



## **Resource Allocation Sub (Policy and Resources) Committee INFORMATION PACK**

**Date:** WEDNESDAY, 18 SEPTEMBER 2024

**Time:** 2.00 pm

**Venue:** COMMITTEE ROOMS, WEST WING, GUILDHALL

6. **\*CITY SURVEYOR'S BUSINESS PLAN 2024-29 - QUARTER 1 2024/25 UPDATE**

Report of the City Surveyor.

**For Information**  
(Pages 3 - 12)

7. **\*CITY SURVEYOR'S CORPORATE AND DEPARTMENTAL RISK REGISTER  
AUGUST 2024 UPDATE**

Report of the City Surveyor.

**For Information**  
(Pages 13 - 42)

8. **\*REPORT OF ACTION TAKEN**

Report of the Deputy Town Clerk.

**For Information**  
(Pages 43 - 46)

13. **\*NOTE OF THE INFORMAL RESOURCE ALLOCATION SUB-COMMITTEE AWAY  
DAY MEETING HELD ON 4 AND 5 JULY 2024**

To receive the note of the informal meeting of the Resource Allocation Sub-Committee held on 4 and 5 July 2024.

**For Information**  
(Pages 47 - 54)

This page is intentionally left blank

# Agenda Item 6

<b>Committee(s)</b>	<b>Dated:</b>
Resource Allocation Sub (Policy and Resources) Committee – For information	18 September 2024
<b>Subject:</b> City Surveyor’s Business Plan 2024-29 - Quarter 1 2024/25 Update	<b>Public</b>
<b>Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?</b>	<b>Providing Excellent Services, Leading Sustainable Environment, Flourishing Public Spaces, Dynamic Economic Growth</b>
<b>Does this proposal require extra revenue and/or capital spending? N/A</b>	<b>N</b>
<b>If so, how much? N/A</b>	<b>N/A</b>
<b>What is the source of Funding? N/A</b>	<b>N/A</b>
<b>Has this Funding Source been agreed with the Chamberlain’s Department? N/A</b>	<b>N/A</b>
<b>Report of: The City Surveyor and Executive Director of Property (CS.225/24)</b>	
<b>Report author:</b> <b>John Galvin/Anna Flashman/Faith Bowman</b> City Surveyor’s Department	

## Summary

- This report provides Members of Resource Allocation Sub (Policy and Resources) Committee (RASC) with details of progress in quarter 1 2024/25 (April to June) against the City Surveyor’s 2024-29 Business Plan. A comparable report is also submitted to the Members of the Investment Committee (IC, CSD).
- In 2024/25 the department will report on seventeen KPIs to measure progress of the delivery of its business plan and twelve will be overseen by this Committee. Of these, five indicators met their target (green), two indicators were slightly below target (amber), and one indicator was underperforming (red). The RAG status of the final measure KPI.10 is to be confirmed in quarter 2 and will be reported quarterly in arrears. Three further measures will be assessed throughout the year.
- The City Surveyor’s 2024/25 quarter 1 budget outturn (Appendix A) reveals that the department is forecasting an overspend of £361k (1.2%) against a total budget of £30.2m for City Fund and City’s Estate services.

## Recommendation

- That Members note the content of this report.

## Main Report

### Background

1. In line with the City Corporation's performance management approach this is a regular update report on the progress made against the department's 2024-29 Business Plan. The City Surveyor's Department (CSD) reports performance quarterly to Resource Allocation Sub (Policy and Resources) Committee (RASC).
2. The department's business plan outlines seventeen Key Performance Indicators (KPIs). RASC oversee the progress against twelve of these measures, whilst Investment Committee (IC) oversee fourteen and Markets Board oversee two.
3. Performance is assessed on a traffic light basis (RAG), where red denotes a high risk of non-attainment, amber indicates some concern, whilst green denotes the measure being on/ahead of target.

### Current Position

4. This report provides the latest budget monitoring statement which is set out in Appendix A. The full list of KPIs, and their current performance is noted in Appendix B.
5. A separate monitoring report on the risks within the department is also circulated for this meeting.

### Financial Statement

6. The City Surveyor's 2024/25 quarter 1 outturn (Appendix A) reveals that the department is forecasting an overspend of £361k (1.2%) against a total budget of £30.2m for City Fund and City's Estate services for the year. However, if City Bridge Foundation (CBF) is taken into consideration, the overall position is an overspend of £331k (1%) against a total budget for the year of £34m.
7. The key drivers of the overspend for City Surveyor's and City's Estate services is an overspend on Departmental and Guildhall salary budgets due to not achieving the vacancy factor, additional spend on recruitment costs, and some residual 12% savings that need to be identified. This overspend is partially being offset by savings on operational costs at the Guildhall complex. Work is being undertaken by the City Surveyor to reduce the forecasted overspend.
8. Positively the department overachieved against the March 2024 rental income forecast for City's Estate and City Fund estate by generating an additional £859k.
9. Members should note that following completion of the carry forward approval process, it was agreed that the City Surveyor could carry forward £313k from the 2023/24 overspend to be recovered from his 2024/25 budgets. The City Surveyor has identified savings across City's Estate and Guildhall services, to meet these costs that will be implemented for quarter 2 reporting. Further work is continuing to eliminate the forecast overspend for this financial year and progress on this will also be reported at quarter 2.

**Quarter 1 2024/25 update**

10. The table below provides an ‘at a glance’ assessment of the department’s performance through the first quarter of the 2024/25 reporting year.

Status <sup>1</sup>	Green	Amber	Red	TBC	N/A
Resource Allocation Sub Committee	5	2	1	1	3
Overall (including non-RASC measures)	5	2	1	1	8

Of the twelve measures reported to this Committee, five were on target (green), two marginally behind (amber) and one did not reach the target (red). The RAG status of the final measure KPI.10 is to be confirmed in quarter 2 and will be reported quarterly in arrears. Three further measures will be assessed throughout the year.

11. The red and amber KPI’s relevant to this committee are set out below.

**a. KPI.16 – Markets – Each Market’s outstanding debt as a percentage of their total invoice income (excluding 0-30 days invoices)**

This indicator assesses the level of debt at Billingsgate, Smithfield and New Spitalfields Markets and includes Covid arrears.

Target – Less than 1.5%  
Performance – 7.6% (Red)

The red rating is a direct result of a single debtor at Billingsgate who is responsible for an outstanding amount of £579k. If this debt was excluded, the total arrears from various smaller debtors would decrease to 3.42%. Furthermore, at New Spitalfields, there is an active Covid debt repayment plan totalling £104k, however, this is expected to be resolved by October 2025.

The department follows rigorous credit control processes, using appropriate escalation channels in collaboration with Chamberlain’s and Comptroller’s Departments to ensure the payment of arrears.

**b. KPI.7 – Capital Projects – Project Risk Status**

This indicator assesses the proportion of projects which are red (which may be due to cost, time, or a combination of both) against the total number of projects.

Target – Less than 30%  
Performance – 37% (Amber)

It has been previously reported to this Committee that over 60% of the department’s ongoing projects began in 2020 or earlier, indicating that their completion has been considerably affected by COVID-19. These projects have experienced prolonged periods of diminished site capacity and productivity, coupled with significant construction price inflation. Consequently, a larger number of projects have exceeded their anticipated timelines and budgets.

---

<sup>1</sup> Red = High Risk of Failure or Not Achieved; Amber = Some Concern; Green = On Target or Achieved.

Although the performance of current projects remains strong, the backlog of older projects has negatively influenced overall performance.

**c. KP1.17 – Maintain a minimum 95% occupancy with the expectation to achieve 100%**

This indicator demonstrates the demand for office space within Billingsgate, Smithfield and New Spitalfields Markets.

Target – 95%

Performance – 91% (Amber)

The post-pandemic trend of hybrid and home working has considerably affected the demand for office space globally. Consequently, this factor has negatively impacted overall performance at Billingsgate who currently has 12 vacant offices out of 59 rentable offices. The department continues to endeavour to lease all available rental space.

## **Corporate & Strategic Implications**

### **Strategic implications**

12. The City Surveyor's Department is dedicated to advancing the objectives outlined in the Corporate Plan.
13. This department plays a crucial role in realising the City's vision by executing major construction initiatives, such as Salisbury Square, London Museum, and Barbican Renewal, while also preserving our heritage estate for the benefit of all Londoners and generating substantial revenue from both investment and operational property portfolios, which underpins all our activities.
14. The department actively collaborates with corporate leaders to ensure the effective implementation of our strategic priorities, particularly in relation to Destination City, the Climate Action Strategy, and the City's Corporate Property Asset Management Strategy for 2020-2025.

### **Financial implications**

15. Members are advised that upon finalising the carry forward approval process, it has been decided that the City Surveyor will transfer the £313k 2023/24 overspend to be recovered from the 2024/25 budgets. The City Surveyor has pinpointed savings within his City's Estate and Guildhall services to mitigate this overspend and this plan will be implemented from quarter 2 reporting.

### **Resource implications**

16. The department is actively working to identify several strategies to mitigate the core challenges it encounters. It has acknowledged possible pathways for enhancing revenue and capital inflows for the organisation. Presently, business cases are being developed for these prospects.

## **Legal implications**

17. None

## **Risk implications**

18. Key risks managed by the department are included in the Risk Update Report that is also reported to this Committee.

## **Equalities implications**

19. None.

## **Climate implications**

20. The department facilitates the implementation of the Climate Action Strategy by executing both minor and major projects. This capability has been strengthened by securing funding for the Cyclical Works Programme.

## **Security implications**

21. None

## **Conclusion**

23. Overall the department has made steady progress on the key deliverables outlined in the Business Plan during the first quarter. Departmental performance has been impacted by several external challenges, however, is well placed to achieve its objectives whilst effectively managing its risks.

## **Appendices**

- Appendix A                      Budget Monitoring Statement
- Appendix B                      Key Performance Indicator Table

## **Background Papers**

- The City Surveyor    The City Surveyor's Business Plan 2024-29

Departmental Performance & Services  
City Surveyor's Department

This page is intentionally left blank



# Budget Monitoring Statement

# Appendix A

Page 1 of 1

## Quarter 1 2024/25

LOCAL RISK BUDGET Quarter 1	Latest Approved Budget £000	Q1 Profile £000	Q1 Total Expenditure £000	Under / (Over) Spend for Period £000	Q1 Projected Outturn £000	Under / (Over) Spend for 2024-25 £000	Note
<b>City Fund</b>							
City Fund Estate	(2,100)	131	119	(12)	(2,100)	0	
Walbrook Wharf	(950)	(238)	(288)	(50)	(965)	(15)	
Mayor's & City of London Court	(39)	(75)	(16)	59	(62)	(23)	1
Central Criminal Court	(394)	(99)	(67)	32	(394)	0	
Lower Thames St Roman Bath	(9)	(9)	(1)	8	(2)	7	
Spitalfields Market	(150)	1,173	780	(393)	(172)	(22)	
Corporate FM R&M cleaning & security	(1,476)	(976)	(581)	395	(1,476)	0	
	(5,118)	(93)	(54)	39	(5,171)	(53)	
<b>City's Cash</b>							
City's Estate	(2,967)	(7)	(15)	(8)	(2,967)	0	
Departmental	(11,023)	(2,735)	(3,009)	(274)	(11,521)	(498)	2
Mayoralty & Shrievalty	(98)	(98)	(6)	92	(33)	65	
Markets Directorate	(427)	(102)	(106)	(4)	(470)	(43)	
Billingsgate Market	(275)	(179)	(235)	(56)	(278)	(3)	
Smithfield Market	(594)	(384)	(622)	(238)	(600)	(6)	
Smithfield Market (other)	212	(56)	13	69	197	(15)	
Corporate FM R&M cleaning & security	(2,029)	(881)	(502)	379	(2,029)	0	
	(17,201)	(4,442)	(4,482)	(40)	(17,701)	(500)	
<b>Guildhall Administration</b>							
Guildhall Complex	(7,891)	(1,973)	(2,076)	(103)	(7,699)	192	3
	(7,891)	(1,973)	(2,076)	(103)	(7,699)	192	
<b>Total City Surveyor Local Risk excl CBF</b>	<b>(30,210)</b>	<b>(6,508)</b>	<b>(6,612)</b>	<b>(104)</b>	<b>(30,571)</b>	<b>(361)</b>	
<b>City Bridge Foundation</b>							
City Bridge Foundation	(3,559)	(580)	(479)	101	(3,510)	49	4
Tower Bridge Corporate FM cleaning	(240)	(9)	(9)	0	(259)	(19)	
	(3,799)	(589)	(488)	101	(3,769)	30	
<b>Total City Surveyor Local Risk incl CBF</b>	<b>(34,009)</b>	<b>(7,097)</b>	<b>(7,100)</b>	<b>(3)</b>	<b>(34,340)</b>	<b>(331)</b>	

1. The overspend relates to an increase in repairs and maintenance expenditure.
2. The overspend is due to residual Target Operating Model (TOM) savings not achieved, some additional spend on recruitment costs, and not achieving the vacancy factor. Budgets are being examined with a view to improving the position for quarter 2.
3. The underspend largely comprises of savings on premises related expenditure and supplies and services costs.
4. The underspend comprises a shortfall in service charge income offset by underspends on professional fees, security and water budget.

This page is intentionally left blank

# KPI Performance Table Quarter 1 2024/25

## Appendix B

Key Performance Indicators													
Ref	Title	Target	Group	Committee	Q1		Q2		Q3		Q4		
					Actual	RAG	Actual	RAG	Actual	RAG	Actual	RAG	
KPI. 1	Capital Receipts & additional income	£4.68m (annual)	CPG	RASC	on target	green							
KPI. 2 New	Adherence to Budgetary Spend Profile (Guildhall, Walbrook and CCC)	100% (annual)	CPG/CCC	RASC	26.00%	green							
KPI. 3	Rental Forecasts*	TBC	IPG	IC	n/a	n/a							
KPI. 4	Minimise Arrears (<2%March)*	<2% eoy	IPG	IC	n/a	n/a							
KPI. 5	Minimise voids (*)	<5%	IPG	IC	n/a	n/a							
KPI. 6	Outperform MSCI**	exceed benchmark	IPG	IC	n/a	n/a							
KPI. 7	Capital Projects - Project Risk Status	< 30%	PPG	IC; RASC	37%	amber							
KPI. 8	Capital Projects- Health & Safety*	80%	PPG	IC; RASC	n/a	n/a							
KPI. 9	Capital Projects - Site sustainability waste management	> 90%	PPG	IC; RASC	99.00%	green							
KPI. 10	Delivery of Climate Action Strategy Milestones - operational estate	<5%	OG	RASC	n/a	n/a							
KPI. 11 New	Energy Use Intensity (EUI) Kwh/m2 reduction per portfolio *	4% reduction	OG	IC	n/a	n/a							
KPI. 12	Property Contract Performance Compliance	> 80%	OG	IC; RASC	83.00%	green							
KPI. 13 New	CWP Programme Adherence to Budgetary Spend Profile****	95% - 105%	OG	IC; RASC	n/a	n/a							
KPI. 14 New	Adherence to Budgetary Spend Profiles (Projects)***	95% - 105%	All	IC; RASC	n/a	n/a							
KPI. 15 New	Adherence to Budgetary Spend Profiles (Local Risk)	100% (annual)	All	IC; RASC	26.00%	green							
KPI. 16 New	Mkts- Each Market's outstanding debt as a percentage of their total invoice income	<1.5%	MKT	IC; RASC	7.60%	red							
KPI. 17 New	Mkts-Maintain a minimum 95% occupancy with the expectation to achieve 100%	95%	MKT	IC; RASC	91.00%	amber							
	KPI.10 reported quarterly in arrears												
	*reported bi annually												
	** reported annually												
	*** KPI. 14 will be reported from Q2 post contract mobilisation												
	**** KPI. 13 will be reported following budget profiling exercise with Finance later this year												
	Investment Committee (IC) Resource Allocation Sub Committee (RASC)												
	Markets (MKTS) measures are also reported to Markets Board												

KPI 4 – Minimise Arrears – Due to the change-over in monitoring systems (from the obsolete Oracle Property Manager to MRI Horizon), it has not been possible to accurately separate out arrears where a payment plan is in place. Reporting will be available once the new Horizon system has been in place for a full billing year, the issue only having arisen due to the transition between systems.

This page is intentionally left blank

# Agenda Item 7

<b>Committee(s)</b>	<b>Dated:</b>
Resource Allocation Sub (Policy and Resources) Committee – For information	18 September 2024
<b>Subject:</b> The City Surveyor’s Corporate and Departmental Risk Register August 2024 Update	<b>Public</b>
<b>Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?</b>	<b>Providing Excellent Services, Leading Sustainable Environment, Flourishing Public Spaces, Dynamic Economic Growth</b>
<b>Does this proposal require extra revenue and/or capital spending? N/A</b>	<b>N</b>
<b>If so, how much? N/A</b>	<b>N/A</b>
<b>What is the source of Funding? N/A</b>	<b>N/A</b>
<b>Has this Funding Source been agreed with the Chamberlain’s Department? N/A</b>	<b>N/A</b>
<b>Report of: The City Surveyor and Executive Director of Property (CS.235/24)</b>	<b>For Information</b>
<b>Report author:</b> John Galvin / Faith Bowman / Anna Flashman City Surveyor’s Department	

## Summary

- This report has been produced to provide Members of the Resource Allocation Sub (Policy and Resources) Committee (RASC) with a quarterly update on the management of risks within the City Surveyor’s Department.
- The City Surveyor’s Departmental Risk Register is reported to both RASC and Investment Committee, with each Committee receiving information aligned with their terms of reference. The way that the risks map to the two Committees are included as Appendix A. Only risks relevant to this Committee are included within the detailed risk register (Appendix B). The full departmental risk register is available on request.
- The City Surveyor as Head of Profession of Estates and Facilities Management is the lead Chief Officer for one corporate risk - Maintenance and renewal of Corporate Operational Assets (excluding housing assets), CR 37. In August this risk was reviewed at the Chief Officer Risk Management Group, where it was agreed that this risk should remain on the Corporate Risk Register but needed to be redrafted to reflect systemic property risks across the organisation, including property risks outside the City Surveyor’s control and accountability. This change is reflected within the update at Appendix B.
- There are eleven risks managed by the City Surveyor relevant to this Committee. In addition to CR37, there are a further five departmental risks are recorded as red.

The red risks currently being managed are:

- SUR SMT 017 - MCP disruption necessitating the Markets remaining in existing buildings, requiring further investment in maintenance works.  
Current risk score 24 (Red)
- SUR SMT 005 – Construction and Service Contracts Price Inflation  
Current risk score 16 (Red)
- SUR SMT 006 – Construction Consultancy Management  
Current risk score 16 (Red)
- SUR SMT 009 – Recruitment and retention of property professionals  
Current risk score 16 (Red)
- SUR SMT 011 – Contractor failure  
Current risk score 16 (Red)

### **Recommendation**

- Members are asked to note this report, and the actions taken and being taken to effectively monitor and manage risks arising from our operations.

### **Main Report**

#### **Background**

1. The City of London Corporation's Risk Management Strategy 2024-29 (RMS) requires each Chief Officer to report regularly to Committee the key risks faced in their department. The City Surveyor's Department (CSD) reports quarterly to both Investment Committee (IC) and Resource Allocation Sub (Policy and Resources) Committee (RASC).
2. Aligned with the new reporting arrangements we report to your Committee the risks which are relevant under the Committee's terms of reference. For clarity and transparency Appendix A provides a summary table of all departmental risks and the Committee to which they are reported. The full departmental risk register is available to Members upon request.
3. The risks relevant to this Committee are included as Appendix B to this report.
4. Risks are reviewed regularly by the department's Senior Management Team (SMT) in line with the organisation's RMS. Risks are assessed on a likelihood-impact basis, and the resultant score is associated with a traffic light colour.
5. Should any changes occur between formal meetings a process exists such that risks can be captured, assessed, and mitigating activities considered. This ensures that the risk management process remains 'live.'

## Current Position

6. The key points to note for this period are captured below:

a. CR 37

Maintenance and Renewal of Corporate Physical Operational Assets  
(excluding housing assets)  
Current Risk Score 16 (Red)

Following the provision of additional funding, this risk was reviewed at Chief Officer Risk Management Group. At that forum, it was recommended that the risk be re-cast to reflect property related risks across the wider organisational estate, including on assets beyond the direct accountability of the City Surveyor. These changes have been integrated into the risk that Members will see in Appendix B.

b. SUR SMT 017

MCP disruption necessitating the Markets remaining in existing buildings, requiring further investment in maintenance works.

Current Risk Score 24 (Red)

This risk has been escalated from Markets team risk register to the departmental risk register.

The co-location programme for the markets is currently being evaluated. If this evaluation leads to a postponement of the relocation of existing markets to the suggested new site, it will be necessary to implement further maintenance and renewal measures at the current market locations to meet our contractual commitments. This risk will be thoroughly assessed, and additional mitigation strategies will be formulated, once the review is completed.

c. SUR SMT 005

Construction and Service Contracts Price inflation  
Current Risk Score 16 (Red)

Although market fluctuations have been stable in recent months, price inflation persists at elevated levels compared to historical norms. The Property Projects Group have reported that inflation continues to affect construction inputs, especially labour costs.

Tender prices remain high, prompting the department to collaborate with the Chamberlain's procurement team to encourage a larger pool of contractors to participate in bidding for projects. As a result of this assessment, the use of Two Stage contracts will be increased, aligning with current market practices. The department will persist in implementing mitigations wherever feasible.

- d. SUR SMT 006  
Construction Consultancy Management  
Current Risk Score 16 (Red)

The skills and competencies of construction consultants within the public sector often do not align with those available in the commercial sector.

To address this risk, the department is collaborating closely with the Procurement team, legal department, and Construction Category Board. The department is also taking measures against consultants whose performance fails to meet quality standards, leading to longer end-to-end timelines.

Additionally, the department has begun engaging with the market at RIBA stage 3 instead of RIBA stage 4 to help avoid unnecessary design and development efforts. The effects of this adjustment will be monitored in the upcoming months.

- e. SUR SMT 009  
Recruitment and Retention of Property Professionals  
Current Risk Score 16 (Red)

The risk scoring on this item was reviewed again by the department's management team in August. There remains considerable competition for attracting skilled property professionals, especially in the fields of Surveying and Project Management.

The department has conveyed these challenges at a corporate level and is contributing to the broader organisational pay and reward review (Ambition 25) to address this risk. It is important to note that this issue has also been recognised as a Corporate Risk (CR 39 Recruitment and Retention).

- f. SUR SMT 011  
Contractor failure  
Current Risk Score 16 (Red)

This risk pertains to the potential failure of a primary contractor or a principal sub-contractor.

The City Corporation has historically had limited control over the selection of those commissioned for work, particularly regarding the latter. In the event of a failure by either a main contractor or sub-contractor, there could be subsequent effects on warranties and the ability to pursue remedies for design defects.

To address this, the department is now conducting biannual assessments of contractor suitability, a practice that previously took place only at the start of a contract. This change is expected to prepare the City of London Corporation if a contractor encounters challenges.



## **Corporate & Strategic Implications**

### **Strategic implications**

7. Organisationally strategic risks are managed on the City Corporation's Corporate Risk Register. Currently the City Surveyor has one risk on this register, CR 37 – Maintenance and Renewal of Corporate Physical Operational Assets (excluding housing assets).

### **Financial implications**

8. Should a risk manifest there may be financial impacts. The assessment of risk includes consideration of potential financial implications, and this is reflected within the risk scoring.

### **Resource implications**

9. The progression of mitigating activities often requires the provision of adequate resources. Where relevant this has been highlighted within the risk actions.

### **Legal implications**

10. Legal and contractual implications are highlighted where relevant within the department's Risk Register.

### **Risk implications**

11. Key risks managed by the department are included in this Risk Update Report.

### **Equalities implications**

12. The department's risk register highlights the importance of equalities, diversity, and inclusion, particularly through mitigations associated with SUR SMT 009 – Recruitment and Retention of Property Professionals.

### **Climate Implications**

13. The department supports the delivery of the Climate Action Strategy through the delivery of minor and major projects. This capacity has been enhanced by the agreement of funding for the Cyclical Works Programme, which includes £18m in carbon reduction works.

### **Security implications**

14. None

## Conclusion

15. Members are requested to acknowledge the recent updates to the departmental risk register and the measures implemented by the department's officers to reduce the probability and/or consequences of identified risks.
16. The ongoing allocation of funds for the maintenance and management of the City's operational property portfolio continues to be a key corporate focus for Members within the framework of the overall medium-term financial strategy.
17. The risk position within the department is consistent with earlier reporting periods. The notable exception to this is the escalation of SUR SMT 017 MCP to the departmental risk register. This risk is related to potential postponement of the Markets Co-location Programme, and the resultant extended use of existing sites. This risk will be thoroughly reviewed, and additional mitigations formulated following the completion of the review in October.

## Appendices

- Appendix A Risks by Committee
- Appendix B The City Surveyor's Corporate and Departmental Risk Register relevant to this Committee

## Background Papers

- The City Surveyor The City Surveyor's Departmental Risk Register – June 2024 Update **(CS159/24)**

Departmental Performance & Services  
City Surveyor's Department

**Risks by Committee**

1. The City Surveyor’s Department (CSD) is currently managing one risk at the corporate level (CR 37) and a further twelve at the departmental level.
2. Outlined in the table below is how these risks relate to the two reporting Committees, Resource Allocation Sub (Policy and Resources) Committee (RASC) and Investment Committee (IC).
3. Of the thirteen total risks, eleven relate to RASC and eight to Investment Committee.
4. Only risks relevant to this Committee are included in Appendix B. The full list of risks and their mitigations are available upon request.

<b>Code</b>	<b>Title</b>	<b>RASC</b>	<b>IC</b>	<b>Score</b>
CR 37	Maintenance and renewal of Corporate Operational Assets (excluding housing assets)	X		16
SUR SMT 017	MCP disruption necessitating the Markets remaining in existing buildings, requiring further investment in maintenance works	X		24
SUR SMT 005	Construction and Service Contracts Price Inflation	X	X	16
SUR SMT 006	Construction Consultancy Management	X	X	16
SUR SMT 009	Recruitment and retention of property professionals	X	X	16
SUR SMT 016	Investment Property Group staffing and Capacity		X	16
SUR SMT 011	Contractor Failure	X	X	16
SUR SMT 002	Insufficient budget to meet user and asset demand at Guildhall	X		12
SUR SMT 003	Investment Strategy Risk		X	12

<b>Code</b>	<b>Title</b>	<b>RASC</b>	<b>IC</b>	<b>Score</b>
SUR SMT 010	Insurance - Investment and Corporate Estates	X	X	8
SUR SMT 012	Adjudication & Disputes	X	X	8
SUR SMT 008	Special Structures	X		6
SUR SMT 015	UKPN - Condition and maintenance of substations	X		6

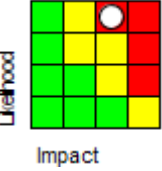
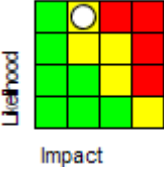

# SUR Departmental risks - DETAILED REPORT EXCLUDING COMPLETED ACTIONS for COMMITTEE

Report Author: Faith Bowman

Generated on: 21 August 2024



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
NB37 Maintenance and Renewal of Corporate Physical Operational Assets (excluding housing assets)	<p><b>Cause:</b> Significant on-going and previously unmet property maintenance costs across the City's Corporate property portfolio (excluding housing).</p> <p><b>Event:</b> Misalignment between funding available and that required by the asset (as defined by the relevant Asset Management Strategy).</p> <p><b>Impact:</b> Built estate becomes not fit for purpose / functions / occupancy. Cost of maintenance and utility costs increases, placing further pressure on City resources. In extreme circumstances there will be H&amp;S implications, leading to potential enforcement action, legal action by tenants or asset failure in whole or part with detrimental effects leading to impact on occupiers.</p>		<p>16</p>	<p>This risk captures systemic property related risks across the corporate property estate (excluding housing).</p> <p>Under the organisation's property model, responsibility and accountability for delivery of mitigating activities lies with the relevant Chief Officer.</p> <p>The City Surveyor, as Head of Profession for Estates and Facilities Management, advises the relevant Chief Officer of their accountabilities with respect to the property assets they occupy beyond those assets under the City Surveyor's accountability.</p>		<p>8</p> <p>31-Mar-2025</p> 

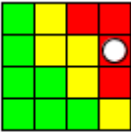
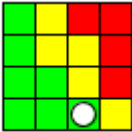

				<p>In March 2024 the Court of Common Council agreed £133m funding to be delivered over five years to support the Cyclical Works Programme (CWP). The delivery of these works will significantly support bringing the operational estate back into line with the Corporate Property Asset Management strategy. It should be highlighted that CWP funding is not attributable to ringfenced property assets (Police estate, New Spitalfields, Billingsgate and the three private schools).</p> <p>The target date for this risk (31 March 2029) is in line with the delivery of Cyclical Works Programme (CWP).</p>				
				<b>15 Aug 2024</b>			Reduce	Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR37a	<p>Cyclical Works Programme (CWP)</p> <p>The Cyclical Works Programme (CWP) is the principal way that the backlog of asset maintenance is delivered to Corporate properties (excluding ring-fenced assets).</p>	<p>In March 2024 the Court of Common Council agreed £133m funding to be delivered over five years to support the Cyclical Works Programme (CWP).</p> <p>The focus of this action will be to track the delivery of the CWP in line with programme.</p>	Peter Collinson; Paul Wilkinson	15-Aug-2024	31-Mar-2029
CR37b	<p>Ring fenced properties and budgets</p> <p>“Ring fenced” properties include the City of London Police estate, New Spitalfields, Billingsgate and the three private schools.</p>	<p>Ring-fenced property occupiers are accountable for the identification of maintenance and renewal actions. The City Surveyor, as Head of Profession, is able to advise on required works and / or is responsible for delivering agreed maintenance services.</p> <p>Specific property related risks are noted on the relevant departmental risk register.</p> <p>The target date for this action is considered as a 'major review' date.</p>	Peter Collinson; Ben Milligan; Paul Wilkinson	15-Aug-2024	31-Mar-2025

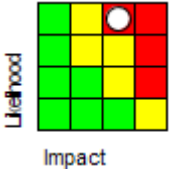
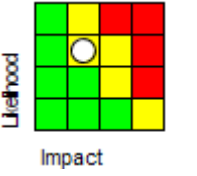

	<p>These departmental occupiers allocate their own funds for the maintenance of the built assets. Whilst the City Surveyor's Department recommends work to be undertaken, it is the occupying department who holds the budget responsibility and thus decides with final control over maintenance activity.</p>				
CR37f	<p>Annual Major Capital Bids</p> <p>The annual capital bids programme and recommendations (October) are built into the subsequent year's organisational budget which is presented to Court</p> <p>Capital bids are only considered where funding is not possible through other funding routes (such as CWP).</p>	<p>The Capital Bid process for 2025/26 is due to commence shortly, with review and approval due by the end of the financial year (aligned with the action target date).</p> <p>Where bids are approved works will need to progress before a material change in the risk scoring will result.</p> <p>The accountability for the development of capital bids lies with the relevant Chief Officer. Support is also provided to occupying departments where they are required to collate their own bids (in-line with the City Surveyor's role as Head of Profession).</p> <p>The City Surveyor's Department presents bids in relation to works at the Guildhall, Walbrook Wharf and the Central Criminal Court.</p> <p>The target date on this risk reflects the annual nature of bidding process.</p>	CORMG	15-Aug-2024	31-Mar-2025
CR37g	<p>Operational Property Review</p> <p>The City Corporation has commenced an Operational Property Review (OPR) programme to consider the future property requirements to deliver the organisation's services. This will align with the Resource Priority Refresh programme.</p> <p>Where properties are identified as no longer required to deliver City services, alternative uses (or disposal) can be progressed. This will both lower the maintenance backlog, and funds can be used for maintenance projects elsewhere in the estate. Whilst a positive move, the majority of outstanding maintenance is at our major buildings (Guildhall, Barbican etc).</p>	<p>The Environment, and Community &amp; Children Services reviews have been completed and the results presented to Members. These initial reviews identified baseline operational requirements, financial position, and state of repair which has enabled the consideration of detailed costed options.</p>	Judith Finlay	15-Aug-2024	31-Mar-2025

CR37h	<p>Renewal Programmes</p> <p>Where appropriate it may be more efficient to wrap up a number of maintenance requirement (both forward and backlog) into a major renewal programme. By their nature these will be far wider in scope and therefore substantial funding is required. Whilst these actions are more uncertain it is useful to track progress as, should they progress, they will make a significant impact on the overall risk.</p>	<p>The Barbican Centre renewal project will repair the building so it can function in the future, opening up under-utilised space, improving accessibility, whilst delivering against its sustainability aspirations. Public survey and workshops were completed in December 2022 with further public consultations throughout 2023 to support the initial business case development. In the interim, £25m has been identified to address immediate concerns, and further work up detailed analysis on requirements.</p> <p>A report considering the longer-term needs of the Barbican Centre was presented to Finance Committee in February which highlighted a potential spend of £450m over the next 20-25 years. Further surveys on the work took place in Spring 2024 which will further inform the business case.</p> <p>The Guildhall School of Music and Drama (GSMD) are working closely with corporate colleagues to develop and further the Barbican Renew project. GSMD have also engaged space consultants who are undertaking a wide-ranging review of the site to ensure future needs are captured and future funding bids are aligned.</p>	David Farnsworth ; Jonathan Vaughan	15-Aug-2024	31-Mar-2025
CR37i	<p>Maintenance and Renewal</p> <p>Chief Officer in occupation to identify and mitigate property related risks within their area of control. The regular execution of this process will help manage the overall risk position.</p>	<p>Under the City of London’s operating model, it is the Chief Officer in occupation who is accountable for the identification and mitigation of property related risks within their area of control. This is done with the advice of the City Surveyor as Head of Profession for Estates and Facilities Management.</p> <p>This mitigating action is therefore devolved to all Chief Officers across the organisation, and actions will vary in line with the needs of that individual department. Local risks are captured on individual risk registers.</p> <p>The target date for this risk action is considered a major review date.</p>	CORMG	15-Aug-2024	31-Mar-2025
CR37j	<p>Adherence to statutory maintenance / relevant British Standards / Codes of Practice</p> <p>The City Surveyor’s Department, as Head of Profession, to develop an audit programme on built assets. This will enable the department to provide assurance to the wider business that repair and maintenance activity is being delivered in a way which manages the organisation’s risks</p>	<p>The City Surveyor’s Department is considering ways that it can best provide assurance to the City Corporation that risks to property assets across the estate are being managed in line with expectations.</p> <p>This will involve regular inspections of buildings and structures. Where the City Surveyor’s Department doesn’t provide planned and preventative maintenance, it would undertake annual audits to ensure compliance with statutory maintenance / relevant British Standards / Codes of Practice. This would discharge the City Surveyor’s responsibility as Head of Profession.</p> <p>Such an audit programme will need to be resourced – both in terms of people and funding. As a first step City Surveyor’s Department will be requesting that departments provide a schedule detailing maintenance service, they provide locally such that gaps can be identified. This will help quantify the resource required.</p>	Paul Wilkinson	21-Aug-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>SUR SMT 017 MCP disruption necessitating the Markets remaining in existing buildings, requiring further investment in maintenance works</b></p> <p>22-Aug-2024 Ben Milligan</p>	<p><b>Cause:</b> The Markets Co-location Project (MCP) team are leading a project to move the City’s Wholesale Markets to a single site in Barking &amp; Dagenham. This proposed move may influence decisions on maintenance at the existing markets to ensure resources are not invested in works whose life will exceed the anticipated occupation of the respective market site. However, should the City of London Corporation be unable to, or decide not to, complete the MCP or determines an alternative use for the Barking site, the markets may not move and this could have an injurious effect on the continued operation of the markets on their existing sites.</p> <p><b>Event:</b> The City’s three wholesale food markets, New Spitalfields, Smithfield and Billingsgate are unable relocate to the Barking site and find themselves with seriously dilapidated infrastructure due to the investment decisions taken in anticipation of the proposed move to the Barking site.</p> <p><b>Effect:</b> This could result in new programme of works at the existing markets sites to catch up with the deferred maintenance in order to ensure we continue to comply with out landlord obligations. This would likely require additional capital investment. Relationships with tenants may be adversely affected due to the impact on normal operation of the refurbishment works, which could result in adverse publicity, possibly leading to reputational damage to the City and tenant claims against City of London Corporation for loss of earnings and other incurred costs, although such claims would be resisted if unjustified.</p>		24	<p>The Markets Co-location Programme is under review. Should this result in a delay to the move of existing markets to the proposed new location, then the existing markets sites will need additional forward maintenance and renewal to ensure that they continue to be maintained in line our contractual obligations. This risk will be comprehensively reviewed upon conclusions to the review activity, where further mitigations will be developed.</p> <p>This risk was reviewed at the City Surveyor’s August Departmental risk meeting. Following this review, it was agreed that the risk should be escalated onto the departmental risk register.</p> <p><b>21 Aug 2024</b></p>		4	31-Dec-2026	
							Reduce	Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 017a	Keep risk under regular review	Following a review, the risk and likelihood have been adjusted to reflect the impact of the ongoing review of options and the scale of potential liability if the Markets Co-location Programme is not progressed.	Ben Milligan	22-Aug-2024	31-Dec-2026
SUR SMT 017b	Agree and implement a maintenance strategy to ensure there are appropriate levels of maintenance such that the markets will not be forced to close due to failing infrastructure.	The interim maintenance strategy will ensure that appropriate levels of maintenance continue to be carried out until there is more certainty about the markets' move. This will address the risk that the markets cannot operate due to failing infrastructure in the short to medium term. Bow-wave funding (£2.5m) has been approved that will address the most significant works needed at Smithfield. Billingsgate Action Plan works (Racking and Cold store roof) are complete, and so are the remedial works on Spitalfields roof.	Ben Milligan	22-Aug-2024	31-Dec-2026

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>SUR SMT 005 Construction and Service Contracts Price Inflation beyond that which was anticipated or planned</b>  Page 27 Oct-2021 Ola Obadara	<b>Cause:</b> Market conditions have led to input price inflation <b>Event:</b> Project and programme cost escalation <b>Impact:</b> Inability to delivery capital and revenue projects within budget		16	Material costs and labour availability are continuing to raise costs beyond that has been anticipated or planned.  This item impacts property projects, our facilities management (FM) provision, reactive repairs, and revenue works.  Whilst construction cost inflation had been forecast to level out, this has yet to happen. This is across both building materials and construction expertise where labour constraints continue to place upward pressure on pricing.  Market conditions remain dynamic and will be kept under review. As such the target date should be considered a review point.  <b>12 Jul 2024</b>		6	31-Mar-2025	
							Reduce	

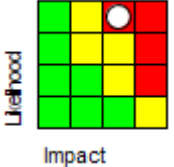
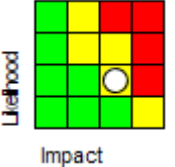

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 005a	Procurement Strategy  The department is working with legal and procurement to identify different buying options, thereby managing the risk to the department / organisation.	This exploration included a review of the prior Single Stage tender process (which had been preferred for medium range projects - £2m - £50m).  Following the review Two Stage contracts will be used more frequently which is the current market norm for these projects. This change enables contractors to better transfer their risk, however, leaves the City with a degree of cost uncertainty, even post Gateway 5. Whilst this transfer is not desired, it does offer far better market coverage and reflects the prevailing external conditions.	Ola Obadara	21-Aug-2024	31-Mar-2025

SUR SMT 005d	<p>Contracts</p> <p>Exploring the potential to include different clauses into contracts such that work offered by the City remains attractive to suppliers.</p>	<p>The department and the Chamberlain's Procurement team have explored the inclusion of fluctuating provisions in our contracts. This has resulted in attracting a greater number of contractors to bid on projects, however the inflation risk has been transferred to the organisation. The value of this approach will be continually reviewed.</p>	Ola Obadara	21-Aug-2024	31-Mar-2025
SUR SMT 005e	<p>Contract Engagement</p> <p>Expanding the amount of information available at an early stage of contract exploration. This will provide greater cost certainty.</p>	<p>The team plan to engage early with our contractors on a consultancy basis to obtain as much information as possible prior to contract.</p>	Ola Obadara	21-Aug-2024	31-Mar-2025
SUR SMT 005f	<p>Specification and Materials</p> <p>Ensuring materials are readily available before and during the design phase and, if possible, procure in advance of the contract. This limits the impact of further price rises in at risk commodities.</p>	<p>Inflation in raw materials has decreased, however, it should be noted that prices are not typically falling elsewhere. Further consideration is being given to the origin of source materials to ensure supply.</p>	Ola Obadara	21-Aug-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
<b>SUR SMT 006 Construction Consultancy Management</b>  Oct-2021 Ola Obadara	<b>Cause:</b> Poor performance by consultants <b>Event:</b> Abortive work, delays, or non-performance. <b>Impact:</b> Additional costs, project delays		<b>16</b>	This relates to abortive design / development. The department continues to suffer the impacts of this risk, with action being taken against consultants when their performance does not meet expectations. The individuals assigned in the commercial market to City (and public sector generally) projects do not have the skill and competency required to deliver the work to the standard required. This issue is being seen across the construction industry.  <b>21 Aug 2024</b>		<b>4</b>	31-Mar-2025	  Constant
							Reduce	

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 006a	Commissioning stage  The department has commenced going to market at RIBA stage 3 rather than RIBA stage 4. This is designed to prevent abortive design and development.	Close work with the Procurement Team in Chamberlain's has resulted in this change. The impact will be tracked over the coming months.	Ola Obadara	21-Aug-2024	31-Mar-2025
SUR SMT 006b	Legal  The team is working closely with the legal department to ensure that procurement activity aligns with project objectives and the consultants meet quality requirements	Where performance has been poor action has been taken against consultants – these cases increase end-to-end timescales. Due to public sector contract constraints, our ability to seek immediate redress from construction consultancy contractors is limited so whilst action is taken, results take longer than would otherwise be possible in a commercial environment. The department is working with colleagues through the Construction Category Board on this item.	Ola Obadara	21-Aug-2024	31-Mar-2025

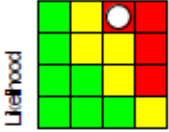
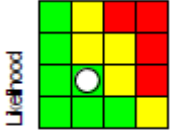

SUR SMT 006c	<p>Procurement</p> <p>Working with Procurement to increasing due diligence, particularly in regard to the quality of contractor appointed (rebalancing the quality/cost equation). This is with the view that we will get better quality applications and this risk may reduce.</p>	<p>The department continues to work with colleagues from the Procurement team to explore available options to manage and mitigate this risk. The City’s public sector role limits the number of avenues compared to commercial operators</p> <p>The City Surveyor’s Department participated at the March “Meet the Supplier – Construction and Professional Services” event organised by the Procurement team. This event was aimed at further diversification and strengthening of our supplier base. Subsequently further engagement with colleagues has taken place to consider lessons learnt and next steps.</p>	Ola Obadara	21-Aug-2024	31-Mar-2025
SUR SMT 006d	<p>Scope of works</p> <p>The team is reviewing and tightening up the scope of works specification. This will counter opportunistic interpretations of the scope of works that we were seeing from some consultants</p>	<p>Detailed scoping is required to ensure that projects are delivered on-time and on-budget which can lead to extended lead times.</p> <p>Due to a wider lack of skills in the industry, consultants allocated to this element of work are making more errors than desired which has contributed to the overall red rating to this risk. Further actions are being explored; however, this is an industry wide issue (particularly for public sector organisations).</p>	Ola Obadara	21-Aug-2024	31-Mar-2025
SUR SMT 006e	<p>Review of appointment documents</p> <p>The team is working closely with the legal department to ensure that procurement activity aligns with project objectives and the consultants meet quality requirements</p>	<p>Action has been taken against consultants where performance has been poor and end to end timescales have increased.</p>	Ola Obadara	21-Aug-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
<b>SUR SMT 009</b> <b>Recruitment and retention of property professional</b>  17-Jan-2022 Paul Wilkinson	<b>Cause:</b> Uncompetitive pay and benefits structures within some professional grades; poor quality work environments; lack of professional progression over recruitment freezes and restructuring period; increased employee focus on work-life balance <b>Event:</b> Increasingly difficult to recruit suitably skilled staff at the correct level for the grade being recruited for. Increasingly difficulty to keep staff who get better reward packages from other organisations (both commercial and public sector) <b>Impact:</b> Increased vacancies, objectives unachieved or delivered late (including project delivery and income generation), reduced customer satisfaction, less real estate activity, reduced employee wellbeing, demotivation of staff. Increased costs borne by the organisation through recruitment campaigns and training etc, or to the department through filling vacancies through comparatively expensive temporary contracts.		16	This risk has been identified across several divisions of the City Surveyor's Department particularly in Investment Property, Surveying and Project Management.  This risk was reviewed in June 2024 and its risk score maintained due to specific issues in certain industries.  The department continues to engage with Corporate colleagues to mitigate this risk over the long term.  The risk will be kept under review, with the target date reflecting this on-going review.  <b>21 Aug 2024</b>		8	31-Mar-2025	
							Reduce	Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 009a	Advertising  The department and the HR Business Partner has produced a recruitment best practice document, which includes ensuring that vacant posts are advertised in areas which will generate interest from suitably qualified candidates, including those currently under-represented within our workforce.	Recruitment campaigns have followed Corporate best practice recruitment document (i.e. diverse panels) which has been well received by staff.	Paul Wilkinson	21-Aug-2024	31-Mar-2025

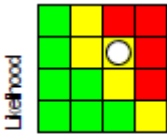
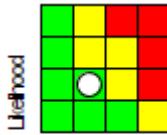

SUR SMT 009b	<p>Best Practice</p> <p>Including delivery of appraisals, regular one-to-ones, team and group meetings. This aims to improve communications at all levels, ensuring that CSD is a positive work environment and that issues/blockers can be raised and addressed. In some areas career graded roles have been instituted, and deployment can be further explored.</p>	CSD is supporting Corporate HR with embedding the on-line appraisal system which enables greater tracking of compliance with the performance management process.	Paul Wilkinson	21-Aug-2024	31-Mar-2025
SUR SMT 009c	<p>Communication</p> <p>Including delivery of appraisals, regular one-to-ones, team and group meetings. This aims to improve communications at all levels, ensuring that CSD is a positive work environment and that issues/blockers can be raised and addressed. In some areas career graded roles have been instituted, and deployment can be further explored.</p>	Managers across the service were asked to ensure that all end of year appraisals were inputted into the system.	Paul Wilkinson	16-Aug-2024	31-Mar-2025
SUR SMT 009d	<p>Engagement with HR</p> <p>Some of the items highlighted as the ‘causes’ of this risk are outside the control of CSD, and engagement with our Corporate partners will be critical to overcoming these items. This departmental risk directly supports the Corporate Risk on “Recruitment and Retention” (CR39).</p>	Corporate HR have delivered a new staff survey, and the department will develop an action plan in September following analysis of the results.	Paul Wilkinson	21-Aug-2024	31-Mar-2025
SUR SMT 009e	<p>Equalities, Diversity and Inclusion</p> <p>The department has an active ED&amp;I network, which regularly engages with the City Surveyor and the Senior Management Team. This is seeking to make the department a more attractive destination for under-represented groups and seek to retain and progress staff from all backgrounds. There is corporate HR representation on this departmentally led Group.</p>	The CSD ED&I group continues to meet regularly and monitor, and track delivery of the ED&I action plan. The CSD Senior Management team the attended the meeting in July and received an update on recent activity. A neurodiversity all staff talk has been scheduled which will cover the full end-to-end process of responsible procurement, the contractor’s commitment to delivery, and the social value impact.	Ola Obadara	15-Aug-2024	31-Mar-2025
SUR SMT 009f	<p>Pay and Review Survey</p> <p>The Corporation is reviewing pay &amp; reward</p>	The department has highlighted that there are specific pressures within this department in relation to the withdrawal of the earlier reward scheme (where those on top-of-grading salaries could achieve performance related pay) prior to the review conclusions which has made our remuneration package less competitive than our peers. The department is engaging with Korn Ferry who are currently conducting the Ambition 25 review of pay and reward. Local feedback suggests that whilst recruitment is possible, the limited scope for (pay and professional) progression makes retention more challenging and existing staff are concerned about their current pay and of potential negative impact from Ambition 25.	Paul Wilkinson	21-Aug-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
SUR SMT 011 <b>Contractor Failure</b>  13-Feb-2023 Ola Obadara	<b>Cause:</b> Market conditions <b>Event:</b> Failure of either a main contractor, or a substantial sub-contractor <b>Impact:</b> Delayed delivery of projects, or the delivery of projects at a higher cost	 Likelihood Impact	<b>16</b>	This risk relates to the failure of a main contractor, or a main sub-contractor. In particular, the City Corporation has not historically had a significant influence over who is commissioned to undertake work.  Should a main contractor, or sub-contractor, fail, there are knock on implications for warranties, or our capacity to seek redress for any design faults. Recent industry uncertainty has raised the risk likelihood, and this risk remains at Red.  <b>21 Aug 2024</b>	 Likelihood Impact	<b>4</b>	31-Mar-2025	 Constant
							Reduce	

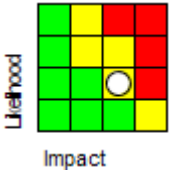
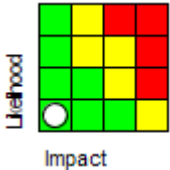

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 011a	Tendering  Seeking to have greater say over who a main contractor appoints as a sub-contractor. This will help reduce the likelihood of this risk occurring.	The department has commenced work with Procurement to ensure that our commissioning takes greater account of contractor and sub-contractor failure into consideration. We may need to have a greater say in who a main contractor identifies as an appropriate sub-Contractor. Further actions to follow this initial engagement.	Ola Obadara	21-Aug-2024	31-Mar-2025
SUR SMT 011b	Review Process  Regular review of contractors and their sustainability will reduce the likelihood of the risk, and help us put in place measures to reduce the impact.	The department is instituting six-monthly reviews of contractor suitability. Historically this only happened at contract commencement. This will better prepare the organisation if the contractor (or significant sub-contractor) begins to experience difficulty.	Ola Obadara	21-Aug-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
--------------------------------------	---	-----------------------------	--------------------------------	----------------------------	---------------------------	-------------------------------------

<b>SUR SMT 002</b> <b>Insufficient budget to meet user and asset demand at Guildhall</b>	<b>Cause:</b> Insufficient funding available for Major Works, Cyclical Works and Reactive Maintenance to manage the repair demands on the Guildhall Complex. <b>Event:</b> Insufficient asset funding. <b>Impact:</b> The standard of the Guildhall Complex will deteriorate, resulting in; poorer working environments leading to increased dissatisfaction and lower employee productivity and potential increase in breakdowns and reactive costs as the basic infrastructure of the Complex becomes beyond economic repair.	 Likelihood Impact	<b>12</b>	<p>The principle mitigation actions are related to forecasting and monitoring the allocation of financial and human resources.</p> <p>The Guildhall Renewal programme developed a range of options that were considered by Members in January 2024. However, the organisation's wider financial context means that the larger renewal programmes are unlikely in the short-term and the project for north and west wings is deferred for 4 years.</p> <p>The Cyclical Works Programme has recently been approved, and this includes significant funding for works at the Guildhall which will help maintain the building over the medium-term.</p> <p>Corporate Services Committee recently approved an updated policy relating to the minimum number of days that officers should be in the workplace. This increased occupation will result in greater 'wear and tear' on the building and its infrastructure. The target date on this risk will be confirmed once the programme of works is defined.</p>	 Likelihood Impact	<b>4</b>	31-Mar-2025	

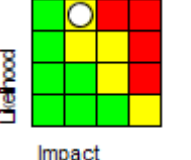
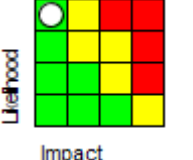

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 002e	Fundamental Review of the North and West Wings of Guildhall	Options have been developed and presented to Members, however, due to the considerable funding gap the progression of any renewal programme will be delayed until more funding is	Paul Wilkinson;	16-Aug-2024	31-Mar-2025

	The review will present options to Members on how to consider the medium- and long-term position of the Guildhall site to ensure modern, fit-for-purpose accommodation for Members and Officers	available. However, in the interim e repair and maintenance t works will continue to be delivered as part of the Cyclical works Programme.	Peter Young		
SUR SMT 002f	Cross departmental working with Remembrancer's Events Team.  This activity is seeking to create a single profit and loss account for events at the Guildhall, such that there is greater transparency over income and repair and maintenance outgoings.	Single point of contact for Profit and Loss for event space created within the Remembrancer's. Shadow budget was agreed. The business plans of both the Remembrance and the City Surveyor have highlighted the delivery of this activity as a priority for the coming year. The mechanics of the agreed approach of the Trading Account was presented to Members at Finance committee. The department has sought support from Chamberlains through the Deep Dive process to lead the reimbursement of costs incurred.	Remembrancer; John James; Peter Young	16-Aug-2024	31-Jan-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
<b>SUR SMT 010 Insurance - Investment and Corporate Estates</b>  Page 35  26-May-2022 Robert Murphy	<b>Cause:</b> Revaluation of the City Corporation's estates (Investment and Corporate) does not happen in a timescale compliant with insurance policy requirements or the terms of leases. <b>Event:</b> The City fails to meet the provision under its insurance policies which typically require revaluations by a qualified person are undertaken at least every five years (Investment and Corporate). The City would be in breach of its legal obligations as a landlord under the terms of its leases to ensure that the full re-instatement value is insured. <b>Impact:</b> The insurance policy does not respond in full (Investment and Corporate).	 Likelihood Impact	<b>8</b>	This risk identifies the need of re-valuation of the City of London Estates – (Investment and Corporate) to ensure that the City reaches its legal obligations under its insurance policies.  Funding and resource is being applied. The valuations of CBF are nearly complete; City Fund properties have been tendered; and City Estate will go to tender shortly. Although this has reduced the risk likelihood, this risk remains at Amber.	 Likelihood Impact	<b>1</b>	31-Mar-2025	

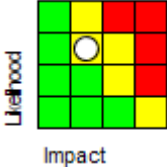
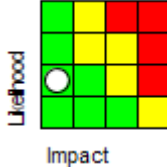

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 010a	Register of data	A property schedule exists, and this has been updated with the survey carried out on Special Sites (by RLF).	Robert Murphy	29-Aug-2024	31-Jan-2025

	Ensuring the completeness of the organisation's data sets to ensure that assets are not 'lost' and accuracy of our risk scoring.				
SUR SMT 010b	Funding	Where leases allow, the cost can be recovered from commercial tenants, and operational occupiers as appropriate. Funding has been agreed and a budget line identified where relevant within the City Corporation.	John James; Robert Murphy	29-Aug-2024	31-Mar-2025
SUR SMT 010c	Delivery  Delivery of the programme of valuation activity. As this progresses the risk score will reduce to target.	The delivery of the valuations will be via an external valuer. Service delivery is either underway or in procurement.	Robert Murphy	29-Aug-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
SUR SMT 012 <b>Adjudication &amp; Disputes</b>                         31-Aug-2023 Ola Obadara	<p><b>Cause:</b> The impact of COVID-19 on project delivery.</p> <p><b>Event:</b> Regulations restricted access to sites and resulted in more design work being undertaken remotely. Productivity at sites was adversely impacted.</p> <p><b>Impact:</b> Increased likelihood that projects were designed correctly, and resulting legal and adjudication issues, reputational harm.</p>		<p style="text-align: center;"><b>8</b></p>	<p>The COVID-19 pandemic resulted in 3 years of impact at project sites.</p> <p>Site productivity was limited (circa 60% productivity) and much design work was undertaken remotely, or with limited site access.</p> <p>This has created a situation where some sites were not designed correctly, or there are issues beyond that which would normally be expected on construction builds.</p> <p>We are now in a situation where we are engaged with legal discussions and adjudications with project suppliers in an effort to iron out issues with final products.</p> <p>The department’s risk register has a separate risk relating to ‘construction price inflation’. The inflation risk is wider as it also captures cost escalations due to other causes (Ukraine, energy, etc). This risk only focusses on adjudication &amp; disputes.</p> <p>This risk may remain on the register until projects commenced prior to, or during, the COVID-19 pandemic, have been delivered and finalised. The risk scoring will be kept under review.</p> <p style="text-align: center;"><b>21 Aug 2024</b></p>		<p style="text-align: center;"><b>4</b></p>	<p>31-Mar-2025</p>	<p style="text-align: center;"></p> <p style="text-align: center;">Constant</p>

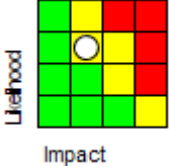
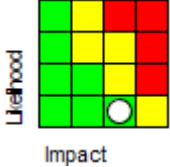
Page 37

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 012a	<p>Project Review and Claims Consultant</p> <p>Claims consultant can advise the organisation where it can seek to recover money from suppliers (thereby reducing the impact).</p>	<p>The department is reviewing projects alongside the contracts to understand our position and have engaged an external Claims Consultants to ensure that risks are managed and the City's position is protected. Whilst the Claims Consultant has been effective in seeking redress, unfortunately there is a volume of work that needs to be considered. The current risk scoring will be retained until this knot of projects has been delivered and considered.</p>	Ola Obadara	21-Aug-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
<b>SUR SMT 008</b> <b>Special Structures</b>  Oct-2021 Peter Collinson; Peter Young	<b>Cause:</b> Lack of central register for special structures and/or ambiguity over accountability, responsibility for budget provision <b>Event:</b> Incomplete, or not up-to-date register of special structures and planned maintenance regime <b>Impact:</b> Potential failure of special structure and/or forced closure of asset / space		6	Special structures relate to those structural elements with an asset which supports other (often public) elements, so captures basements, sub-road spaces, supporting structures etc.  Previously there was no central structures register within the portfolio, and therefore no prescribed or routine inspection regime in place to ensure that they remain in a suitable condition which is being addressed through the mitigation of this risk, but the task is significant.  Where inspections are flagged where remedial work has been identified. These items may be subject to future bids for funds.  <b>21 Aug 2024</b>		2	31-Mar-2025	
							Reduce	

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 008a	Special Structures register  By tracking delivery against an up-to-date register, and assessing the structures in a risk-based approach, will help mitigate the risk swiftly.	Funding to undertake the technical inspections, create the inventory and survey current condition was approved as part of the Cyclical Works Programme (CWP) 22/23 Bid List. The survey programme is now in progress.  The initial desktop survey has been completed,(February 2024) and this has developed a list of structures which required more detailed assessment which are currently in progress. The survey process is also developing a survey programme for Special Structures (some assets will require more frequent assessment). This information will be captured on the Computer Aided Facilities Management (CAFM) software.	Peter Collinson	21-Aug-2024	31-Mar-2025

SUR SMT 008b	Special structures – investment portfolio  Ensuring on-going accuracy of the special structures register in the investment portfolio, in order to understand and assess our risks.	Register for the investment estate exists but requires a refreshed survey to ensure on-going accuracy of information. This is being addressed through the programme of works as identified in action SUR SMT 008a.	Peter Collinson; Robert Murphy	21-Aug-2024	31-Mar-2025
SUR SMT 008d	Special Structures – other assets  Ensuring that premises controllers, where this is not the City Surveyor, remain aware of their responsibilities. This helps manage the risk at these locations	Corporate Property Director and Operations Group Director are engaging with other departments to ensure that there is clarity over responsibilities and what actions need to progress to mitigate this risk comprehensively across the City of London Corporation.	Peter Collinson; Peter Young	21-Aug-2024	31-Mar-2025
SUR SMT 008e	Special Structures – works  To undertake works where the inspection programme has identified areas of need. This will manage the likelihood of this risk.	Should the inspection process (action SUR SMT 008a) identify assets which require additional works to bridge the gap between current and desired condition, further funding bid requests may result.  It is likely that these bids will be forthcoming through the first quarter of 2024.	Peter Collinson	21-Aug-2024	31-Mar-2025

Risk no, title, location 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
SUR SMT 015 UKPN - Condition and maintenance of substations  18-Feb-2024 Paul Wilkinson	<b>Cause:</b> Either the failure of UK Power Networks (UKPN) to adequately maintain their facilities adequately (including equipment), or any failure on behalf of the City Corporation to structures where these are our responsibility, to a condition adequate to prevent issues arising. <b>Event:</b> Potential for flood or fire of substation <b>Impact:</b> Potential flood or fire leading to impact on operational assets and interruption to service delivery and/or claim from UKPN for business interruption.		6	This risk was being tracked on Corporate Property Group Risk Register, but due to recent events (Central Criminal Court substation fire) it has been considered appropriate to raise this risk to the departmental level. This risk covers investment and (operational (non-Housing) assets).  <b>21 August 2024</b>		4	Reduce	Constant



Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 015a	<p>Corporate Working Group</p> <p>The creation of a corporate wide Working Group by the Corporate Health and Safety committee is to bring the relevant organisational leads together (Legal, Housing, City Surveyor's, etc. to jointly assess and address the risk.</p>	<p>This has been set up and is chaired by the City Surveyor. A tracker has been developed for completion by all City departments to identify whether there are any transformers on their assets and progress was reviewed in May. The next step will be to contact UKPN to obtain fires and asbestos risk assessments, liaise with legal team to ensure that lease agreements are in place and to understand departmental responsibilities.</p>	Pete Collinson	21-Aug-2024	31-Mar-2025
SUR SMT 015b	<p>Identifying Responsibility</p> <p>This background data will help codify the split of responsibility between the City Corporation and UKPN</p>	<p>The City Surveyor's Department is collating an inventory of all UKPN substations across our estates, and seeking to identify leases wherever these are available. Because of age of the structures, many assets may not have current legal documentation.</p> <p>The organisation's legal team have been in contact with UKPN in connection with codifying roles and responsibilities.</p> <p>The new working group is refreshing a single schedule of all plantrooms and substations which will enable the City Solicitor and Asset Advisors to identify where existing leases may have expired.</p> <p>The organisation's legal team, have been in contact with UKPN in connection with codifying roles and responsibilities and arranging access for CoL as landlord.</p>	Peter Young Robert Murphy	21-Aug-2024	31-Mar-2025
SUR SMT 015c	<p>Next Steps</p> <p>The organisation will need to be satisfied that equipment housed within City assets continues to operate as anticipated – this information will need to be supplied by UKPN as part of an inspection regime. Similarly, the organisation will need to ensure that any structural elements which are our responsibility are maintained appropriately.</p>	<p>The working part has been concluded and a consolidated list of UKPN sub stations has been created.</p> <p>Comptrollers with assistance from CPG, IPG, Housing and the central H&amp;S team are now to formally write to UKPN requesting what risk management and maintenance activity is applied to said sub stations located within or alongside CoL buildings. This action is being progressed by the Comptroller and City Solicitor</p>	Kirpal Kaul Peter Young David Renshaw Robert Murphy Judith Finlay	23 Aug 24	31-Mar-2025

This page is intentionally left blank

# Agenda Item 8

<b>Committee(s)</b>	<b>Dated:</b>
Resource Allocation Sub-Committee	11 July 2024
<b>Subject:</b> Report of Action Taken Between Meetings	<b>Public</b>
<b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b>	n/a
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>N</b>
<b>If so, how much?</b>	£n/a
<b>What is the source of Funding?</b>	n/a
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	n/a
<b>Report of:</b> Deputy Town Clerk	<b>For Information</b>
<b>Report author:</b> Ben Dunleavy, Governance and Member Services Manager	

## Summary

This report advises Members of action taken by the Town Clerk outside of the Committee's meeting schedule, in consultation with the Chairman and Deputy Chairman, in accordance with Standing Order Nos. 41(a).

The background report is available on request.

## Recommendation(s)

That Members note the report.

## **Main Report**

### **Budget setting steers from RASC away day**

1. At the Sub-Committee's annual away day, Members provided officers with several steers on budget-setting assumptions.
2. The steers were intended to address the financial positions for City Fund and City's Estate, and included the following areas:
  - Funding for adult and children social care pressures
  - Strengthening resource for HR and Internal Controls
  - Inflationary increases on local risk budgets
  - Increase in Adult Social Care & Council Tax by 4.99%
  - Contingency held for capital programmes
  - Prioritisation for retained business rates income to support Barbican Renewal and smoothing the medium-term financial plan
  - The Markets Co-Location programme
3. Subsequently, officers sought to formalise the steers as a decision under urgency, as this would allow officers to begin a budget setting process over the summer recess in the confidence that they aligned with the views of Members
4. The Town Clerk on 25 July accordingly noted the formal approval process for budget setting and, in consultation with the Chairman and Deputy Chairman, approved in principle the budget setting steers recommended by the Resource Allocation Sub Committee (noting that final approval of the 2025/26 budgets and medium-term financial plan would be subject to the usual processes, culminating with the Court of Common Council in March 2025). The budget setting steers were as follows:-

### **City Fund**

- Additional funding for
  - Adult & Children Social care pressures;
  - Staff strengthening for HR and Internal Controls split across funds;
  - 2% inflationary increase on local risk budgets – as per medium term financial plan approved by Court of Common Council in March 2024;
- Model increase in Adult Social Care & Council Tax by 4.99%;
- Contingency held for capital programmes £7.5m;
- Support for prioritisation of retained Business Rates income over the short term to:
  - Barbican Renewal Programme – subject to business case
  - Smoothing MTFP

### **City's Estate**

- Additional funding for

- Similar HR and Internal Control staff increases as for City Fund;
- 2% inflationary increase on local risk budgets – as per medium term financial plan approved by Court of Common Council in March 2024;
- Contingency held for capital programmes £2m;
- Address MCP from a business and financial perspective;
  - Focus on revenue and restoration of long term prudence – not forgetting future repayment of £450m private placement

### **Background papers**

Budget setting steers from RASC away day

### **Ben Dunleavy**

Governance and Member Services Manager, Town Clerk's Department

E: [ben.dunleavy@cityoflondon.gov.uk](mailto:ben.dunleavy@cityoflondon.gov.uk)

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank