

Appendix 1 - Departmental Risk Register

## CHB Corporate and departmental risks - detailed report EXCLUDING COMPLETED ACTIONS

**Report Author:** Leah Woodlock  
**Generated on:** 16 November 2023



Rows are sorted by Risk Score

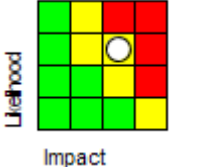
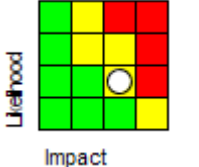

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
<b>CHB 002 Housing Revenue Account Financials</b>  16-Oct-2023 Mark Jarvis; Sonia Virdee	<b>Cause:</b> • 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  <b>Event:</b> • Inability to contain financial pressures on the Housing Revenue Account, need to have a balanced budget.  <b>Effect:</b> • The City Corporation’s reputation is damaged due to failure to deliver housing services.	 Lielfhood Impact	<b>16</b>	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.  <b>16 Oct 2023</b>	 Lielfhood Impact	<b>8</b>	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. 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 due in the HRA estimates and revised 5 Year Plan in January. Continue to monitor the risk around non-recovery of leaseholder contributions to capital projects following the Great Arthur cladding case decision.	Mark Jarvis	2816-Nov-2023	31-Mar-2024
CHB002b	Continuous monitoring of the 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 level of the internal recharge to the HRA is being reviewed as part of a City wide recalibration however this will not impact the current years estimates.</p> <p>The current repairs and maintenance contract has had to be extended by one year but is being re-procured for the following period. Further controls on the repairs and maintenance contract spend are being implemented by Housing.</p> <p>The calculation of the depreciation charge has been reviewed with external valuers and significantly reduced accordingly – this will offset some of inflationary revenue pressures. The latest 2023/24 position and 2024/25 draft Estimates show a finely balanced position.</p>	Mark Jarvis	28-Nov-2023	31-Mar-2024

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<b>CR38</b> <b>Unsustainable Medium Term Finances - City's Cash</b>  31-Oct-2022 Caroline Al-Beyerty	<p><b>Causes:</b> 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><b>Event:</b> 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><b>Effects:</b> 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. 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>	 Likelihood Impact	<b>16</b>	<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><b>16 Oct 2023</b></p>	 Likelihood Impact	<b>8</b>	31-Mar-2024	 Constant
							Reduce	

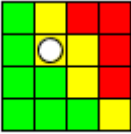
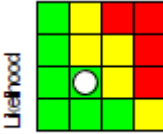

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR38a	Continuous monitoring of the impact of inflation <ul style="list-style-type: none"> <li>• Rising inflationary pressures on energy costs</li> <li>• Rising inflationary pressures on construction and labour costs</li> </ul>	<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"> <li>• Major projects</li> <li>• Business as usual capital programme</li> </ul> <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></p> <p><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	21/11/23	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.</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

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<p><b>CR35</b> <b>Unsustainable Medium Term Finances - City Fund</b></p> <p>19-Jun-2020 Caroline Al-Beyerty</p>	<p><b>Causes:</b> 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 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. (Real terms) Loss in Police funding sources combined with requirement to maintain officer numbers. 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. <b>Event:</b> 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. <b>Effects:</b> 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>		12	<p>Consumer Price Index rose by 4.7% in 12 months to October 2023, which is down from 6.3% to September. Inflation is 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> <p><b>28 Nov 2023</b></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"> <li>• Rising inflationary pressures on energy costs</li> <li>• Rising inflationary pressures on construction and labour costs</li> </ul>	<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"> <li>• Impact of inflation – capital schemes forecast to exceed budget as well as much increased repairs and maintenance and energy costs.</li> <li>• 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.</li> </ul>	<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 January 2024. 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	28-Nov-2023	31-Mar-2024
CR35c	<p>Remain within the financial envelopes approved for major projects</p>	<p>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.</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>	Sonia Virdee	16-Oct-2023	31-Mar-2024

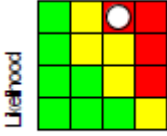
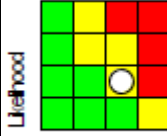

CR35f	Achievement of current Savings Programme – includes flight path savings (Fundamental Review) and securing permanent year on year savings (12%).	<p>The medium-term-financial plan provides recommendations for one-off cost pressures and on-going pressures.</p> <p>Quarterly revenue monitoring undertaken 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> <p>Police mitigation plans monitored by Police Authority Board quarterly.</p>	Sonia Virdee; Alistair Cook	27-Nov-2023	31-Dec-2023
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<b>CHB 001 Chamberlain's department transformation and knowledge transfer</b>  12-Nov-2021 Caroline Al-Beyerty	<b>Cause:</b> 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.  <b>Event:</b> Culture change is insufficient. Corporate memory is lost. The Chamberlain's Department is not fit for the future.  <b>Effect:</b> Chamberlain's Department fails to deliver its objectives.	 Likelihood Impact	<b>6</b>	A key risk remains but is reducing within Financial Services.  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.  The Learning and Engagement Board has been relaunched to support and develop staff. The board are considering options to deliver a skills matrix assessment to understand the learning needs and requirements across the department.  <b>28 Nov 2023</b>	 Likelihood Impact	<b>4</b>	31-Mar-2024	  Decreasing
							Reduce	

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB001b	Ensure that all colleagues are provided with the training they need to fulfil and succeed within their roles.	The departmental Learning & Engagement Board was re-launched on 21 June with a renewed vision, terms of reference and refined learning objectives.  An all-staff learning survey has been circulated to request feedback on individual needs.  A skills matrix review is planned to independently analyse strengths and areas for improvement for Chamberlain's staff.	Phil Black	21/11/23	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 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>In support of the FSD business partners transitioning to a matrix structure, a session outlining the benefits and practicalities was delivered to all FSD staff at the Away Day held in November.</p>	Anna Flashman	28-Nov-23	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.</p> <p>A renewed focus is taking place on 'training our own' through a wider apprenticeship programme and graduate trainee recruitment.</p> <p>The Chief Accountant role has successfully been recruited too.</p>	Sonia Virdee	28-Nov-23	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.	<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 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.</p>	Sonia Virdee	28-Nov-23	31-Mar-2024
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. Findings show that transactional services within Chamberlain's have a series of comprehensive procedure notes in place.</p> <p>Following the implementation of the Matrix working, procedure notes will be developed for Business Partnering service, depicting best practices and standardisation (where appropriate).</p>	Leah Woodlock	28-Nov-23	31-Dec-2023

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COO DITS 045 PSTN Switch Off 2025  18-Aug-2023 Zakki Ghauri	<p><b>Cause:</b> BT will retire their PSTN (Copper) Network at the end of 2025. Rendering all current connections redundant.</p> <p><b>Event:</b> All current PSTN (Copper) connections will become unusable by the end of 2025. Forcing an upgrade to digital fibre or mobile services.</p> <p><b>Effect:</b> All of our PSTN connections will cease at the end of 2025. This is in the range of 8,500 connections, which are linked to Lift/BMS/Fire Alarms and Door entry systems. Should these systems fail to be upgraded by the end of 2025, this could lead to essential services being inactive, without anyone being aware. This work will have significant financial impact to complete and failure to complete will have significant reputational impact</p>	 <p>Likelihood</p> <p>Impact</p>	16	<p>New risk - PSTN Switch Off to be discussed at the next risk assessment with SLT.</p> <p>No funding is currently available to initiate remediation.</p> <p><b>This is in the process of being moved to a Corporate risk</b></p> <p><b>08 Nov 2023</b></p>	 <p>Likelihood</p> <p>Impact</p>	8	31-Dec-2025	  Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
COO DITS 045a	Investigations into the entire estate	BA is required to complete investigations and formulate remediation plan	Chris Rawding	08-Nov-2023	31-Dec-2023
COO DITS 045b	Funding – Start Captial Bid/Gateway Process	Seed funding required to investigate the size of the issue.	Chris Rawding	08-Nov-2023	31-Dec-2023