

CHB Corporate and departmental risks - detailed report EXCLUDING COMPLETED ACTIONS

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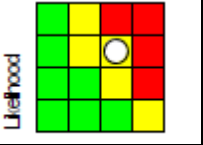
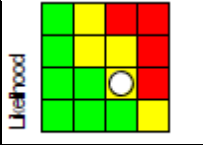

Rows are sorted by Risk Score

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
CR38 Unsustainable Medium Term Finances - City's Estate	<p>Causes: The embedded increased impact of inflation, following the peak of 10.7% in Autumn 2022 (as reported by the Office for Budget Responsibility). Aging estate crystallising high levels of expenditure over short time period, putting pressure on Reserves. Reduction in rental income from the property investment portfolio following post pandemic changes in workplace attendance reducing demand for grade B office accommodation.</p> <p>Event: Inability to manage financial pressures within the fiscal year, resulting in an inability to achieve anticipated savings and generate expected income, may necessitate additional reliance on Reserves. Additionally, challenges in controlling construction inflation or the inability to readjust capital projects within budget parameters pose further risks.</p> <p>Effects: The City of London Corporation's reputation could suffer from failure to achieve financial goals or from reduced services to businesses and the community. Experience challenges in delivering the capital program and major projects within budgetary limits. Inability of</p>	 Likelihood Impact	16	<p>Inflation rates to be monitored quarterly and an inflation contingency to be maintained in 2024/25 through carried forward from 2023/24 underspends.</p> <p>On-going pressures totalling £3.8m, plus net 3% inflation uplift approved in 2024/25 budgets.</p> <p>Earning more income from property investment portfolio – diversification of asset portfolio.</p> <p>The five-year financial plan includes cyclical works programme to cover bow-wave of outstanding works and provision for works going forward totalling £71m.</p> <p>Funding strategy identifies where best</p>	 Likelihood Impact	8	31-Mar-2025	

31-Oct-2022 Caroline Al-Beyerty	expenditure to align with the corporate plan, leading to inefficient resource utilisation and reduced corporate performance.			to bring third party capital into surplus operational property opportunities, reducing demand on own Reserves. Quarterly monitoring of capital programme against budgets. Developing income generation opportunities. Renewed approach to transformation under pinned by a clear communication plan to Members. 26 Mar 2024					Reduce	Constant
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Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR38a	Monitoring the impact of revenue inflationary pressures (including pressures on energy costs, cost of London living wage) and construction inflation impacts on capex programme • Monitor the use of inflation contingency	<ul style="list-style-type: none"> • Regular monitoring the office of budget responsibility's inflation forecasts, currently at 3.2%. • Identify areas that are forecasting to exceed budget envelope due to inflation increases, and review action. Chief Officer deep dives scheduled during May 2024. 	Sonia Virdee	17-Apr-2024	31-Mar-2025
CR38e	Monitoring key income streams • i.e. rental income from the property investment portfolio.	<p>This is being monitored monthly, with action being taken to within the portfolio to maximise income generation opportunities.</p> <p>Ensure income generation schemes are sustainable and on-going opportunities are explored, these include but not limited to:</p> <ul style="list-style-type: none"> • Lord Mayor Show and events across the Corporation • Advertising • Filming inside and outside the square mile • Retail opportunities • Fees and Charges Update on Income Generation to Resource Allocation Sub Committee due 	Sonia Virdee; Genine Whitehorse	17-Apr-2024	31-Mar-2025

		on 2 May 2024.			
CR38f	Delivering the current savings programme and securing permanent year-on-year savings.	Quarterly revenue monitoring undertaken to ensure departments have appropriate plans in place to meet in-year pressures. High risk departments are undertaking monthly revenue monitoring.	Sonia Virdee	26-Mar-2024	31-Mar-2024
CR38g	Remain within the financial envelopes approved for major projects.	Monthly updates on major projects forecasts and issues arising.	Sonia Virdee	11-Jan-2024	31-Mar-2029
CR38h	Bringing third party capital to surplus operational property opportunities.	Identified initial opportunities which have been supported by Resource Allocation Sub Committee. Proposals for each opportunity to be worked up and submitted for member consideration to relevant Committees, due in Spring/Summer 2024.	Sonia Virdee; Paul Wilkinson	17-Apr-2024	30-Jun-2024
CR38i	Undertake the Charities Review (Natural Environment)	The ability for charities to fundraise and generate more income to support ambitions for activities and operational property requirements. Updates to Efficiency and Performance Working Party scheduled for July and September 2024.	Emily Brennan; Sonia Virdee	17-Apr-2024	31-Dec-2024
CR38j	Plans in place to reduce future deficits.	City's Estate continues to produce annual operating deficits over the 5-year financial plan. Over the planning period, the cumulative deficit is forecast to be £490m (including drawdown of financial asset gain of £158m). This is not sustainable over the longer-term period and radical decisions are needed now on how best to bring down the annual operating deficit, including major changes or stoppages to existing services provision and/or reduction in grants. This will require a renewed approach to transformation, over and above those already identified (income generation, , operational property review, investment property review and charity review) underpin by a clear communication plan to all members, so they are aware of the challenges ahead. Review of Executive Leadership Board planning for getting back to balance and operationalising the Corporation plan will be taken to Resource Allocation Sub Away day in July.	Sonia Virdee; Genine Whitehorne	17-Apr-2024	31-Mar-2025

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CR33 Major Capital Schemes	Cause: The City Corporation has set itself the ambition to deliver at least three landmark multi-million pound capital schemes over the next decade (currently programmed to complete 2028). Event: there is insufficient technical and professional		12	The project governance review has recommended a move to a portfolio management model which will more effectively manage the prioritisation of projects aligned to strategic		8	31-Mar-2029	

<p>14-Feb-2020 Caroline Al-Beyerty</p>	<p>capability and resource to effectively deliver the schemes. Effects:</p> <ul style="list-style-type: none"> • Schemes not delivered on time • Inability of the organisation to move at the required pace • Potential for increased capital costs as a result of delayed decision making • Reputational impact on the Corporation vis a vis key stakeholder across London and UK Govt. • Potential revenue impact of delayed delivery to services affected (e.g. Markets, Museum of London Grant, City of London Police) • failure to deliver on corporate outcomes 			<p>objectives and the allocation of resources to enable successful delivery.</p> <p>A high-level implementation plan was agreed by P&R in July 2023 and a detailed delivery plan is now in development. This new model will provide greater visibility of any risks and provide assurance regarding organisational capability and capacity.</p> <p>The project team are currently undertaking project health-checks. Work continues on procuring and implementing a new project management system.</p> <p>Working towards a launch on the new project procedure and support structures in August 2024.</p> <p>Monthly monitoring of cashflow forecasting continues.</p> <p>20 Apr 2024</p>			<p>Reduce</p>	<p>Constant</p>
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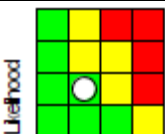
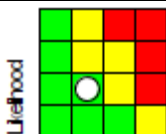

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CR33h	Implement a new project governance approach	<p>The Town Clerk's portfolio board commenced in November 2023.</p> <p>A portfolio overview report has been prepared for the February 2024 Projects and Procurement sub-committee, with one-off funding approved by CoCo on 7 March, further work required during 2024/25 to identify permanent funding source.</p>	Genine Whitehorne	17-Apr-2024	30-Sep-2024
CR33i	Undertake Tier 1 programme health checks.	The health check reviews are currently being undertaken by the Programme Governance team between February 2024 and April 2024.	Matthew Miles	26-Mar-2024	30-Apr-2024
CR33j	Refresh the Project Management Academy	Discussions being held with previous provider, looking at refreshing learning content.	Sarah	16-Apr-	30-Apr-

			Baker	2024	2024
CR33k	Procure and implement a new project management system	Plans are being developed to procure and implement a fit-for-purpose project management system, which has the functionality of a portfolio view. The initial system proposal exceeded the anticipated costs.	Matthew Miles	20-Apr-2024	30-Apr-2024
CR33l	Monitor the high-level cashflow/forecast monthly	The Investment Management Monthly Meeting has been established. Membership includes the CIO, Corporate Treasury, and Financial Services and is led by the Chamberlain. The Chamberlain's Assurance Board has also been established to review the financial dashboards and forecasts for the Major Programmes.	Sonia Virdee	20-Apr-2024	31-Mar-2029
CR33m	Secure Third-Party Funding	Report being bought back by officers in the spring.	Sonia Virdee/ Paul Wilkinson	20-Feb-2024	30-Jun-2024
CR33n	Provide regular Member updates	A project update report has been prepared Finance Committee, City Bridge Foundation Board and Policy & Resources Committee.	Genine Whitehorne / Sonia Virdee	20-Feb-2024	31-Mar-2029

Caroline Al-Beyerty							
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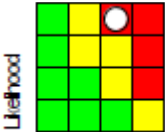
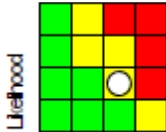

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR35a	Monitoring the impact of inflationary pressures (including pressures on energy costs) and construction inflation impacts on capex programme <ul style="list-style-type: none"> • Use of inflation contingency 	<ul style="list-style-type: none"> • Regular monitoring the office of budget responsibility's inflation forecasts, currently at 3.2%. • Identify areas that are forecasting to exceed budget envelope due to inflation increases. 	Sonia Virdee	17-Apr-2024	31-Mar-2026
CR35c	Remain within the financial envelopes approved for major projects.	Monthly update on major projects forecasts and issues arising.	Sonia Virdee	26-Mar-2024	31-Mar-2029
CR35f	Delivering the current savings programme and securing permanent year-on-year savings (including Police Authority) <ul style="list-style-type: none"> • Develop income generation opportunities 	<p>Court of Common Council approved reprofiling of remaining fundamental review savings, to allow sufficient time to embed these through income generation opportunities.</p> <p>Ensure income generation schemes are sustainable and on-going opportunities are explored, these include but not limited to:</p> <ul style="list-style-type: none"> • HARC – Heathrow Animal Reception Centre • Events across the Corporation • Advertising • Filming inside the square mile • Retail opportunities • Fees and Charges. <p>Remaining £0.4m unidentified savings from the 12% savings programme is being worked on and expected to be delivered during 2024/25. Chief Officer deep dives scheduled during May 2024. Update on Income Generation to Resource Allocation Sub Committee due on 2 May 2024.</p>	Alistair Cook; Sonia Virdee; Genine Whitehorse	17-Apr-2024	31-Mar-2026
CR35g	Plans in place to reduce future deficits.	The medium-term financial plan is only balanced over the next four years with the use of general fund reserves and further savings and/or revenue raising by increasing Council Tax and Business Rate Premium. City Fund moves into deficit position from 2026/27 onwards. Previously the business rate growth had been kept separate to fund the major projects and not relied on to balance the in-year position, due to increases in inflation and reductions in property income forecasts this is no longer possible. Radical decisions are now needed on how best to bring down the annual operating deficit, over and above those already identified (income	Sonia Virdee; Genine Whitehorse	17-Apr-2024	31-Mar-2026

		<p>generation, operational property review, investment property review), including major changes or stoppages to existing services provision and/or reduction in grants. This will require a renewed approach to transformation underpin by a clear communication plan to all members, so they are aware of the challenges ahead.</p> <p>Review of Executive Leadership Board planning for getting back to balance and operationalising the Corporation plan will be taken to Resource Allocation Sub Away day in July.</p>			
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CHB 001 Chamberlain's department transformation and knowledge transfer 12-Nov-2021 Caroline Al-	<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>	 <p>Liability Impact</p>	4	<p>A reducing risk within Financial Services.</p> <p>The remaining key vacant posts in Financial Services Division were advertised during January and a number of successful appointments have been made. Key risk remains within capital positions.</p> <p>The Learning and Engagement Board has been relaunched to support and develop staff. A skills matrix assessment has been commissioned for Finance Staff to commence in Q1, 2024. The assessment has been tested by several SLT members before rolling out to the wider team.</p>	 <p>Liability Impact</p>	4	31-Mar-2025	 Reducing
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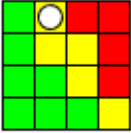
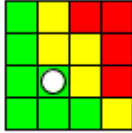
Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB001b	Colleagues are provided with the training they need to fulfil their role.	<p>The departmental Learning & Engagement Board was re-launched on 21 June with a renewed vision, terms of reference and refined learning objectives.</p> <p>An all-staff learning survey was circulated in to request feedback on individual needs which has informed the learning priorities for 23/24.</p> <p>A skills matrix review is planned to independently analyse strengths and areas for improvement for Chamberlain’s staff. This will be undertaken by CIPFA in the coming weeks.</p> <p>Key workstreams for the board have been identified and are currently being progressed.</p> <p>A programme of learning events has been developed in the last few months training sessions have been delivered on AP, particularly around the PO process. A Lunchtime learning session has also been delivered on Excel which was well attended and was well received. Separate to the above, the Financial Services Division have carried out training sessions to support staffs continued professional development; these sessions have been mandated to support staff with upskilling through the year end close-down process. Training sessions will be programmed into annual forward plans to ensure continued development. In addition, succession planning is now being reviewed to support skill shortages within capital, supported by excellent interim support. From May 2024 the senior finance team leader post will be starting which will enhance our capacity in this area and the expectation is that professional development focus will increase significantly during 2024/25.</p>	Phil Black / Sonia Virdee	17-Apr-2024	31-Mar-2025

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CHB 002 Housing Revenue Account Financials	<p>Cause: The embedded increased impact of inflation, following peak of 10.7% in Autumn 2022. Potential issue around non-recoverability of elements of service charge costs due to inadequate s20 consultation process</p> <p>Event: Inability to contain financial pressures on the Housing Revenue Account, especially around repairs and maintenance costs, management costs and depreciation charges . Additionally, challenges in controlling</p>	 <p>16</p>		The latest financial position on the overall HRA, including the reviews noted above will form part of the balanced HRA Estimates report was agreed in January. An updated five year financial projection will be drawn up after the year end Closing position is agreed. Latest projections show the	 <p>8</p>		31-May-2025	

16-Oct-2023 Mark Jarvis; Sonia Virdee	construction inflation or the inability to readjust capital projects within budget parameters pose further risk. Effect: The City Corporation's reputation is damaged due to failure to deliver housing services.			revenue funding position remains precarious and vulnerable to revenue overspends or significantly rising capital costs (leading to higher loan repayments and interest charges). On 7 March Court of Common Council approved rent increases of 7.7%. 17 Apr 2024				Reduce	Constant
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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 2024/25, update to be provided in regular reporting of capital forecasts due in the revised HRA 5 Year Plan after Closing. Continue to monitor the risk around non-recovery of leaseholder contributions to capital projects following the Great Arthur cladding case decision.	Mark Jarvis	26-Mar-2024	31-May-2024
CHB002b	Impact of inflation - capital schemes forecast to exceed budget as well as much increased repairs and maintenance and energy costs.	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 and amend the 2024/25 estimated figure once agreed.. The current repairs and maintenance contract has been extended by one year and is being re-procured for 2025/26. The recommendations for change coming out of the Pennington review are being implemented by Housing. The calculation of the depreciation charge has been reviewed with external valuers and reduced accordingly – this will offset a significant proportion of inflationary revenue pressures. The latest 2023/24 position and 2024/25 draft Estimates show a finely balanced position.	Mark Jarvis	17-Apr-2024	31-May-2024

Risk no, title, creation date,	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score	Risk Update and date of update	Target Risk Rating & Score	Target Date/Risk	Current Risk score
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owner						Approach	change indicator
<p>CHB003 Inconsistent application of the internal control environment</p> <p>28-Feb-2024 Caroline Al-Beyerty</p>	<p>Cause: Inconsistent application of internal controls across the City of London Corporation, including but not limited to:</p> <ul style="list-style-type: none"> • Failure of staff management to adhere to financial and procurement regulations, leading to: <ul style="list-style-type: none"> • Poor Purchase Order Compliance • Inefficient budget management • Delays in setting up Project Codes due to governance • Ineffective contract and supplier management • Lack of management oversight of purchasing activities • Misinterpretation and inconsistent understanding of financial and procurement regulations • Inconsistent guidance from subject matter experts • Complex procedures driving officers towards using workarounds <p>Event:</p> <ul style="list-style-type: none"> • Increase in transactional errors • Decrease in payment performance • Impact on cashflow management and accuracy of forecasting • Heightened demand for customised approvals and urgent decisions • Diminished strategic challenge capacity • Disrupted delivery of Business as Usual (BAU) operations <p>Effect:</p> <ul style="list-style-type: none"> • Failure to achieve value for money • Negative internal and external audit opinions • Detrimental effects on supplier partnerships and commercial appeal to the market 	 <p>Lifehood Impact</p>	<p>8</p>	<p>Materialising in various ways, indications are emerging of the inconsistent implementation of internal controls throughout the Corporation.</p> <p>A number of mitigations have been identified to improve compliance and overall benefits of controls.</p> <p>A significant emphasis is placed on user training and understanding to ensure effective adherence to internal spending and purchasing controls.</p> <p>This risk takes precedence as additional occurrences will adversely affect the ability to achieve a balanced medium-term financial plan.</p> <p>17 Apr 2024</p>	 <p>Lifehood Impact</p>	<p>4</p>	<p>31-Dec-2024</p> <hr/> <p>Reduce</p> <p>Constant</p>

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB003a	Implementing mandatory system training and periodic refresher courses for all users.	New starter onboarded will include system training before login is authorised. Non-compliant users, are to repeat the training course. Training to be captured as a part of performance development.	Daniel Peattie	28-Feb-2024	31-Dec-2024
CHB003b	Design and maintain a comprehensive Chamberlain's Integrated Financial Performance Dashboard, seamlessly linking procurement and financial data.	Continue to report to ELB and senior management teams on the payment and PO compliance by teams/departments. Reviewing reports and adding trends to dashboard. These reports will encourage accountability at the right level. Developing a combined Finance payment performance and procurement compliance dashboard. Identifying 'non-compliant' areas. A meeting has been booked with the commercial team to review available reporting data outputs.	Leah Woodlock	16-Apr-2024	30-Jun-2024
CHB003c	Review gateway process and project budget code creation.	Underway as part of project governance review. Considering the separation of capital accounting arrangements from project procured.	Genine Whitehorne	28-Feb-2024	30-Sep-2024
CHB003d	Review of financial regulations and are explicit around requirements	Ensuring that our processes are sufficiently streamlined reducing the need for workarounds are being considered across Financial Services Division.	Sonia Virdee	17-Apr-2024	31-Dec-2024
CHB003e	Review of procurement regulations and are explicit around requirements	Ensuring that our processes are sufficiently streamlined reducing the need for workarounds/waivers.	Genine Whitehorne	28-Feb-2024	31-May-2024
CHB003f	Increase the number of internal audits conducted of processes, regulations and compliance	There is a need for additional resource (funding by Finance Committee contingency) to conduct and deliver the additional scrutiny on processes and compliance. A report is being presented to provide more detail.	Matt Lock	16-04-2024	31-Dec-2024
CHB003g	Developing a suite of user-friendly bite-sized training materials.	Using AI technology to create bite-size guidance videos for BAU tasks, e.g. raising purchase orders, receipting orders etc. Reducing the reliance on bespoke training and increasing training availability. Working with the L&OD team to utilise their existing technology to develop the training videos.	Leah Woodlock	16-04-2024	30-Sep-2024
CHB003h	Escalation and enforcement of non-compliance activities	Performance issues to be reported and dealt with by line manager, Finance Director and Commercial Director. Further non-compliance to be escalated to the Chamberlain.	Sonia Virdee; Genine Whitehorne	28-Feb-2024	31-May-2024

