

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

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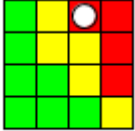
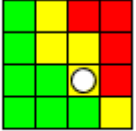



Rows are sorted by Risk Score

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
<b>CHB 002 Housing Revenue Account Financials</b>	<p><b>Cause:</b> 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><b>Event:</b> 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 construction inflation or the inability to readjust capital projects within budget parameters pose further risk.</p> <p><b>Effect:</b> The City Corporation’s reputation is damaged due to failure to deliver housing services.</p>	<p>Liability Impact</p>	<p><b>16</b></p>	<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 presented to members in September. Latest projections show the revenue funding position remains precarious and vulnerable to revenue overspends, further delays to new build projects or significantly rising capital costs (leading to higher loan repayments and interest charges).</p> <p>On 7 March Court of Common Council approved rent increases of 7.7%.</p>	<p>Liability Impact</p>	<p><b>8</b></p>	<p>31-May-2025</p>	

16-Oct-2023				03 Jul 2024					
Mark Jarvis; Sonia Virdee								Reduce	Constant

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. Further risk of delays to new build projects will impact the 5 Year Plan revenue projections. Continue to monitor the risk around non-recovery of leaseholder contributions to capital projects following the Great Arthur cladding case decision.	Mark Jarvis	03-Jul-2024	31-Mar-2025
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 level of the internal recharge to the HRA has been reviewed as part of a City wide recalibration and the 2024/25 estimated figure can now be revised.</p> <p>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 the new Housing management team.</p> <p>The calculation of the depreciation charge has been reviewed with external valuers and significantly reduced as a result – this will largely offset inflationary revenue pressures. The final 2023/24 outturn position and 2024/25 draft Estimates show a finely balanced position that will be updated in the new 5 Year Plan figures.</p>	Mark Jarvis	03-Jul-2024	31-Mar-2025

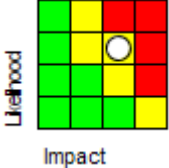
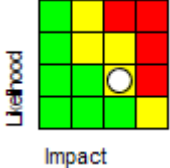

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
<p><b>CR38</b> <b>Unsustainable Medium Term Finances - City's Estate</b></p> <p>31-Oct-2022 Caroline Al-Beyerty</p>	<p><b>Causes:</b> 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><b>Event:</b> 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><b>Effects:</b> 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 expenditure to align with the corporate plan, leading to inefficient resource utilisation and reduced corporate performance.</p>	 <p>Likelihood</p> <p>Impact</p>	<p><b>16</b></p>	<p>Inflation rates to be monitored quarterly and an inflation contingency to be maintained in 2024/25 through carried forward from 2023/24 underspends. On-going pressures totalling £3.8m, plus net 3% inflation uplift approved in 2024/25 budgets. 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>Earning more income from property investment portfolio – diversification of asset portfolio.</p> <p>The funding strategy identifies where best to bring third-party capital, reducing demand on own Reserves.</p> <p>Key mitigations include quarterly monitoring of capital programme against budgets and developing comprehensive business cases and implementation plans for income generation opportunities.</p> <p>Renewed approach to transformation under pinned by a clear communication plan to Members.</p> <p><b>02 Sep 2024</b></p>	 <p>Likelihood</p> <p>Impact</p>	<p><b>8</b></p>	<p>31-Mar-2029</p> <p>Reduce</p>	 <p>Constant</p>

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 <ul style="list-style-type: none"> <li>• Monitor the use of inflation contingency</li> </ul>	<ul style="list-style-type: none"> <li>• Regular monitoring the office of budget responsibility's inflation forecasts, the Consumer Prices Index (CPI) rose by 2.2% in the 12 months to July 2024, up from 2.0% in June 2024.</li> </ul>	Sonia Virdee	02-Sep-2024	31-Mar-2025
CR38e	Monitoring key income streams <ul style="list-style-type: none"> <li>• i.e. rental income from the property investment portfolio.</li> </ul>	<p>This is being monitored monthly, with action being taken to within the portfolio to maximise income generation opportunities. Ensure income generation schemes are sustainable and on-going opportunities are explored, these include but not limited to; Lord Mayor Show and events across the Corporation, Advertising and sponsorship, Filming inside and outside the square mile, Retail opportunities and Fees and Charges.</p> <p>Benchmarking exercises are currently being undertaken to provide a market comparison.</p> <p>An update on individual workstreams will be presented to Efficiency and Performance working party in November 2024.</p>	Sonia Virdee; Genine Whitehorse	02-Sep-2024	31-Mar-2025
CR38f	Delivering the current savings programme and securing permanent year-on-year savings.	<p>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. Regular updates to Executive Leadership Board / Senior Leadership built into monitoring timetable.</p> <p>Pressures and mitigations are being recorded at a more granular level to improve the tracking and reporting on savings during the year, this information will be incorporated into the budget monitoring reports from Autumn 24 onwards to help inform Members of key risks and progress.</p> <p>Savings programmes/initiatives are being considered as work commences on budget setting for the 2025/26 year.</p>	Sonia Virdee	02-Sep-2024	31-Mar-2025
CR38g	Remain within the financial envelopes approved for major projects.	<p>Monthly updates and budget monitoring on major projects forecasts and issues arising. Projects are routinely reviewed by the Chamberlain's Assurance Board.</p> <p>Cessation of option 10b on Market Co-Location Programme approved by Court of Common Council in July. Further options being drawn up to be presented to Policy and Resources Committee, then Court of Common Council in the Autumn 2024.</p>	Sonia Virdee	02-Sep-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.	Sonia Virdee;	03-Jul-2024	30-Oct-2024

		Proposals for each opportunity to be worked up and submitted for member consideration to relevant Committees, due in Autumn 2024.	Paul Wilkinson		
CR38i	Undertake the Charities Review (Natural Environment)	<p>The ability for charities to fundraise and generate more income to support ambitions for activities and operational property requirements.</p> <p>Update to Efficiency and Performance Working Party scheduled for September 2024 ahead of paper presented to Finance Committee in December 2024.</p>	Emily Brennan; Sonia Virdee	02-Sep-2024	31-Dec-2024
CR38j	Plans in place to reduce future deficits.	<p>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) underpinned by a clear communication plan to all members, so they are aware of the challenges ahead.</p> <p>Transformation programme in flight, supported at Resource Allocation Sub away day. Progress reporting to the Efficiency and Performance Working Party to ensure corporate focus and pace.</p>	Sonia Virdee; Genine Whitehorn	03-Jul-2024	31-Mar-2025



		<p>A portfolio overview report approved by Projects and Procurement sub-committee, with one-off funding approved by CoCo on 7 March, further work underway to identify permanent funding source.</p> <p>A drafted project procedure and guidance is currently being reviewed by the project governance working group.</p>			
CR33j	Refresh the Project Management Academy	<p>Discussions are being held with previous provider, looking at refreshing learning content.</p> <p>Recruitment to project roles within the Project centre of excellence is underway.</p>	Matthew Miles	02-Sep-2024	30-Nov-2024
CR33k	Procure and implement a new project management system	A procurement exercise and route to market is being utilised to procure the new project management system.	Matthew Miles	02-Sep-2024	30-Sep-2024
CR33l	Monitor the high-level cashflow/forecast monthly	<p>The Investment Management Monthly Meeting has been established.</p> <p>The Chamberlain's Assurance Board has also been established to review the financial dashboards and forecasts for the Major Programmes, with updates provided to the Portfolio Board.</p>	Sonia Virdee	02-Sep-2024	31-Mar-2029
CR33m	Secure Third-Party Funding	Report being bought back by officers in the Autumn.	Sonia Virdee; Paul Wilkinson	03-Jul-2024	31-Oct-2024
CR33n	Provide regular Member updates	A project update report has been prepared Finance Committee, City Bridge Foundation Board and Policy & Resources Committee on a regular basis. This will continue throughout the lifespan of the Major Programmes.	Sonia Virdee; Genine Whitehorse	02-Sep-2024	31-Mar-2029

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>CR35</b> <b>Unsustainable Medium Term Finances - City Fund</b>	<p><b>Causes:</b>            Persistent high inflation, as reported and forecast 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 to support Major Projects programmes.            Anticipated reductions in public sector funding (local government and Police), escalating demands (both revenue and capital), and an ambitious program for major project delivery pose a threat to sustaining the Square Mile's vibrancy and growth.            The Police Transform program fails to achieve anticipated budget mitigations outlined in the MTFP.</p> <p><b>Event:</b> The failure to manage financial pressures within the fiscal year and achieve sustainable savings as planned, or to boost income generation to address the Corporation's projected medium-term financial deficit.</p> <p><b>Effect:</b> Inability to establish a balanced budget, which is a statutory requirement for the City Fund. The City of London Corporation's reputation could suffer due to failure to meet financial objectives or the necessity to curtail services provided to businesses and the community. Challenges in executing the capital program and major projects within affordable limits.</p>		<p><b>12</b></p>	<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>Pressures on adult social care, children services, security and policing addressed through increase in taxes and business rates premium.</p> <p>Other on-going pressures totalling £3.2m, plus net 3% inflation uplift approved in 2024/25 budgets.</p> <p>The medium-term financial plan includes cyclical works programme to cover bow-wave of outstanding works and provision for works going forward, totalling £62.7m.</p> <p>Funding strategy identifies where best to bring third party capital into surplus operational property opportunities, reducing demand on own Reserves.</p> <p>Quarterly monitoring of capital programme against budgets.</p> <p>Developing income generation opportunities.</p> <p>Renewed approach to transformation underpinned by a clear communication plan to Members.</p>		<p><b>8</b></p>	<p>31-Mar-2026</p>	



19-Jun-2020 Caroline Al-Beyerty				02 Sep 2024			Reduce	Constant
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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 • Use of inflation contingency	<ul style="list-style-type: none"> <li>Regular monitoring the office of budget responsibility's inflation forecasts, the Consumer Prices Index (CPI) rose by 2.2% in the 12 months to July 2024, up from 2.0% in June 2024.</li> <li>Identify areas that are forecasting to exceed budget envelope due to inflation increases.</li> </ul>	Sonia Virdee	02-Sep-2024	31-Mar-2026
CR35c	Remain within the financial envelopes approved for major projects.	<p>Monthly update on major projects forecasts and issues arising.</p> <p>Major projects are presented monthly to the Chamberlain's Assurance Board with an update to the Portfolio Board chaired by the Town Clerk/Chief Executive.</p> <p>Regular reporting to Capital Buildings Board, Finance Committee, and Policy and Resources Committee.</p>	Sonia Virdee	02-Sep-2024	31-Mar-2029
CR35f	Delivering the current savings programme and securing permanent year-on-year savings (including Police Authority) • 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 Lord Mayor Show and events across the Corporation, Advertising and sponsorship, Filming inside and outside the square mile, Retail opportunities and Fees and Charges.</p> <p>; Remaining £0.4m unidentified savings from the 12% savings programme is being worked on and expected to be delivered during 2024/25.</p> <p>Pressures and mitigations are being recorded at a more granular level to improve the tracking and reporting on savings during the year, this information will be incorporated into the budget monitoring reports from Autumn 24 onwards to help inform Members of key risks and progress.</p> <p>Savings programmes/initiatives are being considered as work commences on budget setting for the 2025/26 year.</p>	Alistair Cook; Sonia Virdee; Genine Whitehorse	02-Sep-2024	31-Mar-2026

CR35p	Plans in place to reduce future deficits.	<p>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. However, with the change of Government it is now expected that the business rates reset will come later than expected in the existing MTFP. As such the current MTFP will be updated as part of the 25/26 budget process.</p> <p>Whilst some positives may come from the 25/26 budget setting process, this does not address future deficits, 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 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>	Sonia Virdee; Genine Whitehorn e	02-Sep-2024	31-Mar-2026
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• Detrimental effects on supplier partnerships and commercial appeal to the market						
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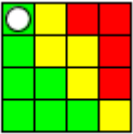
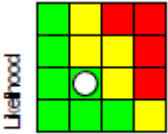

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CHB003a	Implementing mandatory system training and periodic refresher courses for all users.	New starters onboarded will include system training before login is authorised.  Non-compliant users, are to repeat the training course.  A budget management academy is being developed to educate budget managers on best practice.	Daniel Peattie	02-Sep-2024	31-Dec-2024
CHB003b	Design and maintain a comprehensive Chamberlain's Integrated Financial Performance Dashboard, seamlessly linking procurement and financial data.	Discussions are being held at the monthly finance leadership group on best practice and accountability. A draft dashboard will be presented to the group in the Autumn. Users continue to receive regular detailed reports on PO compliance.  Reviewing reports and adding trends to the dashboard. These reports will encourage accountability at the right level.	Leah Woodlock	02-Sep-2024	31-Oct-2024
CHB003c	Review gateway process and project budget code creation.	Considered as part of project governance review. Discussions have commenced how to capture committee approvals of capital projects to create efficiencies within the process.	Genie Whitehorse	02-Sep-2024	30-Sep-2024
CHB003e	Review of procurement regulations and are explicit around requirements	Ensuring that our processes are sufficiently streamlined reducing the need for workarounds/waivers. A strategic review has commenced and findings and recommendations are expected to be presented to the Projects and Procurement Sub Committee in the Autumn.  A working group has been established to understand and embed the new procurement act into our processes and procedures.	Genie Whitehorse	02-Sep-2024	30-Sep-2024
CHB003f	Increase the number of internal audits conducted of processes, regulations and compliance	There is a need for additional resource to conduct and deliver the additional scrutiny on processes and compliance.  An audit plan is being developed supported by recruitment to vacant posts.	Matt Lock	02-Sep-2024	31-Dec-2024

CHB003h	Escalation and enforcement of non-compliance activities	<p>Performance issues to be reported and dealt with by line manager, Financial Services Director and Commercial Director.</p> <p>Further non-compliance to be escalated to the Chamberlain.</p> <p>Monthly reviews are taking place at Financial Leadership Group to highlight any areas of concern.</p>	Sonia Virdee; Genine Whitehorn e	03-Jul-2024	31-Dec-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
<b>CHB 001 Chamberlain's department transformation and knowledge transfer</b>  12-Nov-2021 Caroline Al-Beyerty	<p><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.</p> <p><b>Event:</b> Culture change is insufficient. Corporate memory is lost. The Chamberlain's Department is not fit for the future.</p> <p><b>Effect:</b> Chamberlain's Department fails to deliver its objectives.</p>		4	<p>There are currently extensive vacancies within the commercial, change and portfolio delivery team – a recruitment campaign to fill 13 new roles in the new structure was undertaken over the summer. The campaign successfully recruited into key vacant post and senior positions.</p> <p>The Learning and Engagement Board continues to support and develop staff. A skills matrix assessment has been commissioned for Finance Staff, this is being piloted with the Financial Shared Services team, with the plan to extend to all finance teams within Chamberlain's department.</p> <p>A learning programme is being established for Commercial team members to prepare for the implementation of the procurement act.</p>		4	31-Mar-2025	
							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.	A CIPFA skills matrix review is underway to independently analyse strengths and areas for improvement for Chamberlain's staff. This is being trialled in June with staff working across Financial Shared Services teams.		03-Jul-2024	31-Mar-2025

		<p>Key workstreams for the board have been identified and are currently being progressed.</p> <p>A programme of learning events has been developed 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. A further session is being arranged on the use of Sharepoint.</p> <p>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. Alongside the above the FSD are also launching their Financial Improvement and Transformation strategy (FIT). This links to the Corporate Plan and People Strategy. One of the goals is to imbed best practice and transformation across the organisation.</p>			
CHB001g	Onboarding and training of new staff	<p>An induction programme is being drafted for new starters in the CCPD team.</p> <p>Components will be rolled out across the team where applicable.</p>	Leah Woodlock	02-Sep-2024	30-Sep-2024

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<b>CHB004 Casual Staff Pensions Entitlement/Enrolments</b>  10-Apr-2024 Caroline Al-Beyerty	<b>Cause:</b> <ul style="list-style-type: none"> <li>Failure to advise casual staff of their entitlement for enrolment in the Pension Scheme.</li> <li>Removal of mechanism in place (issuing of a postponement notice) for every period worked</li> <li>Varying HR processes across the Corporation and its institutions.</li> </ul> <b>Event:</b> <ul style="list-style-type: none"> <li>Casual Workers not enrolled into the pension scheme or advised of their eligibility.</li> <li>Postponement notices are not in place to meet Auto Enrolment Obligations (as per the Pensions Regulator).</li> <li>Non-compliance with the pension regulations.</li> </ul> <b>Effect:</b> <ul style="list-style-type: none"> <li>Entitlement of enrolment and contributions for current and previous casual employees over the impacted period.</li> <li>Adverse press and increased negative reputation as an employer.</li> <li>Sanction handed down by the Pensions Regulator (this may be a financial penalty)</li> </ul>	 Likelihood Impact	4	A Chief Officer working group has been established and continues to meet regularly to ensure progress.  The Chamberlain has determined, following consultation with the Comptroller and City Solicitor, that the failure to advise casual staff of their entitlement to join the Local Government Pension Scheme is a breach of the Pensions Regulations.  The Chamberlain has written to the Pensions Regulator outlining the employer's proposals for remediation. The Pensions Regulator is satisfied with the remediation approach.  The remediation approach has been communicated to casual staff. Take up to join the LGPS has been limited so far.	 Likelihood Impact	4	31-Dec-2024	  Decreasing
							Reduce	

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB 004c	Set up a working group and meet regularly to resolve the issues arising.	Working group meets regularly to monitor take up of the remediation approach.		03-Jul-2024	30-Sep-2024