

Appendix 1 - Departmental Risk Register

CHB Corporate and departmental risks - detailed report EXCLUDING COMPLETED ACTIONS

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Generated on: 4 July 2023



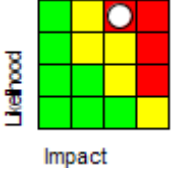
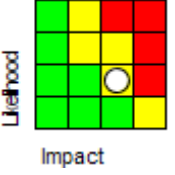
Rows are sorted by Risk Score

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CHB 001 Chamberlain's department transformation and knowledge transfer	<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 its objectives.</p>	<p>Liellwood Impact</p>	16	<p>Three of the four teams within Chamberlain's are now fully resourced and the CIO function commenced in January.</p> <p>A key risk remains within Financial Services Division- Recruitment is underway where vacancies have been held, with key roles being prioritised. Management is deploying temps and external expertise where there are significant gaps to support the current team until permanent positions are filled.</p> <p>There is considerable pressure on existing staff and risk of not meeting key deadlines on transformation.</p>	<p>Liellwood Impact</p>	4	31-Mar-2024	

12-Nov-2021 Caroline Al-Beyerty				<p>However, a plan is underway to support the team to get back on track.</p> <p>Following a series of workshops teams are now working on implementation of transformation action plans.</p> <p>15 May 2023</p>					Reduce	Constant
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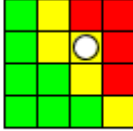
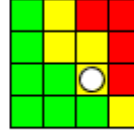
Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB001a	Teams are working to ensure they have effective knowledge sharing plans in place particularly where there are members of the team preparing for retirement.	All areas have now successfully transitioned through this period successfully.	Sonia Virdee	30-June-2023	31-Mar-2024
CHB001b	Colleagues are provided with the training they need to fulfil their role.	<p>Several courses have been designed and delivered to address current needs:</p> <ol style="list-style-type: none"> 1. Introductory Power BI course was offered to staff in May, to respond to reporting and displaying data upskilling. 2. P2P Housekeeping training was offered to AP Code Providers and PO Requisitioners in June. 3. Pilot Budget Holder training was carried out with the Environment Department. <p>All training courses received positive feedback.</p> <p>The departmental Learning & Engagement Board was re-launched on 21 June with a renewed vision, terms of reference and refined learning objectives.</p>	Mark Jarvis/Sarah Wall	30-June-2023	31-Mar-2024
CHB001c	Chamberlain's TOM structure design and culture is fit for purpose.	A culture and values workshop was held in November for all staff to allow colleagues across Chamberlain's the opportunity to shape the departmental culture. An action plan was subsequently produced in response to the feedback provided and progress will be reported at the all staff call in July. The final part of the Chamberlain's Departmental Vision has been finalised as a result based on discussions held at the all staff event which includes the behaviours we want to see exhibited by colleagues across the team. This vision will be used within the corporate appraisal process to ensure a continuation of the golden thread. This information was shared with all colleagues at the March all staff call and has been shared on our Departmental intranet.	Anna Flashman	30-June-2023	31-Mar-2024

CHB001d	The corporate recruitment moratorium has lead to a significant number of vacancies being held across the department leaving gaps in capacity.	<p>Vacancies across Chamberlain's have now been filled with the exception of a number remaining in the Financial Services team. A multiagency recruitment campaign took place during April to fill 5 critical vacancies, a total of 18 external and 1 internal applicants applied, of which two roles were filled successfully. There still remains 7 permanent positions to recruit to (including the Chief Accountant role), plus Trainee Graduates and Apprentices (underway). - It is an employee's market and inducements are being offered by other employers with higher rates and working from home flexibility. The previous round of recruitment was extremely challenging, with a long list of 29 candidates, 11 candidates were shortlisted. 6 candidates pulled their application due to wanting to work from home full time. Market Forces Supplement (MFS) – has now been considered, an update was taken to this committee in April.</p> <p>Resignation of the Assistant Director and Chief Accountant positions moved the risk rating to red, placing a considerable amount of pressure on existing staff and adding further risk of not meeting key deadlines on transformation. An interim Assistant Director has been appointed. The Permanent Assistant Director position has been successfully recruited to with a start date of 31 July. Recruitment to the Chief Accountant permanent position has been paused, following the appointment of an interim Chief Accountant, to ensure consistency of approach during accounts preparation and to refocus efforts on other vacant positions.</p> <p>A renewed focus is taking place on 'training our own' through a wider apprenticeship programme and graduate trainee recruitment.</p>	Sonia Virdee	30-June-2023	31-Mar-2024
CHB001e	Following the resignation of the Assistant Director the team are now required to reprioritise to focus on core financial work including statutory deadlines, due to the capacity gap that this vacancy creates along with those already existing within the team.	<p>A plan has been drawn up by the team to ensure most pressing work is covered, which will lead to some work being deprioritised in the interim and a possible shift in target completion dates.</p> <p>An update on FSD was taken to this committee in April with 3 key priorities focusing on 1) well being of staff; 2) recruitment 3) getting the basics done, next update will be provided in September.</p>	Sonia Virdee	30-June-2023	31-Mar-2024

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CR38 Unsustainable Medium Term Finances - City's Cash 31-Oct-2022 Caroline Al-Beyerty	<p>Causes: High inflation –Office for Budget Responsibility forecasting peak in Autumn 2023 and although predicted to fall over the next two years, embedded increases. Construction inflation running at 5% for 2023/24. Contraction in key income streams and increase in bad debts following post pandemic change in working practices still continues into 2023.</p> <p>Event: Inability to contain financial pressures within year and deliver sustainable savings already baked in and/or increase income generation not realised requiring further draw down on Reserves. Inability to contain construction inflation or inability to rescope capital schemes within budgets.</p> <p>Effects: Additional savings over and above those identified 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. Inability to deliver capital programme and major projects within affordability parameters. 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>		16	<p>Refer CR35 for Price Index and inflation rates.</p> <p>The 5 year financial forecast was approved by Court of Common Council on 9th March, however the risk remains at red as City’s Cash is unable to levy taxes in the same way City Fund can – City’s Cash long term financial plan is running at a deficit which still needs to be addressed.</p> <p>15 June 2023</p>		8	31-Mar-2024	↓
							Reduce	Decreasing

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR38a	<p>Impact of inflation</p> <ul style="list-style-type: none"> • Rising inflationary pressures on energy costs • Rising inflationary pressures on construction and labour costs 	<p>The five year financial plan was approved by Court of Common Council on 9 March:</p> <p>2023/24 base budgets include 2% uplift plus increase in base to support July 2022 pay award.</p> <p>Mitigations approved by CoCo in March 2023 include: central contingencies held to support new pay pressures; carry forwards from 2022/23 underspends to support one-off pressures; transformation funding held centrally to support Resource Prioritisation Refresh workstreams</p>	Sonia Virdee	30-June-2023	31-Mar-2024

		<p>and the culture shift. Additional funding allocated to support the backlog of urgent Cyclical Works Programme.</p> <p>£3m contingency ringfenced for urgent health and safety works under capital programme.</p> <p>An update on the five year financial plan was presented to RASC away day, with recommendations on 2024/25 budget setting.</p>			
CR38b	<p>Impact of construction inflation on capital programme:</p> <ul style="list-style-type: none"> • Major projects • Business as usual capital programme <p>Remain within the financial envelopes approved for major projects</p>	Refer to CR35c.	Sonia Virdee	30-June-2023	31-Mar-2024
CR38e	<p>A reduction in key income streams and increase in bad Debt</p> <p><i>Triggers:</i> <i>Increase in loss of property investment portfolio income over £5m p.a.</i></p>	<p>This is being monitored monthly, with action being taken to reduce spend where possible.</p> <p>Budget forecast for 22/23 included 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.</p>	Phil Black; Sonia Virdee	20-June-23	30-Jun-2024
CR38f	<p>Achievement of current Savings Programme – includes flight path savings (Fundamental Review) and securing permanent year on year savings (12%).</p>	<p>The five year financial plan provides recommendations for one-off cost pressures and on-going pressures, now approved via the carry forward process on 30 June, this also included approval of £3.5m central contingency to support unforeseen inflationary pressures</p> <p>An officer Star Chamber took place during May/June to review savings yet to be delivered during 2023/24 and was presented to RASC sub away day.</p>	Sonia Virdee	30-June-2023	31-Mar-2024

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
<p>CR35 Unsustainable Medium Term Finances - City Fund</p> <p>19-Jun-2020 Caroline Al-Beyerty</p>	<p>Causes: High inflation – Office for Budget Responsibility forecasting peak reached Autumn 2022 and although predicted to fall over the next two years, embedded increases. Construction inflation running at 5% for 2023/24. Contraction in key income streams and increase in bad debts following post pandemic change in working practices still continues into 2023/24. 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 (2023/24) and deliver sustainable savings already baked in and/or increase income generation to meet the Corporation’s forecast medium term financial deficit will not be realised. Inability to contain construction inflation or inability to rescope capital schemes within budgets. Effects: Additional savings over and above those identified 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. Being unable to set a balanced budget which is a statutory requirement for City Fund. Inability to deliver capital programme and major projects within affordability parameters. 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>Likelihood</p> <p>Impact</p>	<p>12</p>	<p>Retail Price Index rose by 13.7% and Consumer Price Index rose by 8.7% in 12 months to May 2023. Inflation is predicted to fall 6.1% in 2023, however increases are feared to be embedded creating pressures on service/departmental 2023/24 budgets to make further savings.</p> <p>Construction inflation is forecast at 5% for 2023/24</p> <p>The Bank of England base rate rose to 5.0% on 22 June 2023 and is expected to rise further to 6%.</p> <p>The risk has reduced, the medium term financial plan was approved by Court of Common Council on 9 March, which includes contingency measures to support 2023/24 pressures.</p> <p>15 Jun 2023</p>	 <p>Likelihood</p> <p>Impact</p>	<p>8</p>	<p>31-Mar-2024</p> <p>Reduce</p>	<p>■</p> <p>Constant</p>

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR35a	<p>Impact of inflation</p> <ul style="list-style-type: none"> • Rising inflationary pressures on energy costs • Rising inflationary pressures on construction and labour costs 	<p>2023/24 base budgets include 2% uplift plus increase in base to support July 2022 pay award.</p> <p>Mitigations approved by CoCo in March 2023 include: increase in Business Rate Premium; rise in core Council Tax and Adult Social Care; rise in HRA rents; central contingencies held to support new pay pressures; carry forwards from 2022/23 underspends to support one-off pressures; transformation funding held centrally to support Resource Prioritisation Refresh workstreams and the culture shift.</p> <p>Identified inflationary pressures are well within the contingencies held, in addition, interest rates are giving a welcome boost to City Fund finances.</p> <p>The £30m ringfenced reserves released to support the backlog of urgent Cyclical Works Programme.</p> <p>£3m contingency ringfenced for urgent health and safety works under capital programme.</p> <p>An update on the medium term financial plan was presented to RASC away day, with recommendations on 2024/25 budget setting.</p>	Sonia Virdee	30-June-2023	31-Mar-2024
CR35b	<ul style="list-style-type: none"> • Capital schemes forecast to exceed budget. • Review of HRA commissioned and due to report at the end of November 2022. • 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. • Housing 30 year financial projects have been completed. 	<p>Close monitoring of capital schemes is required during 2023/24. Regular reporting of capital forecasts is now planned into the forward plan.</p> <p>Review of HRA commissioned from Savills reported to Finance in May. Housing are now looking at detailed options following up on the report, to come back to Committee for agreement in the autumn. A separate review has been commissioned by the Town Clerk</p> <p>Need to continue to monitor identified expenditure risks around recovery of leaseholder contributions following the decision not to allow the Appeal of the Great Arthur case.</p> <p>The latest five year financial projections show the revenue funding position remains precarious and vulnerable to revenue overspends or significantly rising capital costs (leading to higher loan repayments and interest charges)</p>	Mark Jarvis; Paul Murtagh	30-June-2023	31-Mar-2024
CR35c	Remain within the financial envelopes approved for major projects	For Major Projects – Capital Buildings Board monitors delivery within the revised budget envelopes. Monthly updates on the cash flow requirements on the major projects are provided to Policy and Resources Committee, Investment Board and Finance Committee to understand the investment/asset disposal strategy. Regular reporting on the major projects programmes will be presented to Capital Buildings Board, Finance Committee, and Policy and Resources Committee monthly and draw down requirements to the Investment Committee.	Sonia Virdee	30-June-2023	31-Mar-2024

CR35f	Achievement of current Savings Programme – includes flight path savings (Fundamental Review) and securing permanent year on year savings (12%).	<p>Biggest risk relates to Police - £12m+ p.a. cumulative savings included in MTFP, including £4.6m savings for 23/24 onwards. There remains a continuing risk to sustaining the delivery of savings of this scale, alongside delivering against the National Officer Uplift programme. Increase in Business Rates Premium approved by CoCo in March 2023 helps mitigate future Police deficits.</p> <p>The medium term plan provides recommendations for one-off cost pressures and on-going pressures, now approved via the carry forward process on 30 June, this also included approval of £10.2m central contingency to support unforeseen inflationary pressures.</p> <p>An officer star chamber was held during May/June to review savings yet to be delivered during 2023/24 and was presented to RASC sub away day.</p>	Alistair Cook; Sonia Virdee	30-June-2023	30-Jun-2023
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