

Committee(s)	Dated:
Finance Committee	14 June 2022
Subject: Chamberlain's & Chief Operating Officer's Departmental Risk Management – Monthly Report	Public
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 & Chief Operating Officer	For Information
Report author: Hayley Hajduczek, Chamberlain's Department Sam Kay, Chief Operating Officer's Department	

Summary

This report has been produced to provide Finance Committee with an update on the most significant risks faced by the Chamberlain's and Chief Operating Officer's departments.

There are currently no RED risks on the Corporate Risk Register within the responsibility of the Chamberlain or the Chief Operating Officer. There are no RED risks on the Chamberlain's departmental risk register or the Chief Operating Officer's departmental risk register.

The Chamberlain's and Chief Operating Officer's Senior Leadership Teams continue to monitor closely the progress being made to mitigate all risks on the risk register (appendix 1).

Recommendation(s)

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 Committee the key risks faced in their department. Finance Committee has determined that it will receive the Chamberlain's risk register on a quarterly basis with update reports on RED rated risks at the intervening Committee meetings. Due to the changes made to the organisation via target operating model the Chief Operating Officer has taken over the management of the IT division and City Procurement from the Chamberlain, so this report has been written jointly by both departments.

Current Position

2. This report provides an update on the current risks that exist in relation to the operations of the Chamberlain's department and Chief Operating Officer's Department. It is to be noted that there are currently no RED risks on the Chamberlain's or Chief Operating Officer's risk register, however close monitoring continues for all risks.
3. Following discussions at the last meeting of this committee CR35 Unsustainable Medium-Term Finances risk has been refocused to ensure it covers the most significant risks to the City Corporation's the Medium Term Finances. As of this update the risk score remains at 12 (amber). There has been no event to cause a trigger (as agreed by this committee) to increase this score the full detail of this risk can be found in appendix 1.

Conclusion

4. Members are asked to note the actions taken by Chamberlain's Department and Chief Operating Officer's Department to manage all risks. Actions aim to continue monitoring and reducing the risk level and will be reported on at future Finance Committees.

Appendices

- Appendix 1 - Departmental Risk Registers

Background Papers

Quarterly Reports to Finance Committee: Finance Committee Risk

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Appendix 1 - CHB & COO Corporate and departmental

Report Author: Hayley Hajduczek

Generated on: 31 May 2022

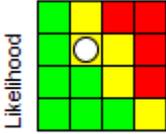
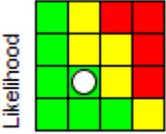


Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CR35 Unsustainable Medium Term Finances	<p>Causes: High inflation –Office for Budget Responsibility forecasting peak in Autumn 2022 Contraction in key income streams and increase in bad debts following post pandemic change in working practices Police Transform programme fails to realise the budget mitigations anticipated within the MTFP Anticipated decline in public sector funding (local government and Police), increasing demands (revenue and capital) and an ambitious programme of major project delivery threaten our ability to continue to deliver a vibrant and thriving Square Mile</p> <p>Event: Inability to contain financial pressures within year (2022/23) and compensatory savings and/or income generation to meet the Corporation’s forecast medium term financial deficit will not be realised.</p> <p>Effects: Additional savings over and above those identified through the Fundamental Review to meet this challenge are required, reserves are utilised and/or services stopped.</p>	Likelihood Impact	12	Retail Price Index rose by 9% and Consumer Price Index rose by 7% in 12 months to March 2022. OBR are forecasting further increases, peaking in Autumn 2022, which will create pressures on service/departmental 2022/23 budgets and on the Housing Revenue Account. Pinch points are currently being identified by finance business partners. Mitigations currently include inflation contingencies and tight financial disciplines. Further mitigations to be discussed at Resource Allocation Sub Away Day in June. Income from investment property and from business rates holding up well. Reserves are not being utilised.	Likelihood Impact	8	31-Mar-2023	

<p>31-May-2022</p> <p>Caroline Al-Beyerty</p>	<p>The City Corporation's reputation is damaged due to failure to meet financial objectives or the need to reduce services / service levels to business and community. Being unable to set a balanced budget which is a statutory requirement for City Fund.</p> <p>Spend is not aligned to Corporate Plan outcomes resulting in suboptimal use of resources and/or poor performance. Stakeholders experiencing reduced services and service closures.</p>			<p>The risk score is being maintained at amber 12, although the trajectory of risk is increasing. No trigger points reached.</p> <p>Possible further mitigations: Review major commitments, including options for re-profiling cyclical works programme.</p> <p>31 May 2022</p>			<p>Accept</p>	<p>Constant</p>
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Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR 35d	<p>Inability of some ratepayers to pay rates due to change in working patterns post pandemic, especially retail, hospitality and leisure sectors.</p> <p>A reduction in demand for office space in the square mile, leading to lower occupation and business rate income.</p> <p>Triggers</p> <ul style="list-style-type: none"> • Change to business rate reset (further deferral will result in a positive impact). • Shift from commercial to residential. • Reduction in Rateable Value (the risk is minimal). • Changes to methodology in business rate calculations. 	<p>Monthly monitoring in place. The 2021/22 collection rate figure is 95.29%, which is 0.97% up on last year and only 2.07% down on 2019/20 (97.36%).</p> <ul style="list-style-type: none"> • The Covid Additional Restriction Relief scheme (CARF) will provide approximately £64m relief to business rate bills. • Collection fund deficit to be factored into the MTFP. • There has been an increase in the amount of empty property resulting in more relief being claimed. • Business Rate appeals linked to COVID have been ruled out due to Govt legislation, but we are seeing an increase in appeals on other grounds. • Impacts will continue to be monitored. 	Phil Black	31-May-2022	31-Mar-2023
CR 35i	<p>Impact on the HRA</p> <ul style="list-style-type: none"> • Rising inflationary pressures in construction costs outstripping rental increases • Delays in residential units coming on stream delaying income • Increasing bad debt / long term reduction in commercial rent • Expenditure risks around recovery of leaseholder contributions Great Arthur house cladding case <p>Inability to fund future major works programme.</p>	<p>There is small upside in the MTFP</p> <ul style="list-style-type: none"> • Prudent assumptions have been used in forecasting when income from new residential units will come on stream. • Additional sources of capital funding including climate actions funding for major works and 106 housing for new build. • Need to monitor identified expenditure risks around recovery of leaseholder contributions • Current works programme prioritised and fully funded as at December 2021. Future works programme following new Asset condition survey will need to be incorporated towards end of the 5-year planning period. • Housing 30 year Business Plan to be updated by the department by September 2022 alongside a review of existing risks'. Interim report will go to Housing Sub Committee in May 2022. 	Mark Jarvis; Paul Murtagh	31-May-2022	31-Mar-2023
CR 35j	<p>Impact of inflation</p> <ul style="list-style-type: none"> • Rising inflationary pressures on energy costs 	<p>The MTFP approved on 10th March 2022 included the following mitigations:</p> <p>1) Inflation contingency held: 3% 22/23 and 1% 23/24 (23/24 includes 2% inflation increase within departments);</p>	Sonia Virdee	31-May-2022	31-Mar-2023

	<ul style="list-style-type: none"> Rising inflationary pressures on construction and labour costs 	<p>2) CF - £3m contingency ringfenced for construction inflation under Major Projects reserve.</p> <p>3) CC - £1m contingency ringfenced for construction inflation under capital programme.</p> <p>Initial exercise to capture key pressure points across CF and CC carried out by Finance Leadership Group and monitoring arrangements being put in place through finance business partners, in liaison with departmental management teams.</p> <p>Mitigations to be discussed at Resource Allocation Sub Committee Away Day, including top up of contingencies from 2021/22 underspends.</p>			
CR35e	<p>A reduction in key income streams and increase in bad Debt</p> <p><i>Triggers:</i> Increase in loss of property investment portfolio income over £5m p.a.</p>	<p>This is being monitored monthly, with action being taken to reduce spend where possible. Budget forecast for 22/23 includes reduced income, with recovery profiled across the medium term. In addition, Chief Officers continue to work with tenants on a payment plan to mitigate potential issues. The moratorium against legal action for recovery has now lifted.</p> <p>Sums to mitigate risk are being held in Reserves - £30m in City Fund.</p>	Sonia Virdee	31-May-2022	31-Mar-2023
CR35k	<p>The effect of the war in Ukraine on finances and sanctions carried out.</p>	<p>Department of Community & Children's Services are monitoring the likely demands on services caused by the situation in Ukraine. The experience with Afghan refugees was that the related costs were fully funded by central government grants, although this will not necessarily be the position with the Ukraine.</p>	Sonia Virdee	31-May-2022	31-Mar-2023
CR35l	<p>Achievement of current Savings Programme – includes flight path savings (Fundamental Review) and securing permanent year on year savings (12%).</p>	<p>Biggest risk relates to Police - £13m p.a. cumulative sustainable savings included in MTFP. To date much has been met with one-off savings.</p> <p>To monitor and manage residual risks to the Police MTFP post-BRP increase (including increased inflation, mitigation delivery risks and new areas of pressure or grant reduction).</p>	Alistair Cook; Sonia Virdee	31-May-2022	31-Mar-2023

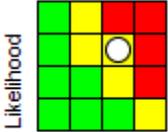
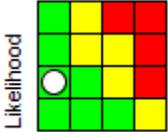
Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CHB 001 Chamberlain's department transformation and knowledge transfer 12-Nov-2021	<p>Cause: The TOM changes are insufficient or implementation of radical change fails. The flexible retirement scheme has been taken up by many long term colleagues who will all be leaving the corporation by March 2022. The TOM is also creating anxiety which in turn could cause colleagues to find roles elsewhere.</p> <p>Event: Culture change is insufficient. Corporate memory is lost. The Chamberlain's Department is not fit for the future.</p> <p>Effect: Chamberlain's Department fails to deliver it's objectives.</p>	 <p>Likelihood</p> <p>Impact</p>	6	<p>The Chamberlain's Department Senior Leadership Team has developed a Target Operating Model proposal which has now begun to be implemented. Recruitment is ow underway where vacancies have been held, with key roles being prioritised.</p> <p>A training plan is under development to provide colleagues with the skills they need to be effective in their roles in the future.</p> <p>The Chamberlains transformation programme is also under development in collaboration with a change partner. Transformation workshops have been held with staff and the outcomes of these are now under review.</p> <p>31 May 2022</p>	 <p>Likelihood</p> <p>Impact</p>	4	31-Mar-2023	
							Reduce	

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB 001a	Team's are working to ensure they have effective knowledge sharing plans in place particularly where there are members of the team preparing for retirement.	SLT have identified areas where lack of knowledge transfer has a potential to occur. Mitigation plans are in train to retain business knowledge to enable business continuity.	Phil Black; Hayley Hajduczek; Kate Limna; Matt Lock; Sonia Virdee	31-May-2022	30-Jun-2022
CHB 001c	Chamberlain's TOM structure design and culture is fit for purpose.	The Chamberlain's target operating model has been carefully designed by SLT and consultation has concluded. Feedback has been carefully considered and final structures have been decided upon. The structure has been built to ensure capacity is in place where it is	Hayley Hajduczek	14-Apr-2022	31-Mar-2023

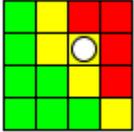
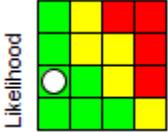
		required. Cultural change plans are to be developed to ensure effect transformation is delivered to maximise the effectiveness of the new proposed structure.			
CHB001b	Colleagues are provided with the training they need to fulfil their role.	A departmental training plan is being developed to ensure colleagues have the skills they need in order to effectively perform within the new structure.	Mark Jarvis	31-May-2022	30-Jun-2022

Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CR29 Information Management 08-Apr-2019 John Barradell	Cause: Lack of officer commitment and investment of the right resources into organisational information management systems and culture. Event: The City Corporation's IM Strategy (2018-2023) is not fully and effectively implemented Effect: <ul style="list-style-type: none"> • Not being able to use relevant information to draw insights and intelligence and support good decision-making • Vulnerability to personal data and other information rights breaches and non-compliance with possible ICO fines or other legal action • Waste of resources storing information beyond usefulness 	 Likelihood	12 Impact	W Drive closedown and move to SharePoint completed New role created to lead on IM in the Digital, Information and Technology Team Chief Officers being provided with local SIRO training 10 May 2022	 Likelihood	6 Impact	30-Jun-2022	
							Reduce	

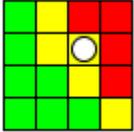
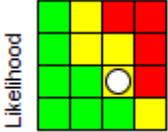
Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR29g IM Audit Actions to be implemented	IM Audit Actions to be implemented	Several audit actions now need to be considered and planned for implementation up to the end of June. Dependent on a resource uplift bid within the IT TOM proposal.	Sam Collins	10-May-2022	30-Jun-2022
CR29h W Drive moved to Sharepoint	W Drive moved to Sharepoint	W: Drive now frozen with a view to remove shortly	Sam Collins	10-May-2022	31-Jul-2022
CR29i Local SIRO training for the Chief Officer Team	Local SIRO training for the Chief Officer Team	Training being delivered to Chief Officers up until the end of May 2022	Nick Senior	10-May-2022	31-May-2022
CR29j IM Maturity Plan	IM Maturity Plan	More detailed mitigation actions for cultural, infrastructure and information tooling to be developed – this is resource dependent and will not start till after the new TOM is implemented in April 2022	Sean Green	10-May-2022	30-Jun-2022

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
COO IT 037 Service transition (time) 19-May-2022 Matt Gosden	Cause: Information is not forthcoming, or decisions are not made in a timely fashion, at the appropriate level. Event: A consensus on the future critical service elements is not reached, or decisions on these are not made in time to ensure delivery by the end of the current contract. Effect: on the future critical service elements is not reached, or decisions on these are not made in time to ensure delivery by the end of the current contract. Further detail is documented in the CPO Risk Register for the programme.	 Likelihood	12	A RACI for the design, decision and approval process, alongside a key decision milestone plan should be produced to ensure the right approvals are obtained from the right people at the right time to ensure progress. 19 May 2022	 Likelihood	2	31-Aug-2023	 Constant

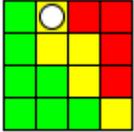
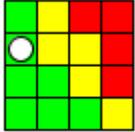
Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
COO IT 037a	Decision milestones	Clearly define and share the key decisions, when they need to be made and by whom with the project team and stakeholders. To be managed by Paul Goodwin	Matt Gosden	20-May-2022	31-Mar-2023

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
COO IT 039 Service transition (quality) 19-May-2022 Matt Gosden	<p>Cause: The new service design (Future Operating Model) is not based on the right information or does not allow for the advancements and investments in technology or processes made by the organisation.</p> <p>Event: The future technology service being designed and delivered by the programme does not evolve through the adaptation of the new technology and/or new processes we have, or will have available.</p> <p>Effect: The service continues to be sub-optimal during and beyond transition, or the Agilisys contract needs to be extended as-is, rather than driving modernisation and cost reduction.</p> <p>Further detail is documented in the CPO Risk Register.</p>	 <p>Likelihood</p> <p>Impact</p>	12	degradation of service during transition and beyond into the FOM; inc cust satisfaction, service availability; contract extensions. 19 May 2022	 <p>Likelihood</p> <p>Impact</p>	2	31-Aug-2023	 Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
COO IT 039a	Ensure FOM designs are practical, achievable and fit for purpose	Using data where available, an factoring in new technology, capability and processes to ensure the new FOM design is practical, efficient and fit for the future purpose for the next 3-5 years.	Matt Gosden	20-May-2022	31-Oct-2022

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COO IT 040 Resilience and complexity 19-May-2022 Matt Gosden	Cause: A lack of end-to-end resilience of critical services remain, or technology areas remain complex. Event: There is a major failure in critical parts of the IT infrastructure, which is difficult to avoid, remediate or recover from. Effect: Significant incident could lead to an impact to productivity of the business with loss of access to Critical systems. Could lead to financial and reputational impact	 Likelihood Impact	12	Although most critical systems are now in the cloud, there remains some elements of our connectivity or technology which remain complex or non-resilient. There is a Business Continuity Plan for IT. The DITs team will plan and deliver a DR test for the next 12 months, consisting of series of tests of the main areas of risk. 19 May 2022	 Likelihood Impact	8	30-Jun-2023	 Constant

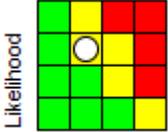
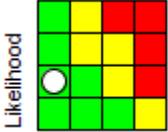
Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
COO IT 040a	Carry out analysis workshop to identify SPoFs and areas of unnecessary complexity.	Workshop to be scheduled prior to end of May 2022.	Matt Gosden	20-May-2022	31-May-2022
COO IT 040b	<i>Plan DR Testing</i>	Implement MS SCCM across all of the estate	Matt Gosden	19-May-2022	30-Jun-2022

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COO IT 034 IT Capacity 19-May-2022 Sam Collins	<p>Cause: The DITS TOM has resulted in several critical vacancies. There has also been two leadership team resignations with the incumbents leaving CoL in June 22.</p> <p>Event: It is likely to take 3-6 months to fill vacancies which will need contractors to back-fill where this is authorised. Contractor costs will place additional pressures on the DITS budget</p> <p>Effect: Staff in post are more stretched. They experience stress and the DITS team fail to deliver against all their requires priorities and SLA's.</p>	 <p>Likelihood</p>	8	<p>Recruitment for all vacancies to be accelerated during June 2022.</p> <p>Monitor stress levels of team and report back to HR Business Partner for mitigating support</p> <p>19 May 2022</p>	 <p>Likelihood</p>	3	31-Oct-2022	 Constant

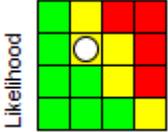
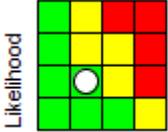
Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
COO IT 34a	Recruitment of vacancies commenced	Vacancy authorisation completed	Sam Collins	19-May-2022	30-Jun-2022

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
COO IT 031 IT Revenue Budget 10-May-2021 Sam Collins	<p>Cause: The DITS team has had a revenue budget cut of £2m for 22/23.</p> <p>Event: There is on-going pressures on the DITS budget from variable spend on licences, storage and unplanned maintenance. There is also DITS contracts that could be subject to in year inflationary pressure. There are unplanned recruitment costs for several vacancies that will need to be filled.</p> <p>Effect:. The DITS budget could be overspent in 2022/23 The services provided by IT to the organisation have already been descoped to achieve the revenue reductions required in this financial year.</p>	<p>Likelihood</p> <p>Impact</p>	6	<p>The DITS budget is monitored monthly with Finance and the COO. DITS are holding some vacancies and will be implementing projects in 22/23 that should reduce revenue spend</p> <p>19 May 2022</p>	<p>Likelihood</p> <p>Impact</p>	4	31-Mar-2023	<p>Decreasing</p>

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
COO IT 31c	Holding Vacancies	Some vacancy savings being achieved from delays in recruiting some senior roles.	Matt Gosden	19-May-2022	30-Sep-2022
COO IT 31d	Implement new Telephony Project to remove Mitel	Project plan in place to remove substantial Telephone costs by end of August 2022	Sam Collins	19-May-2022	30-Sep-2022
COO IT 31e	Cross charge SIP costs to relevant departments	Reporting for cross charging being produced	Samantha Kay	19-May-2022	31-Jul-2022

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
COO IT 035 Recruitment and retention 19-May-2022 Sam Collins	<p>Cause: The recent Target Operating Model exercise and ongoing uncertainty within the Division has led to a number of vacant posts and key individuals leaving the organisation.</p> <p>Event: That the Division fails to successfully recruit to the vacant posts and departing staff result in a significant loss of corporate knowledge and expertise</p> <p>Effect: This results in a general loss of capacity, expertise and knowledge within the division, severely limiting the ability of the division to provide a stable and secure IT Service and Key Programmes of work are disrupted or put at risk.</p>	 <p>Likelihood</p> <p>Impact</p>	6	3 days a week and getting the right people 19 May 2022	 <p>Likelihood</p> <p>Impact</p>	2	30-Sep-2022	Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
COO IT 035a	Progress with recruitment of vacant posts, ensuring that consideration is given to the correct recruitment approach in terms of advertising and partnering with recruiters as required,	Several vacant roles have been advertised and applications have been received, recruitment will now progress to interview. MFS have now been approved for the Architect roles and recruitment should now progress utilising Hays or another recruitment partner.	Sam Collins	23-May-2022	31-Jul-2022

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COO IT 044 Head of profession 20-May-2022 Sean Green	Cause: Failure to establish a Head of Profession role in Corporation due to the Director leaving Event: Disparate technology and standards applied across the Corporation Effect: Wasted investment, lack of economies of scales and increased cyber threats	 Likelihood	6	The role needs to influence stakeholders with Digital and Technology responsibilities and apply consistent good practice and standards across the Corporation and Institutions 20 May 2022	 Likelihood	4	31-Mar-2023	 Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
COO IT 044a	Set up Quarterly meetings with Institutions Heads of IT to exchange best practice	First Meeting arranged	Sam Collins	20-May-2022	31-Oct-2022
COO IT 044b	Review policy and standards to communicate to all Institutions to adopt	Policies being reviewed	Matt Gosden	20-May-2022	30-Sep-2022