

# **LGA Corporate Peer Challenge**

**City of London Corporation**

**11<sup>th</sup> to 14<sup>th</sup> November 2025**

**Feedback report**



**Corporate Peer Challenge**

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## 1. Introduction

Corporate Peer Challenge (CPC) is a highly valued improvement and assurance tool that is delivered by the sector for the sector. It involved a team of senior local government sector figures undertaking a comprehensive review of key finance, performance and governance information and then spending four days at the City of London Corporation to provide robust, strategic and credible challenge and support.

CPC forms a key part of the improvement and assurance framework for local government. It is underpinned by the principles of Sector-led Improvement (SLI) put in place by local authorities and the Local Government Association (LGA) to support continuous improvement and assurance across the sector. These state that local authorities are responsible for their own performance; accountable locally not nationally; and have a collective responsibility for the performance of the sector.

CPC assists local authorities in meeting part of their Best Value Duty, with the government expecting all local authorities to have a CPC at least every five years.

Peers are at the heart of the peer challenge process and provide a 'practitioner perspective' and 'critical friend' challenge.

This report outlines the key findings of the peer team and the recommendations that the local authority is required to action.

## 2. Executive summary

The City of London Corporation combines its role as the local authority for the capital's central business area with a resource role for public infrastructure; an advocacy role for financial and professional services for the City of London and UK; and a role sustaining the heritage and traditions of the City and the Square Mile. Taken together, this means that the Corporation's core responsibilities include supporting the lives and livelihoods of around 8,600 residents and the working lives and livelihoods of some 680,000 workers.

The City Corporation's local authority role is estimated to account for around one third of its overall functions and activities and, whilst its financial streams taken



together represent a very significant quantum of funding, the local government strand is a relatively small element within this. Some of the City Corporation's functions and responsibilities are delivered beyond the Square Mile and a key driver for the organisation is delivery for the 'greater good' across both London and the UK, including through charitable giving and investment in heritage and cultural activities. The City Corporation is adept at working in partnership both within and beyond the boundaries of the Square Mile.

Strong place leadership is being shown by the City Corporation. This includes the 'Vision for Economic Growth' which is seeking to help the Square Mile unlock £225 billion of investment in the UK economy; the 'Destination City' programme acting as a growth strategy for the Square Mile; and the 'City Plan 2040' which seeks to shape the development of the City and ensure that growth is environmentally, economically and socially sustainable. The organisation's commitment around climate action is reflected in its investment of £68m in recent years and the City Corporation has been judged as being in the top three of UK local authorities for climate action.

The City Corporation is committed to enhancing engagement with its resident and worker communities, reflected in a variety of mechanisms including 'City Question Time'; community engagement in the allocation of funding through the Community Infrastructure Levy (CIL) Neighbourhood Fund; and co-production with communities of interest and service users in increasing aspects of the City Corporation's policy development and service design. A really strong example of engagement is the 'City Belonging Project' which has sought to develop the links across the diverse range of organisations in the Square Mile centred upon the staff networks that many of them have.

Significant progress has been made in recent times, through strong leadership and dedicated and talented people, on a range of key issues delivering benefits for stakeholders and improving the way the organisation functions. Effort and investment have been going into rebuilding the City Corporation's 'enabling' functions and related processes and systems. The context for this is the legacy of the introduction of a target operating model, around four years ago, that is widely seen to have very negatively impacted organisational functioning. Good progress has been made in



establishing or enhancing a range of ‘building blocks’ for the City Corporation including internal communications; project and programme management; risk management; and health and safety.

The two highest-level management forums in the City Corporation are now meeting regularly under the leadership of the Chief Executive and this is seen to be strengthening shared understanding and collaborative working at that level across the institutions and directorates that make up the City Corporation. The work that has been taking place around equity, equality, diversity and inclusion (EEDI) has seen a shift away from the organisation previously being at risk of non-compliance with certain statutory requirements.

The 2024 staff survey saw increased engagement in the process compared to when it was undertaken two years previously. The results also showed a number of improvements over that time including the percentage of those having pride in working for the City Corporation rising from 65 per cent to 73 per cent and those who would recommend it to friends and family as a good place to work increasing from 61 per cent to 76 per cent.

We heard lots of reference to ‘transformation’ and ‘modernisation’ during the course of our discussions. However, there doesn’t currently seem to be a consistent understanding of where this is leading. The state of flux that has existed in the organisation’s HR function in recent years is widely recognised but things are stabilising and progress is being made in developing the necessary technology, processes and systems to support resource management. Staff reflected upon a strong wellbeing and employee support offer and the benefits of working for such a diverse and varied organisation, with the opportunities this presents for growth, development and progression. A project to define the desired organisational values and behaviours is set to launch in the early part of 2026.

In 2019, the City Corporation voluntarily commissioned a review of the organisation’s governance arrangements. This was undertaken by Lord Lisvane and was followed in 2023 by the Martin Report which involved a review of the political governance of project management in the City Corporation. The work undertaken by the City Corporation in response to what emerged from these reports has generated a degree

of change and trajectory in both the number of councillor forums and the make-up of the elected membership. However, we identified a very consistent view amongst both elected members and officers that there is merit in re-visiting the effectiveness of the City Corporation's decision-making structures and processes in continuing this improvement journey. There are a number of key considerations here, at the heart of which lies the potential to ease the very clear capacity pressures on elected members and officers by potentially further simplifying or streamlining certain governance arrangements, processes and rules.

Both the 2024 staff survey and our discussions have highlighted some tensions between some elected members and some officers. Our sense is that there are potentially two underlying contributory factors here which the City Corporation should seek to confirm and then, if accurate, go on to address. The first relates to frustrations around elected member casework, with differing expectations and understandings around how they should be raised and responded to. The second is around the ways in which some engagement in certain meetings has been seen to take place. The maintaining of respective roles and responsibilities is absolutely fundamental to constructive relations between elected members and officers.

People within the organisation are accustomed to working in a context of the City Corporation having distinct funding streams, although this is not always straightforward and maintaining awareness of those distinctions has potentially become more difficult in a context of the way monies have been provided to support local authority activity in relation to the pandemic and post-Grenfell safety work.

The current Medium Term Financial Plan was adopted in March 2025, indicating a financial gap of £24.5m in local authority funding by 2028/29. Two very clear financial pressures exist for the organisation in the form of the Housing Revenue Account (HRA) and the Barbican Arts Centre. The Fair Funding Review and Business Rates Reset are anticipated to add to the financial challenge. The £9.2m savings programme for the current year has delivered £3.7m of savings but the remaining £5.5m has already been identified as being unlikely to be achieved. This all generates a situation in which there is a need to enhance organisational understanding of the financial challenge being faced in the local authority elements of

the City Corporation's funding arrangements and provide corporate leadership and develop robust measures to address it.

The position in relation to social housing in the City and its estates within six other London boroughs came to the forefront of our considerations and findings. The City Corporation is taking very seriously the issues it outlined to us. A key part of this will be addressing the backlog of capital works and delivering improvements in carrying out responsive repairs. The investment funding that this requires comes with HRA pressures representing an urgent and significant issue and the potential for them to have a significant destabilising effect on the local authority's revenue finance position. However, major investment is in the process of being agreed by elected members. A delivery plan and robust programme management will be essential in order to achieve the necessary improvements in a timely way and start to build trust and confidence amongst tenants.

### **3. Recommendations**

There are a number of observations and suggestions within the main section of the report. The following are the peer team's key recommendations to the City of London Corporation:

#### **3.1 Recommendation 1**

Ensure the effective delivery of the necessary capital works and improvements in responsive repairs in social housing and strengthen social housing tenant engagement

#### **3.2 Recommendation 2**

Re-visit the effectiveness of the City Corporation's decision-making structures and processes and continue the improvement journey started following the Lisvane and Martin Reports, with a focus on the related key considerations we have outlined

#### **3.3 Recommendation 3**

Identify the ways in which effective working between elected members and officers can be improved and ensure the means to address them are established

### **3.4 Recommendation 4**

Go as far as is possible to alleviate the pressure on Housing Revenue Account reserves in order to mitigate the risk of destabilising the local authority's financial position

### **3.5 Recommendation 5**

Enhance organisational understanding of the significance of the financial challenges around the City Corporation's local government functions and provide corporate leadership and develop robust measures to meet the challenge

## **4. Summary of the peer challenge approach**

### **4.1 The peer team**

Peer challenges are delivered by experienced local government peers. The make-up of the peer team reflected the focus of the corporate peer challenge and peers were selected by the LGA on the basis of their relevant expertise. The peers were:

- Barry Quirk, LGA Associate and former Chief Executive of Lewisham Council and the Royal Borough of Kensington and Chelsea
- Baroness Dorothy Thornhill
- Lord Gary Porter of Spalding
- Quentin Baker, Director of Law and Governance, Hertfordshire County Council
- Marie Kerr, Chief People Officer, Cornwall Council
- Mike Harries, Senior Partnerships Manager for One Public Estate, Local Government Association (shadowing role)
- Chris Bowron, LGA Peer Challenge Manager

## 4.2 Scope and focus

The peer team considered the following five themes which form the core components of all corporate peer challenges. These areas are critical to local authorities' performance and improvement.

1. **Local priorities and outcomes** - Are the local authority's priorities clear and informed by the local context? Is the organisation delivering effectively on its priorities? Is there an organisational-wide approach to continuous improvement, with frequent monitoring, reporting on and updating of performance and improvement plans?
2. **Organisational and place leadership** - Does the local authority provide effective local leadership? Are there good relationships with partner organisations and local communities?
3. **Governance and culture** - Are there clear and robust governance arrangements? Is there a culture of challenge and scrutiny?
4. **Financial planning and management** - Does the local authority have a grip on its current financial position? Does the organisation have a strategy and a plan to address its financial challenges? What is the relative financial resilience of the local authority like?
5. **Capacity for improvement** - Is the organisation able to bring about the improvements it needs, including delivering on locally identified priorities? Does the local authority have the capacity to improve?

As part of the five core elements outlined above, every corporate peer challenge includes a strong focus on financial sustainability, performance, governance and assurance.

In exploring the theme of place leadership, it was jointly agreed with the City Corporation to do so by looking, at least in part, at the organisation's approaches to climate change and community engagement.

### 4.3 The peer challenge process

Peer challenges are improvement focused; it is important to stress that this was not an inspection. The process is not designed to provide an in-depth or technical assessment of plans and proposals. The peer team used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read.

The peer team prepared by reviewing a range of documents and information to ensure they were familiar with the local authority, the place it serves and the challenges it is facing. This included a Position Statement prepared by the organisation in advance of the peer team's time on site. This provided a clear steer on the local context for the City of London Corporation and included an LGA finance briefing prepared using public reports from the local authority's website.

The peer team then spent four days onsite at the City Corporation, during which they:

- Gathered evidence, information and views from more than 25 meetings, in addition to further research and reading
- Spoke to more than 120 people including a range of local authority staff, councillors and external stakeholders

This report provides a summary of the peer team's findings. In presenting feedback, they have done so as fellow local government officers and elected members.

## 5. Feedback

### 5.1 Local priorities and outcomes

The City of London Corporation combines its role as the local authority for the capital's central business area with a range of other responsibilities. These include a resource role for public infrastructure; an advocacy role for financial and professional services for the City of London and UK; and a role sustaining the heritage and traditions of the City and the Square Mile. Taken together, this means that the City Corporation's core responsibilities include supporting the lives and livelihoods of



around 8,600 residents and the working lives and livelihoods of some 680,000 workers.

A specific set of voting arrangements, with a system of weighting, means that both residents and those businesses with a base in the Square Mile elect the councillors that make up the City Corporation's membership. The City Corporation's local authority role is estimated to account for around one third of the organisation's overall functions and activities. The City Corporation has three financial streams which, taken together, represent a very significant quantum of funding but of which the local government strand (City Fund) is a relatively small element. There are a number of institutions that make up the City Corporation, including the City of London Police, the London Port Health Authority and the Barbican Arts Centre. The number and diversity of bodies and functions within the City Corporation generates considerations and challenges around where it sits between a 'single entity' and a 'federated organisation'.

The organisation's new Corporate Plan, which covers the period from 2024 to 2029, outlines the mission of the City Corporation as being:

- "To sustain a vibrant and thriving City, supporting a diverse and sustainable London within a globally-successful UK".

Some of the City Corporation's functions and responsibilities are delivered beyond the Square Mile, including social housing estates located within six other London boroughs, the 95 miles of the tidal Thames covered by the Port Health Authority, the management of Hampstead Heath and Epping Forest, a unique family of schools and the Heathrow Animal Reception Centre.

A key driver for the City Corporation is delivery for the 'greater good' across both London and the UK, with £30m of charitable giving to organisations across the capital and over £130m invested in heritage and cultural activities nationally per annum.

The City Corporation is adept at working in partnership both within and beyond the boundaries of the Square Mile. This includes working with the Greater London Assembly and Mayor of London, for example around the London Growth Plan, and with London Councils. The Corporation's Chairman of the Policy and Resources

Committee is a Vice Chair of the latter. Other examples of partnership working include the City Corporation leading the London Sexual Health Programme across 31 councils and health partners; a set of shared services and related arrangements, including being the lead authority for hazardous waste collection across London and operating a joint public health team with the London Borough of Hackney; and the existence of safeguarding boards for adults and children for the City and Hackney jointly. An example within the City is the delivery of the Safer City Partnership Strategy with the City of London Police, the five Business Improvement Districts and the Safer Business Network. Another is the engagement by both the virtual school and independent schools with looked after children and care leavers.

### **5.1.1 Performance**

The Corporation has undergone a number of inspections in recent times. This includes an OFSTED Inspection of Local Authority Children's Services (ILACS) in September 2024 which provided a judgement of 'Outstanding'. There have also been inspections of the Special Educational Needs and Disabilities (SEND) local area partnership and adult social care, with the announcements of the outcomes from these and the publication of the related reports both pending at the time of the corporate peer challenge. The Regulator of Social Housing concluded an inspection just a matter of weeks prior to the corporate peer challenge.

The Corporate Plan outlines a focus for the whole organisation on six key outcomes:

- Diverse engaged communities
- Dynamic economic growth
- Leading sustainable environment
- Vibrant thriving destination
- Providing excellent services
- Flourishing public spaces

The document is intended to act as "a catalyst for excellence" and the delivery of it is seen by the City Corporation, as outlined in its Position Statement, to be dependent upon enhanced collaborative leadership in the organisation and the development of improved ways of working, strategy and culture.

Progress on delivery of the ambitions in the Corporate Plan is published annually. The gathering and reporting of performance information across the various institutions and directorates making up the City Corporation, including to elected members across a range of committees, is extensive. The challenge is seen to be around determining and developing a set of metrics that reflect what is key at a corporate overview level. The City Corporation openly acknowledges that performance reporting at this level is starting from a relatively low base, with a commitment to see it enhanced as performance metrics, benchmarking and data capability are developed. At the time of the corporate peer challenge, quarterly reporting of management information to the Senior Leadership Team (comprising the Chief Officers of the local authority dimension of the City Corporation) was in the process of being developed but an agreed set of metrics had not yet been determined.

Central to the ambitions around enhancing performance management in the City Corporation is the development of a focus on 'outcomes' relative to the measurement of inputs and activity. To support this, the approach to business planning is currently shifting from having a focus on the year ahead to one that looks at the outcomes to be achieved by the relevant institution, directorate or service across a multi-year horizon. Progress being made in how performance information is being used in the organisation is reflected in the 2024 staff survey indicating a rise of 39 percentage points to 62 per cent in those people understanding how their team is performing.

The City Corporation regularly receives recognition of high performance and achievement across services and functions, of which it is rightly proud. This includes:

- Receiving the 'Green Public Sector Organisation' of the year award at the Green Awards UK 2025
- Attaining 'Green Flag' status for many of its open spaces, including the City of London Cemetery and Crematorium
- The platinum rating for the City Corporation's Planning function in a recent 'Planning' magazine annual survey – one of only seven authorities in England attaining this level

A theme that the City Corporation may wish to reflect upon is the extent to which its widely stated ambitions around being ‘world class’ across its operations and functions are feasible, relative to where being ‘good enough’ might be sufficient. This is not to criticise the City Corporation’s level of ambition – rather a recognition that difficult choices will need to be made as the improvement and service delivery agendas develop in a climate of diminishing resource.

## **5.2 Organisational and place leadership**

The City Corporation recognises “a shifting global landscape” and that this will have “implications for the community of residents, workers and visitors whose wellbeing and prosperity we have a role in protecting”. The Corporate Plan reflects the organisation seeing its central challenge as being “developing strategies to enhance the provision available to these stakeholders and working with them to understand their evolving needs”.

Strong place leadership is being shown by the City Corporation. This includes the ‘Vision for Economic Growth’ that it has led the development of and which is seeking to help the Square Mile unlock £225 billion of investment in the UK economy. The ‘Destination City’ programme, driven by the Chairman of Policy and Resources Committee and acting as the growth strategy for the Square Mile, is well regarded and seen to have derived significant positive impact, with increased footfall and levels of office occupation. The ‘City Plan 2040’ – which is in the process of moving towards being adopted as the Local Plan – seeks to shape the development of the City and ensure that growth is environmentally, economically and socially sustainable.

As part of our work, we undertook to explore the way the City Corporation is working with others around climate action and in its engagement with its communities. In relation to climate action, a strategy has been developed in a context of ambitions to achieve net zero carbon emissions in the City Corporation’s own operations by 2027 and the Square Mile by 2040. Progress in these ambitions is monitored and demonstrated through a climate action dashboard. The City Corporation has been judged as being in the top three of UK local authorities for climate action.

The organisation's commitment around climate action is reflected in the investment of £68m that it has provided in recent years. This funding, and the capacity it has provided, is seen by pan-London partners to have been pioneering and setting the tone across the capital. The current funding runs to 2026/27 and the focus is now shifting to securing funding for future phases of the climate action strategy.

A particular area of success is seen by partners to have been work with small and medium sized businesses, centred on the hosting of seminars and workshops, to develop their capacity for addressing their own climate challenges and ambitions. Developing biodiversity in the Square Mile is seen to have been another significant area of success. There is seen to be an opportunity to do more to progress net zero and to lead the way across transport, planning and working with the private sector. The retro-fitting of social housing also provides significant opportunity, with the scope to bring housing and climate action together much more in the City Corporation's thinking and planning – although the major financial challenge here is recognised.

The City Corporation is committed to enhancing engagement with its resident and worker communities and a Lead Member for Resident Engagement has been appointed. 'City Question Time', led by the Chairman of Policy and Resources Committee, is an open forum for residents and worker representatives and takes place four times a year. What emerges through this is fed back in the 'You Said, We Did' publication.

Worker representatives and residents are able to meet on an annual basis with their elected members through 'Wardmotes', which are the equivalent of councillor surgeries in other local authorities. The Corporate Plan was developed through extensive engagement with a range of stakeholders across the City and the same is being seen with the 'City Plan 2040'. The City Corporation also encourages community engagement in the allocation of funding through the Community Infrastructure Levy (CIL) Neighbourhood Fund. This has already distributed over £10m of funding to support communities across the City, benefitting residents and workers. Another example of the City Corporation's intentions around community engagement can be seen in the approach to the design of the £10m refurbishment of the Golden Lane leisure centre, also being delivered with CIL funding, which places

stakeholders at its heart.

Co-production with communities of interest and service users is being seen in increasing aspects of the Corporation's policy development and service design. Examples include the development of the Carers Strategy and related services; the Special Educational Needs and Disabilities (SEND) Strategy; and development of the pets policy for social housing. There is also active engagement with the Children in Care Council, City Parent Carer Forum and Adult Social Care Users Group.

A really strong example of engagement is the 'City Belonging Project', established in 2023 and focused on workers in the City. This has sought to develop the links across the diverse range of organisations in the Square Mile and has seen the emergence of a set of 'City Belonging Networks', centred upon the staff networks that many of them have in place serving the needs of particular communities and interests. Much of their activity to date has involved the delivery of events that seek to promote inclusion and belonging, celebrate diversity and instil a greater sense of community in the Square Mile. They have also proved effective at specific moments, such as providing community reassurance following the Manchester Synagogue attack.

The work that has been taking place around equity, equality, diversity and inclusion (EEDI) has seen a shift away from the organisation previously being at risk of non-compliance with certain statutory requirements. A strategic framework for EEDI has been established and a corporate function is in place to support the wider organisation develop and embed their approaches. The approach to the undertaking of Equality Impact Assessments in the organisation has been refreshed and the City Corporation's website is ranked in the top three of all 337 local authority websites for accessibility. In the Social Mobility Employer Index, which assesses organisations on their efforts to create opportunities for people from all social backgrounds, the City Corporation is ranked 24<sup>th</sup> out of 140 employers – up from 58<sup>th</sup> out of 150 in 2024.

### 5.3 Governance and culture

In 2019, the City Corporation voluntarily commissioned a review of the organisation's governance arrangements. This was undertaken by Lord Lisvane, whose report

(Public Pack)Governance Review Agenda Supplement for Resource Allocation Sub (Policy and Resources) Committee, 18/09/2020 11:00 was issued in 2020. This was followed in 2023 by the Martin Report which involved a review of the political governance of project management in the City Corporation: APPENDIX 1 - Independent review of project-related Member governance FINAL.pdf

The work undertaken by the City Corporation in response to what emerged from the Lisvane and Martin Reports has generated a degree of change and trajectory in both the number of councillor forums and the make-up of the elected membership. This has seen a reduction in the number of forums from around 130 to nearer 80, although both officers and elected members indicated that the number of meetings of the remaining bodies that they find themselves attending seems to have increased. The elections of recent years have also seen a more diverse elected membership emerge, particularly in terms of age, gender and ethnicity.

We identified a very consistent view amongst both elected members and officers that there is merit in re-visiting the effectiveness of the City Corporation's decision-making structures and processes in continuing the improvement journey it started following the Lisvane and Martin Reports. There are a number of key considerations here, at the heart of which lies the potential to ease the very clear capacity pressures on elected members and officers by potentially further simplifying or streamlining certain governance arrangements, processes and rules.

One of these considerations is how to enable greater prioritisation for the City Corporation, which is becoming an imperative in a context of the challenges being faced around local authority funding. This is not straightforward given the relative complexity of the organisation when compared to a significant proportion of local authorities. This complexity includes the range of its institutions; the number and different roles of councillors; the non-party political basis on which the elected membership traditionally operates; and the extent of its governance structure. Within this is a consideration of the respective remits, roles and terms of reference of the range of committees.

Another consideration is the differentiation seen in the approaches to determining what flows to councillor forums and the capacity involved in both preparing for and

participating in them. Some forums see their Chairs shaping agendas, plus the holding of pre-agenda meetings, whilst with others it is more a case of officers being central in determining which matters are considered. We also noted the frequency with which 'for information' reports appear before councillors and the way in which the same reports, or iterations of them, are sometimes seen by two, three or more committees. There may be some positive aspects of this process, with a number of people referring to the benefits of iterative decision-making sometimes seen within the elected membership and the 'socialising' of issues through them being considered by different members in different committees. An example of this is the presentation of a new Risk Management Policy and a Risk Appetite Statement at a number of forums ahead of their formal adoption by the Court of Common Council. At the same time, the approach generates considerations around the timeliness of decision-making and, again, the capacity challenges being faced by both elected members and officers in preparing for and participating in multifarious meetings.

In relation to committee reports, elected members that we met highlighted the extent of the agendas and the length and accessibility of reports that they are sometimes being asked to engage with. There is a shared responsibility here. Officers need to ensure that reports are concise and written in ways that enable councillors to engage fully with the issues under consideration. Elected members need to ensure they fulfil their responsibility to prepare effectively for meetings.

The issues of the timeliness of decision-making and capacity constraints in the organisation also raise considerations around the Scheme of Delegation and the extent to which the revisiting of this may help to alleviate pressures sometimes being experienced.

We would also encourage the City Corporation to consider whether the transparency of decision-making and reporting in the organisation could be enhanced through greater challenge around which items appear under Part 2 of committee agendas.

Both the 2024 staff survey and our discussions have highlighted some tensions between some elected members and some officers. Our sense is that there are potentially two underlying contributory factors here which the City Corporation should seek to confirm and then, if accurate, go on to address. The first relates to

frustrations around elected member casework. There appear to be differing expectations and understandings around how such casework issues should be raised and responded to. We would therefore encourage the development of a system that makes it as easy as possible for a resident, business stakeholder or elected member to 'log' an issue that would constitute casework, whether that be an environmental health matter, such as noise; a highways matter, such as a pothole; a social housing repair; or anything else coming within the wide range of local authority responsibilities. Our discussions with elected members revealed what is clearly established as the norm for some of them around people knocking on their door at home to report an issue such as a leaking tap which, in many local authorities, would be raised more directly with the organisation through other means and potentially responded to more effectively as a result.

Establishing an appropriate system would help to establish clarity over the prioritisation and timescales for issues being raised by councillors and, in so doing, ease some of the tensions that exist around organisational responsiveness. It would also enable the capture of intelligence and organisational learning, with repeated casework requests around the same or similar issues helping to inform the development of more strategic responses, including policy changes.

The second contributory factor in tensions between some elected members and some officers is around the ways in which some engagement in certain meetings has been seen to take place. The issue of how elected members and officers relate to one another is significant in any local authority and tensions emerging around it risk a rapid deterioration in relations and the atmosphere in an organisation. The wide range of traditions woven into the City Corporation's governance arrangements and conducting of meetings may provide for an over-formalisation in some interactions, which may be a contributory factor here.

The maintaining of respective roles and responsibilities is absolutely fundamental to constructive relations between elected members and officers. Whilst elected members are the decision-makers in a local authority, officers are absolutely fulfilling their appropriate role when providing them with their professional advice and guidance to support them in making the most informed and effective decisions.

Whether such advice is followed is the prerogative of councillors but it should certainly be heard and respected. An Elected Member/Officer Charter, outlining respective roles and responsibilities, expectations around relations and how interaction should take place, has recently been established in the City Corporation and needs to be adhered to and upheld.

There is an interest on the part of elected members that we met in seeing the broadening out of the training and development offer for them in a way that supplements the 'technical', such as Planning and Licensing, with additional leadership and more generic activity, such as scrutiny and IT. Identifying ways in which the take-up of the elected member training and development offer could be enhanced would also be beneficial.

#### **5.4 Financial planning and management**

In undertaking our work, we have been very conscious of the distinctions between the City Corporation's three primary strands of funding:

- City Fund – this is the equivalent of the revenue account of a typical local authority, with grants, council tax and business rates to fund core services but also assets and liabilities. It covers the City Corporation's activities as a local authority, police authority and port health authority, including where those activities may be undertaken beyond the Square Mile.
- City's Estate (formerly known as City's Cash) – this fund can be traced back to the 15th century and has built up from a combination of properties, land, bequests and transfers under statute since that time. These, and related investments in properties, stocks and shares are managed to provide a return to fund a number of services and provisions. Some of these are carried out beyond the boundaries of the Square Mile, as with the management and conservation of open space like Epping Forest, Hampstead Heath and Burnham Beeches. Other aspects of the City Corporation's activities paid for through this fund, the equivalents of which would traditionally be outside the scope of local authorities, include three independent schools and the Guildhall School of Music. It also funds the Mayor's role representing the City nationally

and globally. This fund is not a separate legal entity, with the budget approved by the City Corporation in the same way as the City Fund, but the accounts are audited by different external auditors to those for the City Fund.

- City Bridge Foundation (formerly Bridge House Estates) – the City Corporation is the sole trustee of this separate legal entity. It is a long-standing charity which maintained the original London Bridge, funded by bridge taxes, rents and private bequests. The Foundation now maintains an additional four bridges across the Thames – Blackfriars, Millennium, Southwark and Tower. This fund is the source of much of the City Corporation’s charitable giving and investment in heritage and cultural activities, both in the capital and for the nation, each year.

People within the organisation are accustomed to working in this context and the need to adopt different ‘hats’ at different points when operating across different activities and initiatives with sometimes separate or sometimes combined funding arrangements. This is not always straightforward, for example with some performance monitoring reports covering services and functions supported by both the City Fund and the City’s Estate and some capital schemes being co-funded from the respective capital pots for the two funds. The City Corporation seeks to guide and support officers in their approach to, for example, report writing and project planning, in order to navigate these complexities. Maintaining awareness of the distinctions between the separate strands has potentially become more difficult in a context of City’s Estate monies having been provided to support local authority activity in relation to the pandemic and post-Grenfell safety work.

The City Fund is debt-free and the City Corporation indicates all risk management recommendations identified in external audits have been addressed and closed, with no new specific issues raised in the most recent report relating to the financial year 2024/25. Budget monitoring and capital and project spend are reported to Finance Committee on a quarterly basis and this information is now also starting to be reported more frequently (shifting from quarterly to monthly) to the Senior Leadership Team.

The Court of Common Council adopted the current Medium Term Financial Plan in March 2025, with this indicating a financial gap of £24.5m in the City Fund by 2028/29. We noted that the £9.2m savings programme for the City Fund for the current year has delivered £3.7m of savings, with the remaining £5.5m – much of which relates to the Barbican Arts Centre – already identified as unlikely to be achieved. In a context of a mix of underspends and overspends being seen across the City Fund, action has been taken for overspending areas in the form of officer ‘Star Chambers’ and scrutiny by elected members through the Efficiency and Performance Working Group.

Two very clear financial pressures exist for the organisation in the form of the Housing Revenue Account (HRA) and the Barbican Arts Centre. There is a story of limited investment over recent decades across social housing in the Square Mile – with the same also applying to the City Corporation’s operational property and its technology infrastructure. The City Corporation recognises that a significant backlog of social housing capital works needs to be addressed, both to bring homes up to a good standard and address the demands that flow from recent regulations on building owners to improve building safety and fire safety measures. What is required presents challenges to the City Corporation in respect of investment funding at a time when the HRA, like elsewhere across London and beyond, is under real pressure. Going as far as is possible to address the pressures represents an urgent and significant issue, with the potential for them to have a significant destabilising effect on the local authority’s revenue finance position. We explore this further under the ‘Social housing’ element later in this report.

The gross annual spend from the City Fund on the Barbican Arts Centre is £58m. Whilst around £28m of income is usually generated, this leaves a position in which £30m of City Fund revenue budget is dedicated to the Barbican each year. With the agreed in-year savings for 2025/26 unlikely to be achieved and the costs of the centre anticipated to rise, there is a need for rigour around a future savings and cost reduction programme. There are also very significant considerations around the scale of future capital costs for the Barbican, of potentially around £600m, and the related revenue budget implications. A total of £190m has been allocated to the

renewal programme so far, with a 10-year business plan in development and a review of the centre's operating model taking place.

The Fair Funding Review and Business Rates Reset are anticipated to provide a significant challenge for the City Corporation. This, and the challenges outlined above, generates a situation in which there is a need to enhance organisational understanding of the financial challenge being faced in the local authority elements of the City Corporation's funding arrangements. This is not straightforward in a context of the broader financial picture of the organisation, which returns to the point of there being a very significant overall quantum of funding for the City Corporation but the City Fund representing a relatively small sum within this. Addressing the financial challenges requires corporate leadership and robust measures.

The Internal Audit function of the City Corporation is independently positioned and reports directly to the Audit and Risk Management Committee and Senior Leadership Team. The City Corporation acknowledges a traditional pattern of management action, in response to Internal Audit issues, being late compared to the agreed timescales.

## **5.5 Capacity for improvement**

Significant effort and investment have been going into rebuilding the City Corporation's 'enabling' functions and related processes and systems in the last couple of years. The context for this is the legacy of the introduction of a target operating model, around four years ago, that is widely seen to have very negatively impacted organisational functioning and what might be classed as the 'corporate centre' of the City Corporation.

The development of the Corporate Plan, People Strategy and the Digital, Data and Technology Strategy, all of which run across the period from 2024 to 2029, is seen to have provided some of the key 'foundation stones' for the organisation. Good progress has also been made in establishing or enhancing a range of other 'building blocks' for the City Corporation over the last couple of years, including internal communications; managerial leadership forums; project and programme management; risk management; and health and safety.

As the rebuilding of these ‘enabling’ functions continues, the City Corporation will wish to consider how the desired approaches and mechanisms around, for example, project management, risk management and health and safety, come to be embedded and where the aspirations sit between establishing ‘uniformity’ of ways of working relative to the ‘tailoring’ of approaches across the organisation and its institutions.

The two highest-level management forums in the City Corporation are the Executive Leadership Board and the Senior Leadership Team. The former is broader in its make-up than the latter, with it existing as a cross-City Corporation leadership board comprising the Chief Officers of the local authority, the Heads of Institutions and Police Authority Board representation. These bodies are now meeting regularly under the leadership of the Chief Executive and this is seen to be strengthening shared understanding and collaborative working at that level across the institutions and directorates. The drive is there to develop cross-organisational working further in order to help address what is recognised as continued ‘silo-working’ in the City Corporation. The ‘Future Ambition 18’ group, incorporating around 150 people and incorporating the next tier of managerial leadership in the organisation, has a crucial role to play here.

The 2024 staff survey saw increased engagement in the process compared to when it was undertaken two years previously. The results also showed a number of improvements over that time, which coincides with the arrival of the Chief Executive. This includes the percentage of those having pride in working for the City Corporation rising from 65 per cent to 73 per cent and those who would recommend it to friends and family as a good place to work increasing from 61 per cent to 76 per cent.

The reintroduction of ‘all staff Town Hall’ events, which consistently attract over 1,200 members of staff both in person and online and are led by the Chief Executive, has been valued. A wide range of other internal communication mechanisms exist at both a corporate and directorate/institution level and there has been a clear drive for the senior managerial leadership to increase their visibility.

We heard lots of reference to ‘transformation’ and ‘modernisation’ during the course of our discussions. However, there doesn’t currently seem to be a consistent understanding of where this is leading, with the organisation still in the process of

developing a ‘transformation vision’. The history of the target operating model is an important consideration here. This left a negative impact on the psychology and morale of the organisation and raises a consideration around how best to revisit the issue of organisational change. Corporate capacity to support change and ‘transformation’ is in place, with its purpose and remit currently being reviewed to ensure a focus on what matters most and securing the greatest impact.

The state of flux that has existed in the organisation’s HR function in recent years is widely recognised but things are stabilising and progress is being made in developing the necessary technology, processes and systems to support resource management. This notably includes the work currently taking place, under ‘Programme Sapphire’, to better integrate HR and finance systems through the adoption of a SAP-based system. The ‘Ambition 25’ programme is seeking to modernise the City Corporation’s pay and grading framework, including the design of a job architecture and evaluation system and a new pay and grading structure. A project to define the desired organisational values and behaviours is set to launch in the early part of 2026.

Staff we met reflected upon a strong wellbeing and employee support offer. The City Corporation has established around one hundred apprenticeships. Apprenticeship Levy funding of £1.25m is supporting this plus a range of other initiatives which are serving to support the upskilling of over 350 other staff currently. People also reflected upon the benefits for employees of working for such a diverse and varied organisation, with the opportunities this presents for growth, development and progression.

There is an intention to establish leadership and management development programmes for the City Corporation. This will be important in support the embedding of the key corporate processes and systems and ways of working, such as project management, risk management and health and safety, that have been developed. Such programmes would also aid cross-organisational working and staff progression. They would supplement the strong continuous professional development offer that is already in place within individual services and functions.

A number of reviews in the last few years highlighted the need to radically overhaul the City Corporation’s approach to project and programme management. The most



recent of these, in 2023, recommended the adoption of a portfolio management approach, with a key objective being ensuring effective corporate oversight of key projects and programmes in the organisation. In response, an Enterprise Portfolio Management Office (EPMO) has been created and the implementation of portfolio management in phases is underway.

The City Corporation's Digital, Data and Technology Strategy focuses on five key outcomes: delivering 'brilliant basics'; enabling technology convergence; improved data-driven decision-making; automation and artificial intelligence (AI); and developing digital skills. A key recent achievement around digital and IT has been the bringing back in-house of a number of related services that were previously outsourced and using this to develop more corporate and common approaches. This has generated almost £1m in annual savings and has enabled a shift to having consistency in the provision of IT kit for staff and elected members across the institutions and directorates. The City Corporation is also embarking upon developing the organisation's first corporate customer relationship management (CRM) system.

As touched on earlier, a new Risk Management Strategy has been established for the organisation covering the period through to 2029. Alongside this, the Court of Common Council agreed a new Risk Appetite Statement in May 2025. This emphasises establishing a culture where risk is understood and appropriately accepted in order to accomplish organisational goals, with 'failure' expected as part of innovation and being a learning organisation. The City Corporation's corporate and top departmental risks are regularly reported to the Audit and Risk Management Committee and a Chief Officer Risk Management Group has also now been established.

There has been real rigour and drive in the last couple of years in responding to the findings of Internal Audit and externally-led reviews of the approach to health and safety in the organisation. The reviews indicated limited assurance could be provided in respect of health and safety arrangements and ensuring that a safe and healthy workplace existed, with the Internal Audit report giving a 'red' level of assurance. Recent follow-up review activity, externally undertaken, concluded that a great deal of progress has been made against the original recommendations from the reviews.

It also, however, highlighted a need to continue with the training of health and safety practitioners as a matter of urgency and to review the ongoing resourcing of the central health and safety team, with what has been achieved to date having been secured through temporary funding.

## **5.6 Social housing**

By way of context, the City Corporation has 2,900 homes across twelve social housing estates. Two of these are in the Square Mile, with the remainder existing within six other boroughs in London. Around two-thirds of these homes are occupied by tenants and one-third by leaseholders.

The position in relation to social housing in the City came to the forefront of our considerations and findings during the course of the corporate peer challenge. The City Corporation is taking very seriously the issues it outlined to us at the outset and which we have included over and above the original scope of the corporate peer challenge. The response includes new leadership and increased capacity being provided within the social housing team. The Regulator of Social Housing has very recently concluded an inspection in the City Corporation. The findings from this are pending and should provide the City Corporation with a very clear outline of where improvement is required.

The Chairman of Policy and Resources Committee is showing strong leadership of the agenda on behalf of the City Corporation and has established a “Resident Reset”. This features five ‘delivery pillars’ around long-term investment in residents; clear and effective communications; accountability and consultation; meeting the needs of a diverse population; and harnessing the Square Mile to benefit residents.

Developments include the Golden Lane leisure centre investment referred to earlier; improvements across the Middlesex Street and Golden Lane estates; improved accountability around the management of services for the Barbican estate; the introduction of the ‘City Living’ newsletter distributed to every home in the City; a resident services directory introduced earlier this year; the creation of the ‘City Living’ resident card; and work currently underway to establish a ‘Resident Voice’ engagement forum for social housing tenants.

It is clear from our discussions with Residents Associations' representatives that there is both a strong need and desire for engagement between the City Corporation and tenants to be improved. In recognition of this, a Resident Involvement Strategy has been developed by the City Corporation's housing function. This runs to 2029 and has at its heart offering more ways for people to get involved; making it easier for people to have a voice, including those who haven't felt heard before; and turning feedback into action and visible improvements. There is an acknowledgement from the City Corporation that, in relation to engagement with tenants and listening to them, "we haven't always got this right, and we're committed to rebuilding trust".

A key part of the test around this will be addressing the backlog of capital works and delivering improvements in carrying out responsive repairs. The City Corporation recognises this. As we outlined earlier, the investment funding that this requires comes with HRA pressures representing an urgent and significant issue. However, major investment is in the process of being agreed by elected members. Policy and Resources Committee, whilst we were on-site, indicated that over £150m of City Fund capital funding should be made available for social housing capital works in a context of the pressures on the HRA. The Court of Common Council in December is being asked to agree to this as part of an overall investment package of £211m, covering all twelve social housing estates.

Once it is agreed, the investment needs to be undertaken in line with identified need, with a housing stock condition survey underway and due to complete in 2026. A delivery plan and robust programme management will be essential in order to achieve the necessary improvements in a timely way and start to build trust and confidence amongst tenants. We also loop back here to what we outlined earlier in relation to the scope to bring housing and climate action together much more in the City Corporation's thinking and planning, including in relation to retro-fitting – although recognising there are initiatives underway around this.

## 6. Next steps

It is recognised that the City Corporation's senior elected member and managerial leadership will want to consider, discuss and reflect on these findings. The LGA will



continue to provide on-going support to the organisation. As part of the CPC, the City Corporation are required to have a Progress Review and publish the findings from this within twelve months of the CPC. The LGA will also publish the Progress Review report on their website.

The Progress Review will provide space for the organisation's senior leadership to report to peers on the progress made against each of the CPC's recommendations, discuss early impact or learning and receive feedback on the implementation of the CPC action plan.

In the meantime, Mona Sehgal, Principal Adviser for your region, is the main contact between the City Corporation and the Local Government Association. She is available to discuss any further support the organisation requires and can be contacted via [mona.sehgal@local.gov.uk](mailto:mona.sehgal@local.gov.uk)