and safety management system. In 2019/ 20 a revised risk description was- agreed so it is better aligned to the City Corporations objectives and remains relevant.

~~64.~~ The City Corporation has an effective Chief officer-led Health, Safety and Wellbeing Committee which is chaired by the Town Clerk and Chief Executive. This sets the tone from the top and facilitates buy-in. Its function is to advise and make recommendations to the City Corporation's Chief Officers on matters relating to the overall management of health, safety and wellbeing as established under the Health, safety and Wellbeing Policy.

~~60.~~ Training and development for senior management in larger organisations is one of the most important parts of any safety programme, to ensure it carries weight and to understand how good safety practice contributes directly to service delivery. Senior managers need to understand their own role and accountabilities in 'making safety happen' (particularly in light of the Corporate Manslaughter legislation). At the end of 2018/19, the majority of high and medium risk profile departments have completed interactive senior leadership health and safety briefings for Chief Officers and their reports.

61. Training and development for Senior Management in larger organisations is one of the most important parts of any safety programme. The senior leadership team must be 'on-board' in order to give the safety initiative weight – and to understand how good safety practice contributes directly to service delivery, profitability or both. Senior managers need to understand their own role and accountabilities in 'making safety happen' (particularly in light of the Corporate Manslaughter legislation). Without the support and 'buy-in' of the Ssenior Mmanagement team, any health and safety programme will inevitably falter – and fail to deliver the benefits expected.

~~65.~~ A programme of interactive senior leadership health and safety briefings was delivered in 2019/20 for Chief Officers and their reports. This included all the higher risk profile departments as represented on the Health Safety and Wellbeing Committee. In addition, briefings were also completed for two of the City Corporation's Independent Schools and for the Guildhall School of Music and Drama.



- ~~66.~~ There is an established annual inspection and audit programme for property and people health and safety - for example audit, inspections and compliance checks have focused on water hygiene (legionella), fire safety, asbestos management, bulk fuel storage, workplace transport and lone working/preventing violence. These are currently considered to be the City Corporation's areas of higher risk profile.
- ~~62. Corporate Policies on Control of Contractors, Fire Safety and Control of Asbestos were updated and revised during 2018/19 and new Corporate Policies on Working at Heights and Pool Water Quality were also produced.~~
- ~~63. A new Corporate Policy on Lifting and Work Equipment was drafted and implemented and t. The Corporate Policy on Legionella and Corporate Health and Safety Building Compliance Standards were revised in 2019/20.~~
- ~~64. The City Corporation has established Key Performance Indicators (KPIs) for health and safety including accident/incident reporting and investigation. The health and safety professionals have supported departments with their more challenging and/or significant health and safety investigations. This has helped to ensure that lessons are learned and are fed back into the development of the health and safety management system.~~
- ~~67.~~~~65. In September 2019 the Health Safety and Wellbeing Committee took the opportunity to refresh and development / augmentation of health safety and wellbeing performance measures. A revised corporate health safety and wellbeing dashboard, with agreed performance measures reported at a set frequency, shouldhas been produced to help to drive performance (including statutory compliance) and facilitate positive behaviour change.~~
- ~~68.~~~~66. The Pentana Risk Management Information System is used to manage significant health and safety risks. Pentana enables departments to highlight their safety risks as a 'Top X' risk, emphasising any activities with considerable implications that are unmitigated, or where there is a lack of clarity. Significant fire safety support has been provided to several departments, including the Barbican Centre, Guildhall School of Music and Drama, the Department for Community and Children's Services and Mansion House/Central Criminal Court.~~
- ~~67. In 2019/2018/19 there has been no health and safety enforcement action by the HSE. In June 2019 a member of the public drowned in Hampstead men's pond. The incident was notified to the HSE, and they subsequently undertook a robust investigation. This included interviews with staff and the swimming community. Documentation from the safety management system was also interrogated including site safety procedures, risk assessments, evidence of training and local monitoring and testing arrangements. The HSE has confirmed in writing that no further action is being taken against the City Corporation. Robust application of our safety management system has a 'protective' effect.~~
- ~~68. The Corporate Transport policy is currently being refreshed. After being approved for onward consultation there was no challenge from Chief Officers, and it was due to go to Summit Group but this has been put on hold during the Coronavirus pandemic.~~
- ~~69. There were no prosecutions or fire enforcement notices against the Corporation in 2019/20. However, the organisation did receive one non-statutory deficiency notice that related to only one site and was issued by the London Fire Brigade. Several non-statutory deficiency notices were issued by the Fire and Rescue service. A joint (fire) enforcement notice on the Barbican Centre and tenant was issued, and this was complied with. There were no prosecutions by the Fire and Rescue Service.~~

~~70. The City Corporation has reviewed its processes and procedures relating to fire safety in its residential blocks, with particular emphasis on:~~

~~Fire Risk Assessments (FRAs);~~

~~Communication with residents;~~

~~Fire safety maintenance and improvement works; and~~

~~Potential future improvement works.~~

~~71.69.~~

~~72. As a result, a number of steps have been taken to further enhance the safety of the City Corporation's residential portfolio and its residents, including:~~

- ~~• Commissioning and completing new, more detailed and intrusive, Type 3 FRAs for all residential blocks to provide a greater level of assurance in relation to fire safety. An action plan has been implemented to deal with the recommendations arising from the Type 3 FRAs;~~
- ~~• Developing and implementing a Fire Safety Communications Plan;~~
- ~~• A detailed assessment of the various fire safety maintenance and improvement works that could help further enhance the safety of residents; and~~
- ~~• Implementing a door replacement programme to ensure that the front entrance doors and frames to all City Corporation social housing flats provide up to 60 minutes fire resistance.~~

~~73. The City Corporation will also, subject to any planning restrictions, retro-fit automatic water fire suppression systems (sprinklers) to the five social housing high-rise tower blocks in its portfolio. It has also commenced a programme of one-hour visits to all tenanted properties, which will include a risk assessment on the dwelling, the provision of fire safety advice to householders and identification of any support needs.~~

~~74.70. The top (and persistent) reason for reported sickness absence at the City Corporation is *anxiety/stress/depression/other psychiatric illnesses*. Grounded in a growing body of evidence, including awareness of best practice, and following a report to Establishment Committee in-xxx 2018, the "CityWell" (employee wellbeing) programme has been re-focused on mental health as the top priority, supported by a wider health promotion / wellness programme. There is a mental health and wellbeing action plan which was~~will be~~ refreshed during 2019/20.~~

~~71. The CityWell wellbeing strategy is a strong employee brand and has helped embed the wellbeing programme at the City Corporation. The CityWell programme has been re-focused on mental health as the top priority with mandatory training for managers supported by a wider health promotion and wellness programme.~~

~~75. Mental Health First Aid (MHFA) training is analogous to physical first aid. Whilst not a legal requirement, one is more likely to meet someone suffering distress / suicidal thoughts than someone experiencing physical ill-health or injury requiring intervention. The City Corporation took the decision to train in-house Mental Health First Aid Instructors and roll-out an internal programme of accredited MHFA training across the corporation. To date over 150 MH First Aiders have been trained.~~

~~72.~~

~~The City Corporation has established key performance indicators for health and safety including accident/incident reporting and investigation. The health and safety professionals have supported departments with their more challenging and/or significant~~

~~health and safety investigations. This has helped to ensure that lessons are learned and are fed back into the development of the health and safety management system.~~

## Business Continuity

~~76.73. The Civil Contingencies Act 2004 requires the City CorporationCourt of Common Council, as a Category 1 responder, to maintain plans to ensure that it can continue to exercise its functions in the event of an emergency. The City Corporation Resilience Team has overall responsibility for maintaining Business Continuity Management arrangements across the organisation, is required to and providing support, advice and guidance for officers developing business continuity plans within their departments. train its staff responsible for business continuity. This includes the testing and to exercising and test its of these plans, and to review these plans on a regular basis. The Emergency Planning College, which is a Cabinet Office approved training provider, were contracted recently to carry out an Independent Assurance Review of the City Corporation Business Continuity Management System (BCMS). This included masterclass workshops for departmental business continuity representatives to skill them in the fundamentals of business continuity. These workshops took place in October 2018 and February 2019. Key actions identified from the review are now being taken forward by the Resilience Team with assistance of business continuity representatives across City Corporation departments.~~

~~77.74. The City Corporation has an overarching Business Continuity sStrategy and fFramework and each department has their-its own business continuity arrangements. Both corporate and departmental arrangements are regularly reviewed to ensure they align with the relevant national and local risk registers and business objectives. Officers from the different departments share best practice and validate their arrangements through the Emergency Planning and Business Continuity Steering Group, which convenes each quarter following the previously established Resilience Steering Group. The group works on actions highlighted that have been set at previous meetings and it is also currently working its way through actions from its most recent Independence Assurance Review conducted by the Emergency Planning College in October 2018. A forum has now been established based on recommendations from October's Independence Assurance Review. This group has been set up to work on the actions highlighted from this review and to maintain a closer overview of current and future business continuity strategy across City Corporation departments. It is also intended to maintain current arrangements and advance a more focused workstream with regards to business continuity work. This forum will now sit following the already established Resilience Steering Group, which sits on a quarterly basis.~~

~~78.75. Business Continuity testing is undertaken periodically by departments, with the intention of testing their ability to cope under pressure. Testing scenarios are based on adverse effects and 'worst case' events which aim to limit 'Business as Usual' operations, and are derived from departmental emergency management and business continuity plans, national and local risk register documentation, previous lessons learned and horizon scanning events. Testing is undertaken in formats including live play exercise, table-top / workshop, and seminar/discussion exercises, and is based on objectives which aim to be specific, measurable, achievable, realistic and targeted towards departmental functions. Information is captured throughout testing and fed back to the departments being exercised. Reports are produced and any lessons learned are sought to be implemented.~~

~~79.76. Programme management of the City Corporation's business continuity management system (BCMS) lies with the Resilience Planning Team, and all departments play a role~~

in it. Minimum standards for London were previously set for London local authorities in relation to resilience and business continuity planning. In 2019, these standards are currently being replaced by a London-wide Independent Assurance Process and a new 2020 Resilience Standard for London Governance, which will apply to all London local authorities. The Resilience Team is currently ensuring that City Corporation arrangements align with these new standards and has participated in all the Pan-London training requirements related to the new Resilience Standards for London and continues to represent the City Corporation at all workshops and training events organised by 'London Resilience'.

77. The Resilience Team continues its on-going work with the IT service provider Agilisys to ensure robust business continuity plans dovetail between IT functions and critical services. Departmental business continuity plans were activated in March 2020 in response to the COVID-19 pandemic. The City Corporation as a whole transitioned smoothly to its working from home arrangements as well as maintaining and delivering its key critical services across the organisation. As part of the current response to Covid-19 the City Corporation has had to adapt its business continuity planning arrangements to incorporate the delivery of critical services and focus on business recovery plans simultaneously during the response and transition to recovery.

80-78. The Resilience Team recognised there was a requirement to provide a software system to assist its BCM and support the process of identifying business impact analysis within those arrangements. Through research we identified a company called 'Clearview' who provide business continuity software systems to help better manage organisational BCM. Prior to Covid-19 the Resilience Team were in the process of trialling this system in a test portal built specifically for us, and departmental business continuity representatives were invited to test this system. On completion of this trial they were all in agreement with its ability to successfully support the City Corporation's business continuity arrangements. We are currently looking at the next phase of this process with the view to procuring the system.

84-79. Due to its location as an international financial and business hub, the City (Square Mile) remains an attractive location for protest groups to demonstrate attempting to maximize publicity both nationally and globally. The City has previously experienced an array of protests and demonstrations; however, by working with business and emergency service partners to ensure robust Business Continuity and emergency response plans are in place, the City Corporation has maintained 'business as usual' during these disruptions, and thus enhancing its reputation of working with and supporting business and local communities within the City.

### Role of Internal Audit

82-80. Internal Audit plays a central role in providing the required assurance on the adequacy of internal controls through its comprehensive risk-based audit programme, with key risk areas being reviewed annually. This is reinforced by consultation with Chief Officers and departmental heads on perceived risk and by a rigorous follow-up audit regime.

83-81. The internal audit process is supported, monitored and managed/overseen by the Audit and Risk Management Committee in accordance with the Public Sector Internal Audit Standards. An Audit Charter is in place established in 2013 was updated and agreed and reviewed annually, most recently ratified by the Audit and Risk Management Committee in March 2018/20. This defines the role of internal audit, and sets out accountability, reporting lines and relationships that internal audit has with



the Audit and Risk Management Committee, Town Clerk and Chief Executive, Chamberlain and Chief Officers.

84.82. The Internal Audit Section operates under the requirements of the Public Sector Internal Audit Standards (PSIAS). The City of London's internal audit function was subject to an External Quality Assessment (EQA) by Mazars LLP in February 2017 and assessed as "generally conforms" to the new standard. ~~Most of the recommendations identified during the review have been addressed to ensure that the Internal Audit section fully conforms to the new standards~~ An EQA is undertaken every 5 years in accordance with the PSIAS, with an annual self-assessment undertaken annually.

85.83. The anti-fraud and investigation function continues to be effective in identifying and investigating allegations of fraud and corruption, with mature processes in place to tackle fraud across the City Corporation's social housing estates; along with conducting a wide range of risk based anti-fraud and awareness activities. The Audit and Risk Management Committee is provided with six-monthly anti-fraud and investigation update reports which detail the anti-fraud and investigation activity undertaken by the Anti-Fraud Team and provides progress against the strategic pro-active anti-fraud plan.

### Performance Management

86.84. The corporate business planning framework sets out the planning cycle with clear linkages between the different levels of policy, strategy, target setting, planning and action (the "Golden Thread"). We are looking to make these links more robust in coming years, but the following list describes the current process.

- All departments are required to produce annual departmental business plans and submit high-level summaries of their plans for approval by the relevant service committee(s). These are all clearly linked to the overall Corporate Plan and show key objectives aligned alongside financial and staffing resources. All departments are required to report regularly to their service committees with progress against their business plan objectives and with financial monitoring information. The exceptions are City of London Police, the Guildhall School of Music and Drama and the three independent schools as they are governed and funded differently.
- The same All departments are also required to produce business plan workbooks which list all their workstreams and show linkages to corporate outcomes, strategies and performance indicators so that, once all the information is available, analysis can be undertaken by the Corporate Strategy and Performance Team as to their intended targeted and actual impacts on corporate goals. al business plans are reviewed for compliance with the corporate business planning framework, and regular meetings are held between the Corporate Strategy and Performance Team and business planners.
- ~~All departments are required to report regularly to their service committees with progress against their business plan objectives and with financial monitoring information.~~ In 2019/20, 2020/21 business plans were presented to committee alongside 2020/21 budget estimates for the first time. This was done to provide Members with better information about priorities and departmental resource allocation proposals to promote debate and good decision making. This presented some issues and challenges as departmental business plans do not currently align with committee budgets. The ongoing reviews of the operating model and Member governance arrangements will take these challenges into account. In 2018/19, this was supplemented with enhanced Member scrutiny of 'clusters' of business plans, to identify strategic links between them and progress towards the Corporate Plan aims.

- Performance and Development Appraisals are carried out for all staff. In 2019/20 a new appraisal framework was rolled out which was designed to link directly to the Corporate Plan 2018-23. Performance and Development Appraisals are carried out for all staff, using a standard set of core behaviours. The appraisals are used to set individual objectives and targets and to identify learning and development needs that are linked to business needs. In 2019/20 pPay progression ~~was~~ is linked to performance assessments under the appraisal process but following feedback from staff the approach has been revised and the direct link removed. With effect from February 2020, a new performance development approach has been adopted. The aim of this approach is to help establish a culture of coaching conversations around recognising the value of our employees as well as the organisation maximising its performance and future potential. The coaching conversation approach is aimed at helping to deliver the Corporate Plan objectives and to make sure we have developed the right skills and behaviours across the organisation. There are now no overall assessment criteria on the Appraisal form (i.e. Improvement Required, Good, Very Good or Outstanding) but line managers can make recommendations for a reward to Chief Officers.

85. Following the Fundamental Review, work commenced to design and develop a Corporate Performance Framework which will act as a single source of performance information ~~from~~ Key Performance Indicators across the whole of the City Corporation and enable comparison with publicly held benchmarking data. It is being built in Microsoft PowerBI for ease of analysis, to support the production of easy to understand reports and so that it can be quickly adapted to changes to the operating model and member governance structures. The intention is that it will be used to provide performance information for scrutiny at committee, corporate, strategic, departmental, service and operational levels, as well as in published reports.

87. Performance is communicated to Council Tax and Business Rate payers through the City-wide residents' meetings, the annual business ratepayers' consultation meeting and regular electronic and written publications, including an annual overview of the accounts.

86. ~~In tandem with the development of the new Corporate Plan 2018-23, a new corporate performance management framework is in development. This will be supported by a new appraisals process to be rolled out in 2019/20.~~

#### Audit and Risk Management Committee

88. 87. The Audit and Risk Management Committee is an enhanced source of scrutiny and assurance over the City Corporation's governance arrangements. It considers and approves internal and external audit plans, receives reports from the Head of Audit and Risk Management, external audit and other relevant external inspectorates, including HMICFRS, as to the extent that the City Corporation can rely on its system of internal control. The Committee reviews the financial statements of the City Corporation prior to recommending approval by the Finance Committee and considers the formal reports, letters and recommendations of the City Corporation's external auditors. The Committee also monitors and oversees the City Corporation's Risk Management Strategy. The Committee undertakes a systematic programme of detailed reviews of each of the risks on the City Corporation's Corporate Risk Register.

89. 88. During 20189/2019, the Committee continued its schedule of departmental risk challenge sessions. The Committee reviews the risks and risk management process for each department, on a rotating basis, with one department being invited to each meeting. These reviews are attended by the relevant Chairman and Chief Officer, with



support and challenge applied so that risks are fully understood, and clear mitigation plans are in place. The Committee has also actively promoted a process for the regular reporting of top departmental risks to Service Committees, to encourage all Members to engage with the management of risk.

90-89. The Committee has strongly supported the internal audit function by setting clear performance expectations for Chief Officers in the timely implementation of audit recommendations, as well as ensuring internal audit's independence is fully recognised. ~~It has reviewed the outcome of the Service Based Review of the internal audit function and is overseeing the adoption of a more efficient approach to the targeting of internal audit resources.~~

91-90. The Committee has a link to the Police Performance and Resource Management Sub Committee through the appointment of two of its ~~M~~members to this Sub Committee.

92-91. The Committee has supported the management of the Information Security corporate risk, highlighting the mandatory awareness training for all staff, resulting in a significant increase in the percentage of staff fully completing this training.

93-92. The Committee has taken a keen interest in cyber-security risks and remains committed to supporting the continuous development of cyber security across the City Corporation, including the incorporation into the City Corporation's controls of lessons learned from good practice elsewhere in the private and public sectors.

## **COVID-19 Impact**

93. On 23<sup>rd</sup> March, ~~t~~The Prime Minister announced a period of 'lockdown' for the country to limit the spread of COVID-19. As a result of restrictions on travel and other measures which have been implemented, all staff in the City of London Corporation who were able to work at home were asked to do so, and many of our sites were shut to all but essential workers. The restrictions also mean that the City Corporation has been unable to undertake its decision-making processes and committee meetings in the usual fashion over the recent period. Many committees have been running on an informal basis and ~~only~~ items for ~~M~~member decision ~~only~~ have been reviewed, with decisions being taken under urgency.

94. Elections for committees will not be held this year. Instead the organisation will continue with ~~M~~members currently in place, unless they resign. The introduction of the *Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020* ("the Regulations") is expected to resolve some of the more pressing issues by permitting formal decision-making meetings to be undertaken virtually and facilitating public scrutiny. However, in the interim (and until the implications of these new Regulations can be put into effect), alternative processes have had to be implemented.

95. To allow for greater transparency and public scrutiny, steps have been taken to utilise the existing committee management software to allow for real-time reporting of urgent decisions taken, together with relevant background information. This work is expected to be completed shortly and will allow for improved public scrutiny. This will provide democratic benefits not only during this interim period, but in the longer-term too.

96. There are other areas also that will be affected in the year 2020/21 such as the annual residents' meetings which ~~will~~may need to be carried out by different means if social distancing continues. ~~This is being looked at currently and more information will be available on how this will be done in the near future.~~

## Review of Effectiveness

- ~~94.97.~~ The City Corporation has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the internal auditors and managers within the authority who have responsibility for the development and maintenance of the governance environment and also by comments made by the external auditors and other review agencies and inspectorates.
- ~~98.~~ Processes that have applied in maintaining and reviewing the effectiveness of the governance framework include scrutiny primarily by the Policy and Resources, Finance, Police, Audit and Risk Management, Investment, and Standards Committees; and the Resource Allocation, Police Performance and Resource Management, and Efficiency and Performance Sub Committees.
- ~~95.99.~~ Each year training events and briefing sessions are provided for Members as part of the Member Development Programme to ensure that they are aware of current and emerging issues, how the City Corporation is delivering its services and responding to changing priorities; and the role of decision-makers. Amongst other things, in 2019/20 sessions included, Media Awareness and Social Media; Corporate Parenting and Equality, Inclusion and Diversity.
- ~~96.~~ In September 2019, the Policy & Resources Committee agreed that a comprehensive and independent review of the City Corporation's governance arrangements should be undertaken in parallel with the Fundamental Review. The Court of Common Council endorsed this approach at its October 2019 meeting. As we go into 2020/21, this piece of work is continuing and will conclude later this year subject to COVID-19. This review of the main elements of the City Corporation's governance framework has not identified any significant issues for reporting to senior management.
- ~~100.~~

## Head of Internal Audit's Opinion

- ~~97.~~ The Public Sector Internal Audit Standards require the Head of Internal Audit to deliver an annual internal audit opinion and report that can be used by the City Corporation to inform its Annual Governance Statement. The Head of Internal Audit is satisfied that sufficient quantity and coverage of internal audit work and other independent assurance work has been undertaken to allow them to draw a reasonable conclusion as to the adequacy and effectiveness of the City's risk management, control and governance processes. In their opinion, the City Corporation has adequate and effective systems of internal control in place to manage the achievement of its objectives. In giving this opinion they have noted that assurance can never be absolute and, therefore, only reasonable assurance can be provided that there are no major weaknesses in these processes.
- ~~98.101.~~
- ~~99.~~ Notwithstanding this overall opinion, internal audit's work identified a number of opportunities for improving controls and procedures, which are documented in each individual audit report. Ten areas reviewed in 2018/19 A resulted in 'red' (limited) assurance opinion was provided in 6 of the 65 Internal Audit reviews completed in 2019/20, s. Of note is that four of the six audits finalised in respect of the City of London Police have been assessed as Limited assurance reports, with nine within which, 18 red and 3426 amber priority recommendations were raised. There will be an ongoing focus

on key risk areas within the City of London Police by internal audit, working closely with the Police Authority.

100.102.

101. There remain a significant percentage of recommendations (52%) which are only partially implemented, or had not been implemented or evidence had not been provided to demonstrate implementation by the due date agreed with management. The quality of status updates from some departments falls short of expectations, resulting in additional work for internal audit staff. This issue has been raised with the departments concerned and will be kept under review. These should continue to be focuses for challenge to officers by the Audit & Risk Management Committee. Following an effectiveness review undertaken by the Head of Audit and Risk Management, a revised process has been adopted for following up action taken by management to implement recommendations raised, it is anticipated that the new approach will be more efficient for both management and the Internal Audit team and will result in greater clarity in reporting to Members where significant control weaknesses remain.

102.103.

103.104. Internal audit work continues to identify improvement areas for management; albeit, the overall opinion provided on the City's internal control environment is that it remains adequate and effective. There is a high level of acceptance of recommendations.

## Future Work Programme

104.105. The governance framework is constantly evolving due to service and regulatory developments and assessments. Improvement plans have been compiled in response to the reports and assessments summarised above. Controls to manage principal risks are constantly monitored, in particular for services with statutory responsibilities for the safety of vulnerable people. The City Corporation proposes over the coming year to take the following steps to maintain, develop and strengthen the existing governance framework:

- Review the City Corporation's governance arrangements against the requirements of the CIPFA/Solace framework *Delivering Good Governance in Local Government 2016* and, subject to agreement, following the fundamental review.
- Following the conclusion of the independent Governance Review, implement changes as per agreed recommendations.
- Improve the links made between the different levels of policy, strategy, target setting, planning and action via changes to the business planning process, specifically links to finances and risks.
- Begin/Continue building the Corporate Performance Framework and populating it with/collecting data against a set of outcome-based measures for the whole City Corporation, that demonstrate impact and progress towards delivering the Corporate Plan 2018-23.
- Undertake an annual update for the registration and publication of declarations of interest by the City Corporation's Members and Co-opted Members.
- Provide training events and briefing sessions for Members as part of the Member Development Programme to ensure that they are aware of current and emerging issues, how the City Corporation is delivering its services and responding to changing

priorities; and the role of decision-makers. ~~Forthcoming sessions will focus on Cyber-Security, Charing skills and Rough Sleeping & Homelessness.~~

- Deliver the benefits from the ~~programme of cross-cutting efficiency and effectiveness reviews resulting from options selected as part of~~ the fundamental review and the 2% budget efficiency target.
- Deliver the priority ~~outcomes~~ actions from the updated and refreshed Information Management Strategy:
  - Develop Business Intelligence infrastructure, new reports and analytics ~~developed~~ across the organisation.
  - Deliver ~~C~~ommunications and training on using IM for new ways of working across the organisation.
  - Implement good IM practices including protective marking and classification.
- ~~Implement the new risk appetite framework for the City Corporation, which reflects its capacity to manage risk and willingness to take risk in order to meet the strategic objectives.~~
- ~~Review the City Corporation's risk management strategy and corporate risk register.~~
- ~~Implement the solutions identified following the rReview of programme governance arrangements, to improve the handling of corporate and departmental projects, related to the Project Management software used. This is still a work in progress as it was superseded by the PProject Management Academy. Review programme governance arrangements, to improve the handling of corporate and departmental projects, including reviewing the terms of reference of relevant governance groups and a process for escalating risks to the appropriate levels.~~
- Investigate ISO22301 accreditation for our business continuity services.
- Deliver the extended remit of the Audit & Risk Management Committee to undertake periodic reviews of the risk management procedures, financial capabilities, controls, and safeguarding procedures of the City of London School, the City of London School for Girls, the City of London Freemen's School, the City of London Academies Trust (including its embedded academies) and the City Academies that are free-standing entities.
- Due to COVID-19 the May residents' consultation has been postponed and may end up taking a -different form in 2020 but this is yet to be determined.

This annual governance statement was approved by the City Corporation's Audit and Risk Management Committee on ~~7<sup>th</sup> May~~ 2 June 20192020.

John Barradell

Town Clerk and Chief Executive

Date: ~~20<sup>th</sup> June~~ 2<sup>nd</sup> June 20192020

Catherine McGuinness

Chair, Policy and Resources  
Committee

Date: ~~20<sup>th</sup>-2<sup>nd</sup> June 2019~~May 2020