

CHB Corporate and departmental risks - detailed report EXCLUDING COMPLETED ACTIONS

Report Author: Leah Woodlock

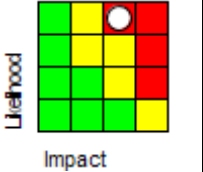
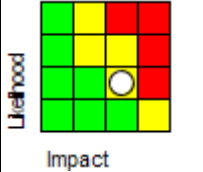

Generated on: 19 October 2023



Rows are sorted by Risk Score

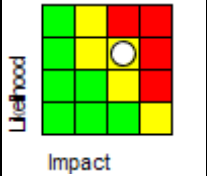
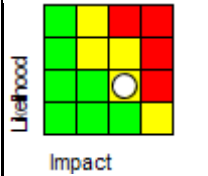

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CHB 002 Housing Revenue Account Financials 16-Oct-2023 Mark Jarvis; Sonia Virdee	Cause: • Increased running repairs and maintenance costs due to inflationary pressures, management costs and depreciation charges. Also, potential issue around non-recoverability of elements of service charge costs due to inadequate s20 consultation process Event: • Inability to contain financial pressures on the Housing Revenue Account, need to have a balanced budget. Effect: • The City Corporation’s reputation is damaged due to failure to deliver housing services.		16	The latest financial position on the overall HRA, including the reviews noted above will form part of the HRA Estimates report to be presented in the autumn. Note the previous five year financial projections show the revenue funding position remained precarious and vulnerable to revenue overspends or significantly rising capital costs (leading to higher loan repayments and interest charges). Counsel opinion being sought on the S20 service charge recoverability issue. 16 Oct 2023		8	31-Mar-2025	
							Reduce	

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB002a	Close monitoring of capital schemes is required during 2023/24, update to be provided in regular reporting of capital forecasts next due in early November. Continue to monitor the risk around non-recovery of leaseholder contributions to capital projects following the Great Arthur cladding case decision.	Close monitoring of capital schemes is required during 2023/24, update to be provided in regular reporting of capital forecasts next due in early November. Continue to monitor the risk around non-recovery of leaseholder contributions to capital projects following the Great Arthur cladding case decision.	Mark Jarvis	16-Oct-2023	31-Mar-2024
CHB002b	Impact of inflation - capital schemes forecast to exceed budget as well as much increased repairs and maintenance and energy costs	<p>The Savills report identified high repairs and maintenance costs, management costs and depreciation charges. The relatively high level of the depreciation charge is being reviewed as part of the Estimates process. At the same time the level of the internal recharge to the HRA is being investigated as part of a City wide review.</p> <p>The current repairs and maintenance contract has had to be extended but will be re-procured as soon as feasible. Further controls on R&M spend to be implemented by Housing.</p>		17-Oct-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 2022 and although predicted to fall over the next two years, embedded increases. Construction inflation running at 4% 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 (2022/23) 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>The five-year financial plan provides recommendations for one-off cost pressures and ongoing 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> <p>16 Oct 2023</p>		8	31-Mar-2023	 Constant
							Reduce	

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR38a	Impact of inflation <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	11-Jul-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	11-Jul-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 and this continues to prove effective.</p>	Phil Black; Sonia Virdee	31-Aug-2023	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.</p> <p>Quarterly revenue monitoring undertaken to ensure departments have appropriate plans in place to meet savings. High risk departments are undertaking monthly revenue monitoring.</p> <p>An officer Star Chamber was held during June which was to review savings yet to be delivered during 2023/24 and was presented to RASC sub away day.</p>	Sonia Virdee	16-Oct-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
CR35 Unsustainable Medium Term Finances - City Fund 19-Jun-2020 Caroline Al-Beyerty	<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.</p> <p>Construction inflation running at 4% 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.</p> <p>Police Transform programme fails to realise the budget mitigations anticipated within the MTFP.</p> <p>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 (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.</p> <p>Effects: Additional savings over and above those identified to meet this challenge are required, reserves are utilised and/or services stopped.</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>Inability to deliver capital programme and major projects within affordability parameters.</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>		12	<p>Consumer Price Index rose by 6.8% in 12 months to July 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 4% for 2023/24.</p> <p>The Bank of England base rate rose to 5.25% on 03 August 2023 and remained at this level following the September MPC meeting; there is an expectation that it will rise further to 5.5%.</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>		8	31-Mar-2024	
		Reduce		Constant				

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	16-Oct-2023	31-Mar-2024
CR35b	<ul style="list-style-type: none"> • Impact of inflation – capital schemes forecast to exceed budget as well as much increased repairs and maintenance and energy costs. • 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. 	<p>Close monitoring of capital schemes is required during 2023/24, update to be provided in the regular reporting of capital forecasts, first forecast presented to Finance Committee in October. Continue to monitor the risk around non-recovery of leaseholder contributions to capital projects following the Great Arthur cladding case decision.</p> <p>The Savills report identified high repairs and maintenance costs, management costs and depreciation charges. The relatively high level of the depreciation charge is being reviewed as part of the Estimates process. At the same time the level of the internal recharge to the HRA is being investigated as part of a City wide review.</p> <p>The current repairs and maintenance contract has had to be extended but will be re-procured as soon as feasible. Further controls on R&M spend to be implemented by Housing.</p> <p>The latest financial position on the overall HRA, including the reviews noted above will form part of the HRA Estimates report to be presented in the autumn. Note the previous five year financial projections show the revenue funding position remained precarious and vulnerable to revenue overspends or significantly rising capital costs (leading to higher loan repayments and interest charges).</p>	Mark Jarvis; Paul Murtagh	16-Oct-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	Sonia Virdee	16-Oct-2023	31-Mar-2024

		<p>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.</p> <p>Capital financing options was presented to RASC sub away day, further discussions with RASC took place on 5th September.</p> <p>The Capital Finance Strategy for the Major Projects programme, included as an agenda item to this committee.</p>			
CR35f	Achievement of current Savings Programme – includes flight path savings (Fundamental Review) and securing permanent year on year savings (12%).	<p>The medium-term-financial plan provides recommendations for one-off cost pressures and on-going pressures.</p> <p>Quarterly revenue monitoring undertaken to ensure departments have appropriate plans in place to meet savings. High risk departments are undertaking monthly revenue monitoring.</p> <p>An officer Star Chamber was held during June which was to review savings yet to be delivered during 2023/24 and was presented to RASC sub away day.</p>	Alistair Cook; Sonia Virdee	16-Oct-2023	31-Dec-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 Caroline Al-Beyerty	<p>Cause: The TOM changes are insufficient or implementation of radical change fails. The impact of the flexible retirement scheme has been taken up by many long term colleagues leaving the corporation in 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>		6	<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 but is reducing within Financial Services.</p> <p>Recruitment is underway where vacancies have been held, with key roles being prioritised. A number of key roles have been appointed too. Management is deploying temps and external expertise where there are significant gaps to support the current team until permanent positions are filled.</p> <p>The Learning and Engagement Board has been relaunched to support and develop staff.</p> <p>16 Oct 2023</p>		4	31-Mar-2024	
							Reduce	

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB001b	Colleagues are provided with the training they need to fulfil their role.	<p>The departmental Learning & Engagement Board was re-launched on 21 June with a renewed vision, terms of reference and refined learning objectives.</p> <p>An all staff learning survey has been circulated to request feedback on individual needs.</p> <p>A skills matrix review is planned to independently analyse strengths and areas for improvement for Chamberlain's staff.</p>	Mark Jarvis	16-Oct-2023	31-Mar-2024

		Key workstreams for the board have been identified.			
CHB001c	Chamberlain's TOM structure design and culture is fit for purpose.	<p>A culture and values workshop was held in November 2023 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.</p> <p>A number of actions sit within the workplan for the Learning and Engagement Board and within the empowering transformation workstreams which will be delivered throughout 2023/24 and 2024/25.</p> <p>Progress was reported on the action plan to staff and a further update will be provided to staff in November.</p>	Hayley Hajduczek	16-Oct-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.</p> <p>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 to support the transformation programme. The Permanent Assistant Director started on 31 July. The Chief Accountant permanent position has been appointed, to start in January 24 the interim Chief Accountant will remain to support the handover.</p> <p>A renewed focus is taking place on 'training our own' through a wider apprenticeship programme and graduate trainee recruitment.</p>	Sonia Virdee	16-Oct-2023	31-Mar-2024
CHB001e	Following the resignation of the previous 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.	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.	Sonia Virdee	16-Oct-2023	31-Mar-2024

		An update on FSD was taken to this committee in April and September with 3 key priorities focusing on 1) well-being of staff; 2) recruitment 3) getting the basics done. A verbal update will be provided in December.			
CHB001f	Ensure procedure notes are in place, accurate and current. To avoid loss of critical knowledge and best practice approaches to departmental tasks and responsibilities.	<p>A project has been at the July Chamberlain's Senior Leadership team meeting to identify the current procedure notes available and gaps across the department.</p> <p>The project proposes to review the quality, accuracy and validity of the procedure notes. It is requested that line managers coordinate their teams response. Draft procedure notes are due at the end of October for review.</p>		16-Oct-2023	31-Dec-2023

