CR35 - detailed report excluding completed actions as at 02 Sept 2022

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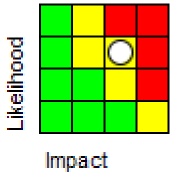
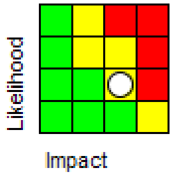
Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CR35 Unsustainable Medium Term Finances	**Causes:** High inflation –Office 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 **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. **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. 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.		**12**	Retail Price Index rose by 11.7% and Consumer Price Index rose by 7.9% in 12 months to May 2022 (up by 2.7% and 0.9% respectively since 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 now include bolstering inflation contingencies from carry forwards and tight financial disciplines. Further mitigations were 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.		**8**	31-Mar-2023	

19-Jun-2020 Caroline Al-Beyerty	Being unable to set a balanced budget which is a statutory requirement for City Fund. 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.			The risk score is being maintained at amber 12, although the trajectory of risk is increasing. No trigger points reached. Further mitigations: Review capital programmes and major commitments; operational property review (surplus/ageing assets), including options for cyclical works programme; untapped income generation. **31 Aug 2022**			Accept	Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR35d	Inability of some ratepayers to pay rates due to change in working patterns post pandemic, especially retail, hospitality and leisure sectors. A reduction in demand for office space in the square mile, leading to lower occupation and business rate income. Triggers • 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.	• 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%). • 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-Aug-2022	31-Mar-2023
CR35e	A reduction in key income streams and increase in bad Debt *Triggers:* *Increase in loss of property investment portfolio income over £5m p.a.*	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	Sonia Virdee	31-Aug-2022	31-Mar-2023

		potential issues. The mortarium against legal action for recovery has now lifted. Sums to mitigate risk are being held in Reserves - £30m in City Fund.			
CR35i	Impact on the HRA • 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 following Great Arthur house cladding case • Inability to fund future major works programme.	• Update report on latest projections for HRA went to to CCS and RASC in July. • Option in the report for use of alternative sources of funding for Fire Safety Works element of Major Works Programme to enable HRA to remain in surplus was agreed. • Need to monitor identified expenditure risks around recovery of leaseholder contributions following the decision not to allow the Appeal of the Great Arthur Cladding case. Overall cost of major works programme will be updated as part of the corporate Capital Review process. • Housing 30 year Financial projections included in the July report. • External review of cost base and opportunities for savings through changes in ways of operating the HRA is expected to report in November.	Mark Jarvis; Paul Murtagh	31-Aug-2022	31-Mar-2023
CR35j	Impact of inflation • Rising inflationary pressures on energy costs • Rising inflationary pressures on construction and labour costs	The MTFP approved on 10th March 2022 included the following mitigations: • Inflation contingency held: 3% 22/23 and 1% 23/24 (23/24 includes 2% inflation increase within departments); • CF - £3m contingency ringfenced for construction inflation under Major Projects reserve. • CC - £1m contingency ringfenced for construction inflation under capital programme. • 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. Mitigations were discussed at Resource Allocation Sub Committee Away Day, furthermore top up of contingencies from 2021/22 underspends have now been agreed.	Sonia Virdee	31-Aug-2022	31-Mar-2023
CR35k	The effect of the war in Ukraine on finances and sanctions carried out.	Department of Community & Children's Services are monitoring the likely demands on services caused by the situation in Ukraine. So far numbers coming to the attention of services has been low and any related costs have been contained within existing budgets.	Sonia Virdee	31-Aug-2022	31-Mar-2023
CR35l	Achievement of current Savings Programme – includes flight path savings (Fundamental Review) and securing permanent year on year savings (12%).	Biggest risk relates to Police - £13m p.a. cumulative sustainable savings included in MTFP. To date much has been met with one -off savings. 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).	Alistair Cook; Sonia Virdee	31-Aug-2022	31-Mar-2023

		Star chamber led by the Chamberlain and Town Clerk are being planned over the summer to ensure departments are achieving savings. This is further supported by Member led bilateral meetings with service areas for departments that have not achieved year on year permanent savings.			