

<b>Committee(s):</b> Finance Committee – For information	<b>Dated:</b> 9 April 2024
<b>Subject:</b> Chamberlain’s Departmental Risk Management Update	<b>Public</b>
<b>Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?</b>	7
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>N</b>
<b>If so, how much?</b>	n/a
<b>What is the source of Funding?</b>	n/a
<b>Has this Funding Source been agreed with the Chamberlain’s Department?</b>	n/a
<b>Report of:</b> The Chamberlain	<b>For Information</b>
<b>Report author:</b> Leah Woodlock, Chamberlain’s Department	

### Summary

This report has been produced to provide the Finance Committee with an update on the risks the Chamberlain’s department faces.

There are currently three RED risks on the Corporate Risk Register within the responsibility of the Chamberlain and two RED risks on the Chamberlain’s departmental risk register.

Since the last report, two new emerging departmental risks have been captured and added to the Chamberlain’s Risk Register. The Chamberlain’s Senior Leadership Team established the new departmental risk on monitoring and improving the application of internal controls across the City of London Corporation. Secondly, the awareness of pension scheme enrolment entitlement for casual staff, is being managed at a Chief Officer level, with a coordinated effort across the Corporation to establish the extent to which the risk has materialised. A new Corporate Risk was added, with CR40 PSTN Switch Off 2025 being escalated from a departmental risk following review by the Chief Officer Risk Management Group.

### Recommendation

Members are asked to note the report.

### Main Report

#### Background

1. The Risk Management Framework of the City of London Corporation requires each Chief Officer to report regularly to the Committee the key risks faced in their department. The Finance Committee has determined that it will receive the Chamberlain’s Risk Register at each meeting.

## Current Position

### New and Emerging Risks

2. After thorough discussions and consideration of findings from both internal and external audits, the Chamberlain's Senior Leadership Team has recognised a departmental risk: **CHB003 Inconsistent application of the internal control environment** with a risk score of AMBER 8.
3. The risk stems from inconsistent adherence to financial and procurement regulations, materialising in several ways. These include limited accountability of budget managers, and poor purchase order compliance contributing to reduced payment performance. Additionally, there are challenges in contract and supplier management throughout the Corporation, along with instances of misinterpretation and inconsistent application of finance and procurement regulations.
4. A new risk has been on pension entitlements for casual workers: **CHB004 Casual Staff Pensions Entitlement/Enrolments** with a risk score of RED 16. Further information and identified remedial measures are detailed in Appendix 2 (non-public).

### Corporate Risks - RED

5. The **CR38 Unsustainable Medium Term Finances - City's Estate** risk score remains at RED 16. In March 2024, the Court of Common Council approved the latest City's Estate Medium Term Financial Plan, recognising we cannot continue as we are, and a more radical approach is needed. The fund is running at a planned deficit over the next 10 years, highlighting significant drawdowns from a limited asset pool, as pressures on major projects and capital programmes ramp up. *"We cannot just focus on the medium-term or even the next 10 years, a longer-term financial plan is needed if we are to respond properly to needs of residents and businesses alike"*.
6. **CR40 PSTN Switch Off 2025** (formerly CHB DITS 045) is currently a RED risk with a score of 16. Following the recommendation of the Chief Officer Risk Management Group this departmental risk has been escalated to a Corporate Risk.
7. Throughout February 2024 the risk was refined, detailed further and numerous mitigating actions have been identified. The risk was also peer-reviewed and scrutinised at the Officer Risk Management Forum in March 2024.
8. Details of **CR16 Information Security** are available in Appendix 1.

### Departmental Risks – RED

9. **CHB002 – Housing Revenue Account (HRA) Finances** risk score remains at RED 16. A balanced HRA Estimates report was presented in January. Monitoring is continuing on the projected revenue funding position, with an

updated five-year projection that will be produced following the year-end closing activities.

## **Conclusion**

10. Members are asked to note the actions taken by Chamberlain's Department to manage all risks. Actions aim to continue monitoring and reducing the risk level and will be reported on at future Finance Committees.

## **Appendices**

- Appendix 1 – Departmental Risk Register

## **Background Papers**

Chamberlain's Departmental Risk Management Update Reports to Finance Committee.

## **Leah Woodlock**

Chamberlain's Project Manager

Chamberlain's Department

E: [Leah.Woodlock@cityoflondon.gov.uk](mailto:Leah.Woodlock@cityoflondon.gov.uk)