

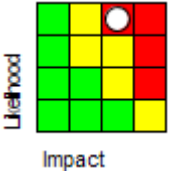
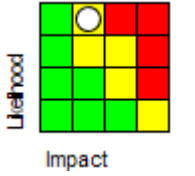

Corporate risks - detailed report EXCLUDING COMPLETED ACTIONS

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Generated on: 14 November 2023



Rows are sorted by Risk Score

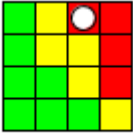
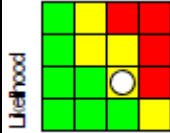
Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CR37 Maintenance and Renewal of Corporate Physical Operational Assets (excluding housing assets)	<p>Cause: Poor property condition combined with insufficient budget allocation to maintain assets in line with strategy/ commitments/expectations.</p> <p>Event: Misalignment between funding available and that required by the asset (as defined by the relevant Asset Management Strategy).</p> <p>Impact: Built estate becomes not fit for purpose / functions / occupancy. Cost of maintenance and utility costs increases, placing further pressure on City resources. In extreme circumstances there will be H&S implications, leading to potential enforcement action, legal action by tenants or asset failure in whole or part with detrimental effects leading to impact on occupiers</p>		<p>16</p>	<p>The main driver of this risk is the adequacy of funding to manage and mitigate asset risks.</p> <p>This risk is corporate wide, so extending to sites where asset accountability sits with the relevant Premises Controller in occupation.</p> <p>This risk includes the Barbican and the Guildhall School of Music and Drama (GSMD). At these sites there is a requirement to ensure an appropriate experience for audiences, performers, students and staff, to sustain their business models. Similarly, sites across the Environment Department, including the City’s off-street car parks; the CoL Cemetery and Crematorium; and the Natural Environment Division’s green spaces, are open to the public – so adequate funding is critical to manage H&S and reputational impacts.</p> <p>The risk was discussed in depth at the organisation’s Chief Officer Risk Management Group meeting. It was agreed that having a single risk in relation to maintenance and renewal’ was correct for the organisation (as opposed to multiple related risks), and the scoring was also considered.</p> <p>The Guildhall Renewal Programme was considered by the Senior Leadership Team in November.</p>		<p>8</p>	<p>31-Mar-2024</p>	

04-Nov-2019 Paul Wilkinson				<p>Delays to the renewal will increase property related risks, and this is highlighted in the actions below.</p> <p>Whilst funding remains the overriding mitigation, the City Surveyor is working to ensure that accountability and responsibilities for maintenance is understood across the organisation. Where gaps in expertise or capacity exist, the City Surveyor is looking to develop solutions with the Premises Controllers in line with his role as the Head of Profession.</p> <p>12 Nov 2023</p>			Reduce	Constant
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Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR37a	Cyclical Works Programme (CWP)	<p>The Cyclical Works Programme (CWP) is the principal way that the backlog of asset maintenance is delivered to Corporate properties (excluding ring-fenced assets).</p> <p>A paper was presented to Operational Property and Projects Sub Committee (OPPS) in April 2023, and subsequently to Resource Allocation Sub Committee (RASC) in June. This identified a funding requirement of circa £133m. This funding would address the repair backlog over a three-year period (including currently outstanding works plus those due over this time horizon).</p> <p>Colleagues in Chamberlain's Department are exploring funding options for this quantum of works, and the City Surveyor is supporting this work by providing data/intelligence on the works required. The objective is to get a clear steer in January in relation to prioritisation and financing.</p>	Peter Collinson; Sonia Virdee; Paul Wilkinson	10-Nov-2023	31-Mar-2024
CR37b	Ring fenced properties and budgets (CoLP estate, New Spitalfields, Billingsgate and the three private schools	The City Surveyor's Department (CSD) is communicating with ring fenced departments to identify appropriate building maintenance requirements and spend (forward maintenance). These departmental occupiers allocate their own funds for the maintenance of the built assets. Whilst CSD recommends work to be undertaken, it is the occupying department who holds the budget responsibility and thus decides with final control over maintenance activity.	Paul Wilkinson; Peter Young	10-Nov-2023	31-Mar-2024

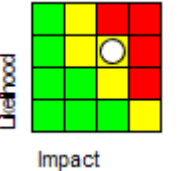
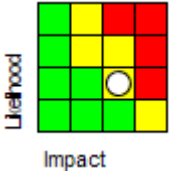

		<p>This element is being mitigated through the delivery of the recommendations arising from the recent Internal Audit. Whilst there has been progress in some areas, the actions have not been implemented comprehensively across the Corporation.</p> <p>CSD continues to review risks held by departments across the organisation to ensure that this overarching corporate risk correctly captures the pressures felt by our various departments.</p>			
CR37f	Annual Major Capital Bids	<p>The City Surveyor's Department presented bids in relation to works at both the Guildhall and the Central Criminal Court. These were considered by Members in late October and have been recommended for progression.</p> <p>The department provides support to other departments to support their capital bids.</p>	Peter Young	10-Nov-2023	31-Mar-2024
CR37g	Operational Property Review	<p>The City Corporation has commenced an Operational Property Review (OPR) to consider the future property requirements to deliver the organisations services. This will align with the Resource Priority Refresh programme.</p> <p>The review is commencing and further details as to milestones and objectives will be available shortly. Environment, and Community & Children Services have completed the outcome of their reviews, and this will be presented to members in the new year. This initial review aims to establish baseline operational requirements, financial position, and state of repair, with the view that a detailed and costed options that can be considered.</p> <p>Rationalisation of the organisation's property estate will help alleviate pressure on maintenance budgets. However, it should be highlighted that rationalisation will only be able to make a small contribution to the overall position.</p>	Peter Young	12-Nov-2023	31-Mar-2024
CR37h	Renewal Programmes	<p>The Barbican Centre renewal project is a £50-£150m project which will repair the building to it can function long into the future, opening up under-utilised space, improving accessibility, whilst delivering against its sustainability aspirations. Public survey and workshops were completed in December 2022 with further public consultations scheduled for 2023 in advance of an initial business case being submitted to the City Corporation.</p> <p>The Guildhall School of Music and Drama (GSMD) are working closely with corporate colleagues to develop and further the Barbican Renewal Team. Further, it is working with the Department of Community and Children's Service in respect of waterproofing works, and the City Surveyor on Fire Safety. GSMD have also engaged space consultants who are undertaking a wide-ranging review of the site. This is with the view that current and future needs are detailed, and future funding bids align with this requirement.</p> <p>The Guildhall Renewal programme has developed a range of options varying by scope and speed of delivery. These will be presented to Members in the new year. The option progressed will be influenced by the availability of finance. Delays to the programme will exacerbate this risk unless funding can be achieved to mitigate short- and medium-terms issues.</p>	Claire Spencer; Jonathan Vaughan; Peter Young	10-Nov-2023	31-Mar-2024

CR37i	Income Generation in Natural Environment	The Natural Environment Division is developing an Income Generation Plan, which will be dependent upon production of a comprehensive asset register and completing the Natural Environment Charities Review. This will include seeking further opportunities for grant funding. The anticipated outcome is that more income will reduce dependence on City's Cash and help tackle some of the 'red' risks on the risk register such as the maintenance backlog.	Bob Roberts	12-Nov-2023	30-Jun-2024
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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
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>	 Likelihood Impact	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>	 Likelihood Impact	8	31-Mar-2024	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. 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. 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 (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. 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 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> <p>16 Oct 2023</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