



## Investment Committee APPENDIX PACK

**Date:** MONDAY, 2 DECEMBER 2024  
**Time:** 2.00 pm  
**Venue:** COMMITTEE ROOMS, 2ND FLOOR, WEST WING, GUILDHALL

**6. RISK REGISTER UPDATE FOR INVESTMENT COMMITTEE**

Joint Report of the City Surveyor and the Chamberlain.

**For Decision**  
(Pages 3 - 34)

**7. MID-YEAR TREASURY MANAGEMENT REVIEW 2024/25**

Report of the Chamberlain.

**For Discussion**  
(Pages 35 - 36)

**8. TREASURY MANAGEMENT UPDATE AS AT 31 OCTOBER 2024**

Report of the Chamberlain.

**For Discussion**  
(Pages 37 - 52)

**9. CITY SURVEYOR'S BUSINESS PLAN 2024-29 - QUARTER 2 2024/25 UPDATE**

Report of the City Surveyor.

**For Information**  
(Pages 53 - 56)

**19. CITY SURVEYOR REVENUE BUDGETS (CITY FUND AND CITY'S ESTATE) –  
APPROVED REVISED BUDGET 2024/25 & ORIGINAL BUDGET ESTIMATES  
2025/26**

Joint Report of the City Surveyor and the Chamberlain.

**For Decision**  
(Pages 57 - 74)

20. b) Performance Monitoring to 30 September 2024: City's Estate (Pages 75 - 112)  
Report of the Chamberlain.

23. **HAMPSTEAD HEATH TRUST & CHARITIES POOL INVESTMENT  
PERFORMANCE MONITORING TO 30 SEPTEMBER 2024**

Report of the Chamberlain.

**For Discussion**  
(Pages 113 - 116)

25. **CITY FUND & CITY'S ESTATE: INVESTMENT PROPERTY MONITORING**

Report of the City Surveyor.

**For Information**  
(Pages 117 - 126)

26. **CITY FUND & CITY'S ESTATE REVENUE WORKS PROGRAMME – UPDATE**

Report of the City Surveyor.

**For Information**  
(Pages 127 - 128)

# Investment Committee – Overarching Investment Portfolio Risk Register (for City Fund and City’s Estate)



## TOP LEVEL

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>01 Investment Performance: Strategy risk</p> <p>3-May-2024 C Al-Beyerty</p>	<p><b>Cause:</b> Inappropriate split of assets between property and financial assets and/or inappropriate asset allocation within the underlying property and financial portfolios</p> <p><b>Event:</b> Poor assessment of market conditions and outlook for returns – failure to react to changes in market conditions leading to lower than expected returns/income, decline in capital or insufficient liquidity</p> <p><b>Effect:</b> Failure to meet return targets and spending commitments – significant decline in capital – shortfall in income – inadequate liquidity – forced sales of assets at an inopportune moment in order to fund distribution requirements</p>		6	<p>Top level and underlying portfolio Strategic Asset Allocation (SAA) reviewed formally every three years by the IC with annual updates with specialist advice provided by investment consultants</p> <p>Performance monitored on a regular basis against targets to highlight any shortfall and potential action needed</p> <p>Positions monitored on a regular basis to ensure that they remain appropriate in light of changing market conditions with specialist advice provided by investment consultants</p> <p><b>11 November 2024</b></p>		4	31-Mar-2025	<p>Constant</p>

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
IC 01a	<p>Combined asset allocation risk</p> <p>This action seeks to ensure an appropriate balance between property and financial assets in the combined portfolio in order to achieve the portfolio's real return objective over the long term with no more risk than necessary.</p>	<p>The appropriate split between the property and financial portfolios was reviewed by the Investment Committee on advice from the OCIO team in December 2023 and formal long-term ranges have been proposed for property assets of 50-60% and financial assets 40-50%. The ranges reflect the diversification benefits which would accrue from an increase in the financial portfolio's share of the combined portfolio while taking into account the illiquid nature of the property portfolio. The intention is to bring the combined portfolio into line with the formal ranges gradually to avoid forced sale of properties in the current weak market conditions.</p>	Caroline Al-Beyerty	11-November-2024	31-Mar-2025
IC 01b	<p>Property Investment Strategy Risk</p> <p>This action seeks to balance the organisation's ability to maximise its property returns for an acceptable level of risk. This is covered in further detail in the City Surveyor's Departmental Risk SUR SMT 003.</p>	<p>The overall composition of the portfolio is shaped to take advantage of emerging segments of growth, whilst managing exposure to property types which are showing reduced demand. This, in turn, is an additional driver to ensure that City assets meet the climate aspirations of our occupiers.</p> <p><del>The City Surveyor's Department presented the Real Estate Investment Strategy to Investment Committee in July 2024.</del> <u>The Real Estate Investment Strategy was approved by Investment Committee in July, and by Corporate Services Committee in September.</u> This strategy seeks to further manage this risk and take advantage of emerging opportunities. Further, the strategy sought to ensure that the department has sufficient skills and capacity to deliver against this approach (departmental risk SUR SMT 016) <u>and recruitment is now in process to progress this item.</u></p>	Robert Murphy	11-November-2024	31-Mar-2025
IC 01c	<p>Financial Investment Strategy risk</p> <p>This action seeks to ensure that the financial portfolio has the appropriate strategy and management structure to generate a sufficient return to meet the portfolio's objective without taking excessive risk</p>	<p>The appropriate long-term strategy for the financial portfolio was reviewed by Mercer, the financial portfolio's investment adviser in July with a number of changes proposed to improve the balance of risk and return in the portfolio including the recommendation of a specific allocation to private credit and infrastructure funds. These were presented to the Investment Committee at its July meeting.</p>	Caroline Al-Beyerty	11-November-2024	31-Mar-2025

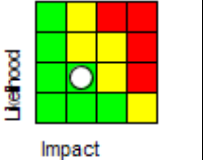
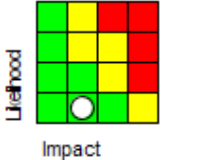

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<b>IC 02</b> <b>External Economic risk</b>  <b>3-May-2024</b> <b>AI-Beyerty</b> <b>Page 5</b>	<p><b>Cause:</b> Adverse global economic developments or unexpected geopolitical crisis (e.g. Covid, Russian invasion of Ukraine, etc.)</p> <p><b>Event:</b> Sharp rise in energy prices and inflation, collapse in sterling and/or downturn in property and financial markets leading to a reduction in purchasing power, decline in investment values and/or erosion of reserves</p> <p><b>Effect:</b> Failure to meet real return objectives and maintain the purchasing power of distributions – failure to match rising demands from the operational activities supported by the portfolio – reputational and organisational risk if budgets need to be cut as a result – balance sheet problems potentially created if the downturn in asset prices is sustained (e.g. inability to set up sinking fund for debt repayment)</p>		12	<p>Continuous monitoring of external developments across markets</p> <p>Appointment of external managers for the financial portfolio with discretion to take appropriate action in the event adverse economic developments or a geopolitical crisis – advice also provided by external investment consultants</p> <p><b>11 November 2024</b></p>		6	31-Mar-2025	  Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
IC 02a	Combined asset allocation risk  This action seeks to ensure that the overall asset allocation in the portfolio takes account of major economic and political risks.	The proposed ranges for property and financial assets reflect the portfolio's long term time horizon and return objective but shorter term economic and political developments are monitored by the Chamberlain's office and OCIO team to ensure appropriate action may be taken via the liquid financial portfolio before a major correction in markets.	Caroline AI-Beyerty	11-November-2024	31-Mar-2025
IC 2b	Financial Investment Strategy Risk  This action seeks to ensure that positions in the financial portfolio take account of major economic and political risks.	The financial portfolio is invested in a range of funds whose managers will take account of major economic and political developments in their stock and sector selection. The financial portfolio is also monitored on a regular basis by the investment consultant, Mercer, whose role is to report on performance and highlight key risks within the portfolio.	Caroline AI-Beyerty; Kate Limna	11-November-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>IC 05 Sustainability and impact</b>  Page 6 3-May-2024 C Al-Beyerty	<b>Cause:</b> Insufficient attention is paid to the City’s sustainability goals and Climate Action Strategy in managing the investment portfolio  <b>Event:</b> Negative news stories create an adverse public perception of the City’ approach to sustainable investment, reputational damage and potential loss of trust in the City’s financial stewardship  <b>Effect:</b> The investment portfolio does not meet its sustainability goals and the targets set in the Climate Action Strategy – investment decisions based on financial factors without due consideration of their impact on sustainability could also create reputational risk and public relations efforts to repair the City’s reputation would incur unnecessary costs – the lack of a clear impact measurement framework does not allow for an accurate assessment of performance and could delay achieving the sustainability goals		4	Regular monitoring and reporting of the portfolio against sustainability and climate change targets enabling the Investment Committee to challenge officers and staff on progress		4	31-Mar-2025	  Constant
				Selection of external managers who are able to manage their portfolios in line with the City’s sustainable and climate action objectives – changing external managers when necessary  Setting clear sustainability objectives for the internal property team and assessing their recommendations in light of those objectives  <b>11 November 2024</b>				

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
IC 05a	The Committee (along with other relevant Committees/Boards) has been assigned several key actions which will enable the Corporation to deliver its Climate Action Strategy. Key to this is achieving a clear plan on how to achieve Paris-alignment by 2040.	With the support of a specialist external consultancy firm, an in-depth review of the climate risk exposure involving the use of scenario analysis, the development of a transition pathway consistent with a net zero by 2040 commitment, and the establishment of expectations for existing and potential mandates was undertaken. The transition pathway itself involves a series of specific actions with various deadlines which the Committee (along with other relevant Boards and Committees) will target over the coming years. A second scenario analysis will be carried out during 2024/25.	Caroline Al-Beyerty	11-November-2024	31-Mar-2025

IC 05b	The Committee receives update reports on climate (both financial and property) on a quarterly basis.	For the financial assets, climate data is collected quarterly from managers and reported to Members. Annually data (as at 31 March) covering all the workstreams of the City's Climate Action Strategy are published on the Climate Action Dashboard.	Caroline Al-Beyerty	11-November-2024	31-Mar-2025
IC 05c	The Climate Action Team within I&G have reorganised with a new Investment Board to oversee the delivery of the actions to meet the targets of the Climate Action Strategy. Included within the Board are financial, investment property and goods and purchasing.	The Board meets quarterly and held its first meeting in September 2024.	Robert Murphy; Kate Limna	11-November-2024	31-Mar-2025
IC 05d	<p>Climate Action Strategy Delivery – Investment Property Portfolio</p> <p>The alignment of the organisation's property portfolio with the future strategic needs of occupiers, particularly supporting their ESG (Environmental-Social-Governance) needs. Climate Action is principally managed through the Climate Action Strategy.</p>	<p>For the property assets, Climate Action is an area of focus for the entire real estate industry and commercial property occupiers including the City of London. It is imperative that the organisation progresses its property estates to support this growing area of demand.</p> <p>This is supported by the City's Climate Action Strategy, which seeks to achieve net zero carbon emissions across our investments and supply chain by 2040.</p> <p>The delivery of Climate Action across the City's investment portfolio is regularly reported through to Investment Committee through the Climate Action Dashboard and business planning.</p> <p>Asset Managers are receiving additional training to enhance their understanding of the subject and the application of appropriate management measures. Two specialist advisors will be embedded in IPG to support the AMs and ensure coherent plans will be evolved.</p>	Robert Murphy, Graeme Low	11-November-2024	31-Mar-2025

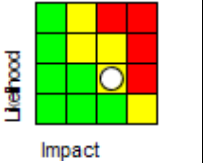
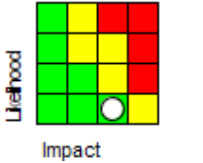

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
<b>IC 03 Governance/ Compliance risk (Previously CHB FIB 06)</b>  08-Mar-2018 Kate Limna; Jenny Wong	<b>Cause:</b> Inadequate understanding of regulations and investment practices among Members, officers and other staff involved in the investment portfolio etc.  <b>Event:</b> Committee Members and officers do not have appropriate skills or knowledge to discharge their responsibilities. Regulatory breach.  <b>Effect:</b> Inappropriate decisions are made leading to a financial impact, or a breach of legislation or service not provided in line with best practice and legal requirements. Potential regulatory fines.		4	Regular training of Members, officers and staff involved in the investment portfolio  Appointment of external consultants to provide advice on asset allocation, manager selection and regulation  <b>11 November 2024</b>		2	31-Mar-2025	  Constant

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Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
IC 03a (previously CHB FIB 06a)	Training provided to Committee Members on a range of investment topics and asset classes on a needs basis. Continued Professional Development (CPD) records maintained and updated annually.	<p>Training delivered to Members of the Board has included treasury management in February 2019 via the treasury consultant; investment strategy training in June 2020 from the Investment Consultant in relation to the Pension Fund Investment Strategy review; sustainable investment implementation from FTSE Russell in September 2020; and climate risk training from various sessions led by Aon and Carbon Tracker in Q2 2021.</p> <p>In November 2023, two Treasury Management training sessions were held for Members of the Investment Committee and Finance Committee. The first session provided an appreciation of what Treasury management involves, how it is undertaken, the roles of Members and Officers, and the risks in Treasury Management and how they should be managed. The second session covered developing the Treasury Management Strategy, including Prudential Indicators, cashflow forecasts, investment strategy, credit worthiness, counterparty list, ESG considerations, and a review of the investment portfolio and an economic outlook.</p>	Kate Limna	11-November-2024	31-Mar-2025



IC 03b (previously CHB FIB 06b)	Job descriptions used at recruitment to attract candidates with skills and experience related to investment finance. The Corporation maintains membership of CIPFA's Pension Network, CIPFA's Treasury Management Network plus the LAPFF, LPFA and PLSA – all providing access to training opportunities via courses, seminars and conferences.	Officers continue to attend training courses, seminars and conferences where deemed appropriate to enhance understanding of markets, financial instruments, regulatory and statutory reporting issues.	Caroline Al-Beyerty; Kate Limna	11-November-2024	31-Mar-2025
IC 03c (previously CHB FIB 06c)	Training plans in place for all staff as part of the performance appraisal arrangements, which are reviewed every six months.	Performance and development appraisals continue to be carried out in line with corporate policy.	Caroline Al-Beyerty; Kate Limna	11-November-2024	31-Mar-2025
IC 03d (previously CHB FIB 06d)	External professional advice sought where required.	The investment consultant attends each meeting of the Investment Committee providing advice on investment matters.	Kate Limna	11-November-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>IC 04 Cash flow management (Previously CHB FIB 05)</b>  08-Mar-2018 Kate Limna; Jenny Wong	<b>Cause:</b> Inaccurate cash flow modelling for Corporation as a whole.  <b>Event:</b> There is insufficient cash available to meet day to day obligations. The organisation is forced to liquidate long term investment assets without adequate planning or fails to identify external borrowing requirements.  <b>Effect:</b> Overdrawn position incurs unnecessary expenditure and missed payments damage the Corporation's reputation. Inefficient treasury management decisions increase costs.		<b>8</b>	Officers continue to maintain a cash flow model projecting the Corporation's cash flow requirements for the forthcoming year on an on-going basis. Cash flow is regularly monitored, and short-term cash balances are invested over appropriate time horizons.  <b>11 November 2024</b>		<b>4</b>	31-Mar-2025	  Constant

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Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
IC 04a (previously CHB FIB 05a)	Combined cashflow daily forecast maintained to project inflows and outflows over the year forward to ensure a sufficient level of on-going liquidity. Cashflow requirement is the fundamental consideration when agreeing duration of fixed term deposits or placing capital in money market funds.	Cash flow model maintained and updated on a daily basis, incorporating known flows and estimating payments and income of uncertain timing based on historic cash flow profiles and estimations for the timing and value of future payments and receipts.	Kate Limna	11-November-2024	31-Mar-2025
IC 04b (previously CHB FIB 05d)	A balance sheet review exercise enables the Corporation to further understand the likely timing of any future need to liquidate long term investment assets or external borrowing requirement.	Officers have developed a medium-term cash flow forecast based on City Fund and City's Estate projected balance sheet. This forecast will be updated in line with the evolution of the medium-term financial plan and will be <del>being</del> reviewed in tandem with the production of the draft statement of accounts for <del>2023/24</del> <u>2024/25</u> .	Kate Limna	11-November-2024	31-Mar-2025

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

Report Author: Faith Bowman  
Generated on: 28 October 2024



Rows are sorted by Risk Score

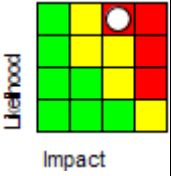
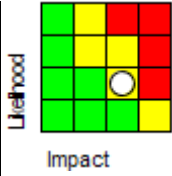

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
<b>SUR SMT 005</b> <b>Construction and Service Contracts Price Inflation</b> <b>Beyond that which was anticipated or planned</b>  14-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	 Likelihood Impact	<b>16</b>	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.  The risk scoring was reviewed by the Department in October following feedback from Members. Whilst the high levels of material inflation seen earlier has abated, the City has yet to see a significant levelling in tender returns. As such the risk was maintained as a red risk. As with all risks, this will be reviewed regularly.  Market conditions remain dynamic and will be kept under review. As such the target date should be considered a review point.	 Likelihood Impact	<b>6</b>	31-Mar-2025	
				<b>22 Oct 2024</b>			Reduce	

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 005a	<p>Procurement Strategy</p> <p>The department is working with legal and procurement to identify different buying options, thereby managing the risk to the department / organisation.</p>	<p>This exploration included a review of the prior Single Stage tender process (which had been preferred for medium range projects - £2m - £50m).</p> <p>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.</p>	Ola Obadara	22-Oct-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>	The department and the Chamberlain's Procurement team to 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.	Ola Obadara	22-Oct-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>	The team plan to engage early with our contractors on a consultancy basis to obtain as much information as possible prior to contract.	Ola Obadara	22-Oct-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>	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.	Ola Obadara	22-Oct-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</b> <b>Construction Consultancy Management</b>  Page 13 13 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	 Likelihood Impact	<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, although is more pronounced in public sector bodies.	 Likelihood Impact	<b>4</b>	31-Mar-2025	
							Reduce	
				<b>31 Oct 2024</b>				

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	31-Oct-2024	31-Mar-2025

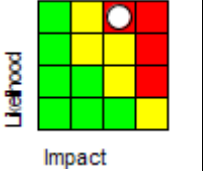
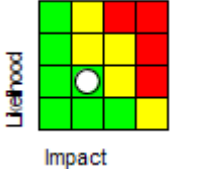

SUR SMT 006b	<p>Legal</p> <p>The team is working closely with the legal department to ensure that procurement activity aligns with project objectives and the consultants meet quality requirements</p>	<p>Where performance has been poor action has been taken against consultants – these cases increase end-to-end 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.</p>	Ola Obadara	31-Oct-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	31-Oct-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	31-Oct-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	31-Oct-2024	31-Mar-2025

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<b>SUR SMT 009 Recruitment and retention of property professional</b>  21-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 freeze 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 organisation (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 though recruitment campaigns and training etc, or to the department through filling vacancies through comparatively expensive temporary contracts.	 Likelihood Impact	<b>16</b>	This risk has been identified across several divisions of the City Surveyor's Department especially within Investment Property, Surveying and Project Management.  A reviewed conducted in October 2024 confirmed the risk score which remains unchanged due to specific issues in certain industries.  The department is actively collaborating with Corporate colleagues to address this risk in the long term.  The risk will be kept under review, with the target date reflecting this on-going review.  <b>22 Oct 2024</b>	 Likelihood Impact	<b>8</b>	31-Mar-2025	
							Reduce	

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	22-Oct-2024	31-Mar-2025
SUR SMT 009b	Best Practice 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.	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	22-Oct-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>	<p>Managers across the service ensured that all end-of-year (2023/24) and start-of-year (2024/25) appraisals were complete and inputted into the on-line HR system. The department is currently ensuring that all mid-year appraisals are complete in line with our Corporate timescales. This evidences the regular engagement between managers and staff members.</p>	Paul Wilkinson	22-Oct-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>	<p>Corporate HR have completed the 2024 all staff survey. Results of this survey have been communicated to all staff within the department and an Action Plan developed. This draft Action Plan has been shared with staff for comment and further development. Progress will be reported Corporately bi-monthly.</p> <p>Some departmental feedback will be addressed corporately as the reflections of City Surveyor’s staff are often aligned with the thoughts / feedback of those in other departments. The department will be communicating locally the progress of this organisational Action Plan.</p>	Paul Wilkinson	22-Oct-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>	<p>The CSD ED&amp;I group continues to meet regularly and monitor, and track delivery of the ED&amp;I action plan. A neurodiversity all staff talk has been delivered which covered the full end-to-end process of responsible procurement, the contractor’s commitment to delivery, and the social value impact.</p>	Ola Obadara	22-Oct-2024	31-Mar-2025
SUR SMT 009f	<p>Pay and Review Survey</p> <p>The Corporation is reviewing pay &amp; reward.</p>	<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.</p> <p>The department is engaging with Korn Ferry who are currently conducting the Ambition 25 review of pay and reward. Local feedback has noted that there is some apprehension about the Ambition 25 programme, and this item has been communicated to the project team.</p> <p>Overall, the department has noted that whilst recruitment is possible, the limited scope for (pay and professional) progression makes retention more challenging.</p>	Paul Wilkinson	22-Oct-2024	31-Mar-2025



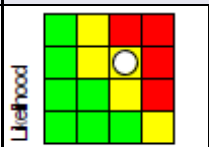
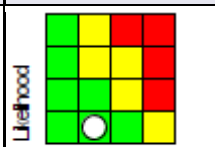
Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
SUR SMT 011 Contractor Failure  13-Feb-2023 Ola Obadara	<b>Cause:</b> Market 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		16	This risk pertains to the potential failure of a primary contractor or a key sub-contractor. Notably, the City Corporation has traditionally lacked substantial control over the selection of entities assigned to perform work.  In the event of a failure by a primary contractor or sub-contractor, there could be consequential effects on warranties and our ability to pursue remedies for any design deficiencies. Recent fluctuations in the industry have heightened the probability of this risk, which continues to be classified as Red.		4	31-Mar-2025	
							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	22-Oct-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	22-Oct-2024	31-Mar-2025

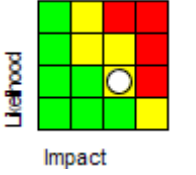
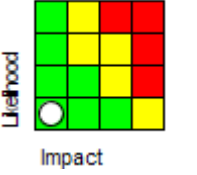


Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 003a	<p>Macro-economic</p> <p>Within an overarching Investment Strategy, the objective will be to maintain a diverse portfolio that reduces the impact of this risk. This includes:</p> <ol style="list-style-type: none"> <li>1. Use (office, retail, industrial)</li> <li>2. Location (City, Southwark, West End etc.)</li> <li>3. Tenancies (Long term Headlease geared, FRI, directly managed)</li> <li>4. Covenants (multinationals, SME)</li> <li>5. Asset management (lease renewals, voids, arrears, etc.)</li> <li>6. Monitoring retail habits in change of building use</li> </ol>	<p>An overarching investment strategy was approved by Members, agreeing the approach to our real estate investments.</p> <p>The delivery of this strategy will require an appropriately shaped resource base, and this has now been approved by the organisation’s governance and will be implemented over the coming months.</p> <p>Consideration includes the potential for recession, inflation, energy pricing etc. and how this will impact tenants and the wider market.</p>	Robert Murphy	22-Oct-2024	31-Mar-2025
SUR SMT 003b	<p>Portfolio</p> <p>Ensuring that the overall composition of the investment portfolio takes advantage of emerging segments of growth, whilst managing the exposure to property types which are showing reducing demand.</p>	<p>The overarching Investment Strategy defines the targets. Tactical implementation will be achieved through regular market scanning, and the integration of learning into the Corporation’s approach.</p>	Robert Murphy	28-Oct-2024	31-Mar-2025
SUR SMT 003c	<p>Climate Action</p> <p>The alignment of our portfolio with the future strategic needs of occupiers, particularly supporting their ESG (Environmental-Social-Governance) needs. Climate Action is principally managed through the Climate Action Strategy.</p>	<p>Ensure that the investment portfolios are compliant with the emerging demands of both investors and occupiers as well as the Corporation’s Climate Action strategy and Design Standards. which includes Carbon Net Zero (CNZ) and Resilient Buildings protocols.</p>	Robert Murphy	28-Oct-2024	31-Mar-2025
SUR SMT 003d	<p>Office risk</p> <p>Reviewing post-pandemic office use and demand.</p>	<p>The department is monitoring key market use through data supplied by partners (such as footfall information), market research reports, and tenant feedback.</p> <p>The department continues to observe a ‘flight to quality’ – higher specified and higher quality spaces. Occupiers are increasingly considering their space as a tool in the ‘war for talent’. Whilst some occupiers are downsizing their space, others are looking to create a better environment for staff through lower densities / improved amenities. This learning informs the portfolio strategy (linked to action SUR SMT 003b).</p> <p>The team is working with Corporate colleagues in connection with the “Destination City” agenda, particularly in highlighting market trends to Members and key stakeholders.</p>	Robert Murphy	22-Oct-2024	31-Mar-2025
SUR SMT 003e	<p>Retail</p> <p>Changes in consumer preferences (moving to on-line retail) which has been accentuated through the COVID-19 pandemic. Elements of the City portfolio is also dependent on tourism, which is only now returning to activity seen pre-pandemic.</p>	<p>The City Surveyor’s Department continues to engage with peers to understand retail market impacts. Regular arrears monitoring, including the provision of bi-monthly dashboards and the production of the Rental collection snapshot by the Chamberlain’s Department.</p>	Robert Murphy	22-Oct-2024	31-Mar-2025

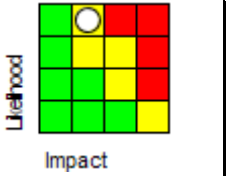
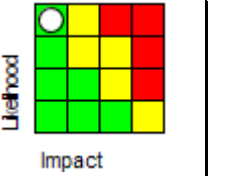

SUR SMT 003f	<p>Strategy</p> <p>The department will be reviewing its strategic approach to ensure that a portfolio approach is developed (rather than decisions being made on an asset-by-asset basis). This will ensure the on-going allocation of funds is balanced between different risks/returns</p>	<p>The Investment Strategy was approved by Members in July. Resourcing has now been agreed by Members and the team is gearing up to re-shape its services to be able to achieve the Strategy.</p> <p>The Corporation's financial needs may detract from the ability of the portfolios to fund the activities of the Investment Strategy and modernise the portfolio.</p>	Robert Murphy	28-Oct-2024	31-Mar-2025
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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 016 Investment Property Group staffing and Capacity</b></p> <p>12-Jun-2024</p>	<p><b>Cause:</b> Capacity and the existing skill set of the team is misaligned to deliver changing requirements.</p> <p><b>Event:</b> Inability to undertake the management of the portfolio at the pace expected by the Market or by senior stakeholders and undertake new requirements as required by the City of London Corporation.</p> <p><b>Impact:</b> Slow engagement with third parties, reduced capacity to optimise income/capital and ability to react to changes in market conditions at pace impacting on the delivery of the City Corporation's Medium Term Financial Plan, delays to major projects/organisational initiatives, negative impacts on customer/ employee satisfaction and the investment portfolio does not meet its CAS targets.</p>	 <p>12</p>		<p>This risk identifies the significant volume and change in the nature of activities to be delivered by the team including; more demanding Investment Objectives, supporting delivery of major projects, increased lease restructurers and transactions, implementation of Destination City and City Occupiers Strategy and City Bridge Foundation (CBF) being an independent client with different reporting requirements and investment strategy.</p> <p>Recruitment efforts are currently in progress, and the risk has shifted to a resource success risk, with the evaluated target resources deemed adequate to fulfil demands. As noted in the Recruitment &amp; Retention risk (SUR SMT 009), we are awaiting confirmation on whether the financial package and overall corporate offer will be attractive enough to draw in the appropriate candidates.</p> <p>25 Oct 2024</p>	 <p>2</p>		<p>31-Mar-2025</p> <p>Reduce</p>	<p>↓</p> <p>Decreasing</p>

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 016a	Funding  Funding request to resource the extra capacity and capability required	The department presented the Real Estate Investment Strategy to Investment Committee in July 2024. This document highlighted the pressures the function is facing, the changing demands of the market and of the organisation, and how this could be addressed. Included within this was the consideration of additional capacity and capability.  This paper was supported at Investment Committee and has subsequently been approved at Corporate Services Committee in September 2024. This will enable the unit to start considering subsequent steps (recruitment, secondments, etc).	Robert Murphy	25-Oct-2024	31-Mar-2025
SUR SMT 016b	Training  Training on new capabilities to be delivered to existing IPG staff.	Training on new capabilities to be delivered to existing IPG staff (FCA licence and regulatory qualifications, data, analytics, structuring JVs) where appropriate.	Robert Murphy	25-Oct-2024	31-Mar-2025
SUR SMT 016d	City Bridge Foundation Approval  Seek City Bridge Foundation's approval to the cost consequences of enhanced capability.	Investment Property Group will seek City Bridge's Foundation (CBF) formal approval following Investment Committee in July and Corporate Services Committee in September. The Group has been working closely with CBF throughout.	Robert Murphy	25-Oct-2024	31-Mar-2025
SUR SMT 016e	Secondments  To consider whether secondments within IPG would support the influx of corporate requests.	This will be considered post October.	Robert Murphy	25-Oct-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 010 Insurance - Investment and Corporate Estates</b>  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)		8	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 are being applied. The valuations of CBF are nearly complete; City Fund properties have been tendered; and City Estate will go to tender shortly.  <b>22 Oct 2024</b>		1	31-Mar-2025	Constant
							Reduce	

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 010a	Register of data  Ensuring the completeness of the organisation's data sets to ensure that assets are not 'lost' and accuracy of our risk scoring.	A property schedule exists, and this has been updated with the survey carried out on Special Sites (by RLF).	Robert Murphy	22-Oct-2024	31-Jan-2025
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	22-Oct-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	22-Oct-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 012 Adjudication &amp; Disputes</b>  21-Aug-2023 Ola Obadara	<b>Cause:</b> The impact of COVID-19 on project delivery. <b>Event:</b> Regulations restricted access to sites and resulted in more design work being undertaken remotely. Productivity at sites was adversely impacted. <b>Impact:</b> Increased likelihood that projects were designed correctly, and resulting legal and adjudication issues, reputational harm.		8 The COVID-19 pandemic resulted in 3 years of impact at project sites. Site productivity was limited (circa 60% productivity) and much design work was undertaken remotely, or with limited site access. 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. 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. 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 & disputes. 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.  <b>22 Oct 2024</b>		31-Mar-2025	

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 012a	Project Review and Claims Consultant Claims consultant can advise the organisation where it can seek to recover money from suppliers (thereby reducing the impact).	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.	Ola Obadara	21-Aug-2024	31-Mar-2025

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# CHB IC Detailed risk register EXCLUDING COMPLETED ACTIONS

Report Author: Jenny Wong  
Generated on: 11 November 2024

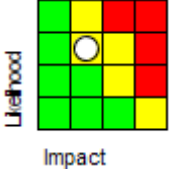
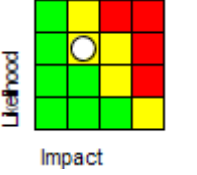



Rows are sorted by Risk Score

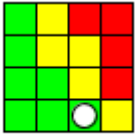
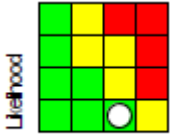

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
<b>CHB IC 01</b> <b>Insufficient assets - City's Estate</b> 08-Mar-2018 Kate Limna; Jenny Wong	<b>Cause:</b> The asset allocation of the City's Estate investment portfolio is unable to fund long term expenditure requirements due to market movements. <b>Event:</b> There are insufficient assets to meet expenditure requirements. <b>Effect:</b> Reduced income or lower than anticipated growth which could impact on the Corporation's medium term financial plans. City's Estate would be required to sell financial assets to fund expenditure requirements.	 Likelihood Impact	<b>12</b>	From 1 April 2024 the return target for City's Estate has been set at CPI+4% on a rolling 5year basis.  <b>11 November 2024</b>	 Likelihood Impact	<b>8</b>	31-Mar-2025	 Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB IC 01a	The City's Estate investment strategy is reviewed at least every three years by the Investment Committee.	The City has appointed Stanhope Capital as the outsourced Chief Investment Officer function (OCIO) reporting to the Chamberlain and covering City Fund (property) and City's Estate (property and financial investments).  The OCIO function will be advising on: <ul style="list-style-type: none"> <li>City's Estate: asset allocation between property and financial investments</li> </ul>	Caroline Al-Beyerty; Kate Limna	11-November-2024	31-Mar-2025

		<ul style="list-style-type: none"> <li>• <i>City Fund and City's Estate</i>: diversification of asset classes within appetite and appropriate pace for transition.</li> <li>• <i>City Fund &amp; City's Estate</i>: Suitable income targets.</li> </ul> <p>The City's Estate Investment strategy is expected to be reviewed in 2024/25.</p>			
CHB IC 01b	The investment performance is measured against absolute return targets required to meet long term objectives. This is reported to the Investment Committee throughout the year and is supplemented by market insight from the Corporation's investment consultants which will assist any strategic decisions required in between the three-year formal strategy reviews.	City's Estate investment performance will be brought to each meeting of the Investment Committee for consideration.	Kate Limna	11-November-2024	31-Mar-2025

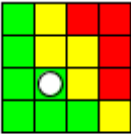
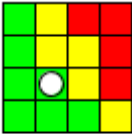

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<b>CHB IC 02 Targeted returns - City's Estate</b>  -Mar-2018 Kate Limna; Terry Wong	<b>Cause:</b> Fund managers fail to achieve the targeted investment returns because <ul style="list-style-type: none"> <li>the Committee appoints unsuitable fund managers,</li> <li>individual fund managers underperform against the benchmarks agreed by the Committee,</li> <li>aggregate fund manager performance fails to achieve the Committee's long-term targets</li> </ul> <b>Event:</b> Failure to be seen to manage the fund responsibly. <b>Effect:</b> Supervisory intervention over management of the funds.		6	The performance of fund managers and their aggregate performance is reported against target to each Investment Committee. The Committee sets a diversified investment strategy to mitigate volatility and as such it expects different parts of the strategy to outperform at different times.  Where relative returns are negative, Members and officers seek to understand why in order to determine whether there is continued conviction in the manager's strategy to recover performance.  <b>11 November 2024</b>		6	31-Mar-2025	  Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB IC 02a	Investment managers' performance and their aggregate performance is measured against appropriate benchmarks and monitored by the Investment Committee throughout the year. It is supplemented by market insight from the Corporation's investment consultants which provides peer group comparisons; checks on movement of key officers; and reviews on the incorporation of ESG considerations in implementing their investment strategies. Fund managers are invited to meet with Officers and Members to account for their performance as and when the Committee deem this necessary/as required.	The latest performance for City's Estate Fund to <del>31 July 2024</del> <u>30 September 2024</u> is reported to the Investment Committee on <del>03 October 2024</del> <u>02 December 2024</u> .	Kate Limna	11-November-2024	31-Mar-2025

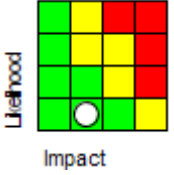
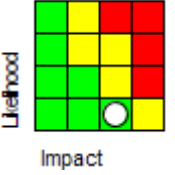

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
<b>CHB IC 03 Service provider failure</b>  08-Mar-2018  Kate Limna; Jenny Wong	<b>Cause:</b> Corporate, financial, economic or cybersecurity threats result in service provision withdrawal or liquidation of partner organisations. <b>Event:</b> Failure of fund manager, investment consultant or other service provider without notice. <b>Effect:</b> Asset valuations at risk or a period of time without service provision.	 Likelihood  Impact	4	Officers meet regularly with fund managers, investment consultants and other service providers. Officers write to all counterparties requesting latest internal control report from fund managers and custodian ahead of the closure of accounts.  <b>11 November 2024</b>	 Likelihood  Impact	4	31-Mar-2025	  Constant

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Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB IC 03a	Detailed due diligence is carried out when new fund managers, investment consultant or other service provider are appointed.	New manager due diligence undertaken in consultation with investment consultant. <del>There are currently no plans to appoint any additional managers.</del> The current investment consultant contract was re-tendered via the National LGPS procurement framework. Following a rigorous and competitive exercise Mercer were appointed to the role in October 2021.	Kate Limna	11-November-2024	31-Mar-2025
CHB IC 03b	Review of internal control reports on annual basis.	Corporate Treasury compile an archive of the most up to date relevant annual internal control reports issued by all issuing fund managers and custodian as part of statement of account compilation across Funds. All internal control reports from the pooled fund managers have been received where available. Officers are in the process of reviewing the findings of the reports to ensure they remain satisfied with the control environments operated by the Corporation's appointed asset managers.	Kate Limna	11-November-2024	31-Mar-2025
CHB IC 03c	Monitor markets regularly through financial publications and seek advice of managers and investment consultant when appropriate.	Officers regularly monitor financial press and industry publications particularly in search of any news regarding entities that have an existing relationship across the Corporation's Funds.	Kate Limna	11-November-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>CHB IC 07</b> <b>Failure to discharge responsible investment duties</b></p> <p>20-Jun-2019 Jenny Wong</p>	<p><b>Cause:</b> Insufficient attention is paid to the environmental, social and governance (ESG) dimensions of the Corporation's financial investments.  <b>Event:</b> The Corporations' financial investments include an underappreciated exposure to negative ESG risks and the means to effectively manage such risks is not understood.  <b>Effect:</b> The Corporation suffers reputational or financial damage.</p>	<p> Likelihood Impact</p>	<p>4</p>	<p>The Investment Committee inherits an advanced approach to responsible investment and asset stewardship. The Corporation (via the previous Financial Investment Board) has formally recognised its asset stewardship role and the need to manage ESG risks through its Responsible Investment Policy which also outlines the Corporation's approach in this area. The City of London Corporation (as a whole) is a signatory to the Principles for Responsible Investment (PRI).</p> <p>The then Financial Investment Board (now Investment Committee) undertook an in-depth review of its climate risk exposure (including the use of scenario analysis) in 2021 resulting in a commitment to achieve net zero carbon emissions by 2040 together with the development of interim goals via a transition pathway.</p> <p>The Corporation second scenario analysis will be undertaken during 2024/25 to better understand the latest risks and opportunities associated with the City's Financial investments.</p> <p>11 November 2024</p>	<p> Likelihood Impact</p>	<p>4</p>	<p>31-Mar-2025</p>	<p></p> <p>Constant</p>

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CHB IC 07a	Reporting on responsible investment activities to the Principles for Responsible Investment is completed on an annual basis. The Committee (along with other relevant Committees/Boards) receives an annual Transparency Report from the PRI from which it can evaluate progress against responsible investment goals.	The PRI 2024 reporting period opened May 2024 and the Corporation placed its submission by the 26 July 2024 deadline.  <del>The PRI have not confirmed when they will release the results at this stage.</del> <u>The PRI will release the results in November 2024.</u>	Kate Limna	11-November-2024	31-Mar-2025
CHB IC 07c	As part of the regular management and monitoring of investment mandates, the Committee and responsible officers challenge investment managers on ESG issues arising in the portfolio. The Investment Consultant reports to the Committee on its monitoring of ESG risks on a quarterly basis.	The Committee receives regular updates on ESG standings amongst its appointed investment managers from the Investment Consultant on a quarterly basis. The Committee has established new climate risk expectations for existing and potential investment managers and these form part of the regular ongoing monitoring of managers' performance.	Kate Limna	11-November-2024	31-Mar-2025
CHB IC 07e	There is a general commitment by the City Corporation to meeting the standards of the new 2020 UK Stewardship Code and needs to ensure compliance is developed. The Committee reviews asset stewardship across its investment mandates on an annual basis and uses the exercise to encourage better ESG outcomes amongst its existing managers (this will need to be done in conjunction with other committees which now have investment oversight responsibilities).	All of the City's Estate UK-based pooled fund managers (i.e. excluding the alternative assets portfolio) are signatories to the Stewardship Code.	Kate Limna	11-November-2024	31-Mar-2025
CHB IC 07f	The Committee (along with other relevant Committees/Boards) has been assigned several key actions which will enable the Corporation to deliver its Climate Action Strategy. Key to this is achieving a clear plan on how to achieve Paris-alignment by 2040.	With the support of a specialist external consultancy firm, an in-depth review of the climate risk exposure involving the use of scenario analysis, the development of a transition pathway consistent with a net zero by 2040 commitment, and the establishment of expectations for existing and potential mandates was undertaken. The transition pathway itself involves a series of specific actions with various deadlines which the Committee (along with other relevant Boards and Committees) will target over the coming years.  The Corporation second scenario analysis will be undertaken during 2024/25 to better understand the latest risks and opportunities associated with the City's Financial investments.	Kate Limna	11-November-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>CHB IC 04 Counterparty failure - Treasury Management</b>  08-Mar-2018  Kate Limna; Jenny Wong	<b>Cause:</b> External events, including cybersecurity incidents, threaten the solvency of counterparties the Corporation has lent to. <b>Event:</b> Failure of counterparty to fulfil obligation to the Corporation, i.e. default on repayments. <b>Effect:</b> Asset valuations at risk.		2	The current Treasury Management Strategy restricts lending to high-quality counterparties and remains fit for purpose. External credit ratings for existing counterparties are currently at acceptable levels.  <b>11 November 2024</b>		4	31-Mar-2025	  Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
Page 31 CHB IC 04a	Detailed due diligence is carried out when new counterparties are onboarded.	Independent analysis and consultation with treasury investment advisor when adding additional counterparties.	Kate Limna	11-November-2024	31-Mar-2025
		<p>Where the Corporation invests in money market funds, officers monitor the funds' weekly liquidity profiles to ensure the vehicles retain adequate liquidity. At present, there are no liquidity concerns with any of the Corporation's existing fund counterparties. These funds invest in very short term and very high-quality instruments, so default risk is low.</p> <p>The Corporation's short-dated bond fund investments are more sensitive to changes in economic conditions and performance is more volatile. Short term interest rates increased during 2023 and this had a negative impact on the total returns available from the short-dated bond funds. However, the Corporation invests in these instruments on a longer-term basis (at least three years) where there is a greater tolerance for volatility in returns, and these only impact City Fund.</p> <p>Officers also continue to monitor changes in the credit standing of direct counterparties via ratings changes from the three main credit rating agencies and other news.</p>			
CHB IC 04b	When lending directly to counterparties, ensure they meet the minimum credit criteria as set out in the most recent Treasury Management Strategy Statement.	All lending is conducted within the parameters of the current 2024/25 Treasury Management Strategy Statement & Annual Investment Strategy (relating to Treasury Management) (TMSS) as agreed by Court of Common Council (CoCo) on 7 March 2024. Additionally, officers have implemented financial metric-based criteria for determining the eligibility of local authority	Kate Limna	11-November-2024	31-Mar-2025

		borrowers. When onboarding new financial institutions, officers review banks' financial standing including standard financial reporting ratios for assessing capitalisation and liquidity.			
CHB IC 04c	Monitor markets regularly through credit rating updates and financial publications, plus seeking the advice of treasury investment advisors when appropriate	Officers continually monitor for credit rating updates as well as the financial press and industry publications in search of any news regarding the Corporation's counterparties. Treasury investment advisors provide rating agency credit watches and other market data including Credit Default Swap prices on money market participants.	Kate Limna	11-November-2024	31-Mar-2025



## City of London Corporation Risk Matrix (Black and white version)

Note: A risk score is calculated by assessing the risk in terms of likelihood and impact. By using the likelihood and impact criteria below (top left (A) and bottom left (B) respectively) it is possible to calculate a risk score. For example a risk assessed as Unlikely (2) and with an impact of Serious (2) can be plotted on the risk scoring grid, top right (C) to give an overall risk score of a green (4). Using the risk score definitions bottom right (D) below, a green risk is one that just requires actions to maintain that rating.

### (A) Likelihood criteria

	Rare (1)	Unlikely (2)	Possible (3)	Likely (4)
Criteria	Less than 10%	10 – 40%	40 – 75%	More than 75%

### (C) Risk scoring grid

		Impact			
		Minor (1)	Serious (2)	Major (4)	Extreme (8)
Likelihood	X				
	Likely (4)	4 Green	8 Amber	16 Red	32 Red
	Possible (3)	3 Green	6 Amber	12 Amber	24 Red
	Unlikely (2)	2 Green	4 Green	8 Amber	16 Red
	Rare (1)	1 Green	2 Green	4 Green	8 Amber

### (B) Impact criteria

Impact title	Definitions
Minor (1)	<b>Service delivery/performance:</b> Minor impact on service, typically up to one day. <b>Financial:</b> financial loss up to 5% of budget. <b>Reputation:</b> Isolated service user/stakeholder complaints contained within business unit/division. <b>Legal/statutory:</b> Litigation claim or find less than £5000. <b>Safety/health:</b> Minor incident including injury to one or more individuals. <b>Objectives:</b> Failure to achieve team plan objectives.
Serious (2)	<b>Service delivery/performance:</b> Service disruption 2 to 5 days. <b>Financial:</b> Financial loss up to 10% of budget. <b>Reputation:</b> Adverse local media coverage/multiple service user/stakeholder complaints. <b>Legal/statutory:</b> Litigation claimable fine between £5000 and £50,000. <b>Safety/health:</b> Significant injury or illness causing short-term disability to one or more persons. <b>Objectives:</b> Failure to achieve one or more service plan objectives.
Major (4)	<b>Service delivery/performance:</b> Service disruption > 1 - 4 weeks. <b>Financial:</b> Financial loss up to 20% of budget. <b>Reputation:</b> Adverse national media coverage 1 to 3 days. <b>Legal/statutory:</b> Litigation claimable fine between £50,000 and £500,000. <b>Safety/health:</b> Major injury or illness/disease causing long-term disability to one or more people <b>objectives:</b> Failure to achieve a strategic plan objective.
Extreme (8)	<b>Service delivery/performance:</b> Service disruption > 4 weeks. <b>Financial:</b> Financial loss up to 35% of budget. <b>Reputation:</b> National publicity more than three days. Possible resignation leading member or chief officer. <b>Legal/statutory:</b> Multiple civil or criminal suits. Litigation claim or find in excess of £500,000. <b>Safety/health:</b> Fatality or life-threatening illness/disease (e.g. mesothelioma) to one or more persons. <b>Objectives:</b> Failure to achieve a major corporate objective.

### (D) Risk score definitions

<b>RED</b>	Urgent action required to reduce rating
<b>AMBER</b>	Action required to maintain or reduce rating
<b>GREEN</b>	Action required to maintain rating

Contact the Corporate Risk Manager for further information. Ext 1297

Version date: January 2020

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**APPENDIX 1: Interest Rate Forecasts 2024/25 – 2027/28**

PWLB rates and forecast shown below have taken into account the 20 basis point certainty rate reduction effective as of the 1st November 2012.

Please note, the lower Housing Revenue Account PWLB rate started on 15 June 2023 for those authorities with an HRA (standard rate minus 60 bps) and following the Autumn Statement, the availability of this rate has been extended to the end of June 2025.

Link Group Interest Rate View	11.11.24												
	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
<b>BANK RATE</b>	4.75	4.50	4.25	4.00	4.00	3.75	3.75	3.75	3.50	3.50	3.50	3.50	3.50
3 month ave earnings	4.70	4.50	4.30	4.00	4.00	4.00	3.80	3.80	3.80	3.50	3.50	3.50	3.50
6 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
12 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
5 yr PWLB	5.00	4.90	4.80	4.60	4.50	4.50	4.40	4.30	4.20	4.10	4.00	4.00	3.90
10 yr PWLB	5.30	5.10	5.00	4.80	4.80	4.70	4.50	4.50	4.40	4.30	4.20	4.20	4.10
25 yr PWLB	5.60	5.50	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.50
50 yr PWLB	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.40	4.30	4.30

**Comparison of Link Group current November 2024 interest rate forecast vs May 2024 forecast**

Bank Rate	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
11.11.24	4.75	4.50	4.25	4.00	4.00	3.75	3.75	3.75	3.50	3.50	3.50	3.50	3.50
28.05.24	4.50	4.00	3.50	3.25	3.25	3.25	3.25	3.00	3.00	3.00	-	-	-
Change	0.25	0.50	0.75	0.75	0.75	0.50	0.50	0.75	0.50	0.50	-	-	-

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# Agenda Item 8

## COUNTERPARTY EXPOSURE AS AT 31 OCTOBER 2024

APPENDIX 1

	Counterparty Limit	Total Invested as at 31-Oct-24	Average Rate of Return
	£M	£M	%
<b><u>TOTAL INVESTED</u></b>		<b><u>1,147.6</u></b>	<b><u>5.65%</u></b>
<b><u>FIXED TERM DEPOSITS</u></b>			
<b><u>UK BANKS</u></b>			
Goldman Sachs	100.0	50.0	5.04%
NatWest	100.0	90.0	5.56%
Standard Chartered	100.0	20.0	4.86%
		<u>160.0</u>	
<b><u>FOREIGN BANKS</u></b>			
Australia & New Zealand	100.0	55.0	5.08%
DBS	100.0	10.0	5.15%
Helaba	100.0	20.0	5.27%
Rabobank	100.0	40.0	5.14%
Toronto Dominion	100.0	80.0	5.22%
UOB	100.0	60.0	5.29%
		<u>265.0</u>	
<b><u>LOCAL AUTHORITIES</u></b>			
Central Bedfordshire	25.0	20.0	4.90%
Lancashire CC	25.0	20.0	4.80%
Stockport MBC	25.0	20.0	4.90%
Surrey CC	25.0	20.0	5.00%
		<u>80.0</u>	
<b><u>LIQUIDITY FUNDS</u></b>			
Aberdeen SLI Liquidity Fund	100.0	43.6	4.97%
CCLA - Public Sector Deposit Fund	100.0	40.0	4.93%
Deutsche Global Liquidity Fund	100.0	55.0	4.96%
Federated Prime Liquidity Fund	100.0	50.0	4.96%
Invesco Sterling Liquidity Fund	100.0	67.3	4.98%
		<u>255.9</u>	
<b><u>ULTRA SHORT DATED BOND FUNDS</u></b>			
Payden Sterling Reserve Fund	100.0	67.2	5.90%
Aberdeen SLI Short Duration Fund	100.0	56.1	5.61%
Federated Sterling Cash Plus Fund	100.0	28.1	5.37%
		<u>151.4</u>	
<b><u>SHORT DATED BOND FUNDS</u></b>			
L&G	100.0	80.1	8.03%
Royal London	100.0	80.1	8.86%
		<u>160.3</u>	
<b><u>NOTICE ACCOUNTS</u></b>			
Australia and New Zealand 185 Days Account	100.0	45.0	5.18%
Goldman Sachs 272 Days Account	100.0	30.0	4.81%
		<u>75.0</u>	
<b><u>TOTAL</u></b>		<b><u>1,147.6</u></b>	

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# City Of London Corporation

Client Designated MMF, USDBF & SDBF Rates

Monthly Investment Analysis Review

October 2024

## Monthly Economic Summary

### General Economy

The preliminary reading of the UK Manufacturing PMI fell to a weaker than expected 50.3 in October from 51.5 in September. This represented a second consecutive fall in the pace of expansion, and the lowest level in six months. Details within the report showed that new orders dropped significantly, reflecting a sharp decline in overseas orders and rising concerns about the Autumn Budget sowed doubts about near-term domestic economic growth prospects. On the price front, input elements increased at a slower pace, while output charges rose significantly. Meanwhile, the UK Services PMI dropped to 51.8 in October from 52.4 in September in its preliminary reading, missing market expectations of an unchanged reading. This marked the slowest expansion in the sector since June. Despite this, the report showed the sharpest growth in new export sales since March 2023. Combined, these reports saw the preliminary reading of the UK Composite PMI headline rate fall to 51.7 in October from 52.6 in the previous month, below market expectations of 52.6. Separately, the UK Construction PMI jumped to 57.2 in September from 53.6 in August (it is released on a one-month lag to other sector reports), above market expectations of 53.1. Despite the more unsettled backdrop, construction demand experienced a fresh rebound in the UK, with all three major subsectors – civil engineering, commercial building, and housebuilding – all improving over the month. Activity was supported by lower interest rates, domestic economic stability, and strong pipelines of infrastructure work, according to the report's authors.

The UK economy expanded by 0.2% m/m in August after stalling for two consecutive months, matching market expectations. Services output rose by 0.1%, industrial production grew by 0.5%, bouncing back from a downwardly revised 0.7% fall in July, and construction output also picked up by 0.4%. Elsewhere, the UK's trade deficit narrowed to £0.96 billion in August, compared to a downwardly revised £4.71 billion in July.

The UK recorded a 373k rise in jobs in the three months to August, following the 265k increase in the previous period and surpassing market forecasts of a 250k rise. This marked the largest quarterly growth since 1971 and helped pull the unemployment rate down from 4.1% to 4%. Meanwhile, average weekly earnings (including bonuses) increased 3.8% y/y in the three months to August, compared to the upwardly revised 4.1% rise in the previous period.

Chancellor Rachel Reeves presented the Autumn Budget at the close of the month, with the accompanying Office for Budget Responsibility report noting that it would raise growth and inflation in the near-term (compared to its previous forecast from March) but that higher rates would then weigh on growth through the remainder of the current five-year parliament. The proposals would loosen fiscal policy relative to previous plans but also included one of the largest tax raises in history, to help support day-to-day spending and the rebuilding of public services. This alongside longer-term investment plans would be supported by an additional £142bn of additional borrowing during the current parliamentary session.

The monthly Consumer Price Index (CPI) flattened to 0% in September from 0.3% in August, below market expectations of 0.1%. The headline annual rate fell to 1.7% in September from 2.2% in each of the previous two months. The largest downward contribution mainly came from air fares and motor fuels, which more than offset the largest upside influence from food and non-alcoholic beverages.



In the retail sector, overall sales unexpectedly rose 0.3% in September, following a 1% increase in August and above market forecasts of a 0.3% drop. Sales volumes at non-food stores jumped 2.5%, while those at supermarkets dropped 2.4%, mostly due to consumer cutbacks on luxury food items and poor weather. Meanwhile, the GfK Consumer Confidence indicator fell slightly to -21 in October from -20 in the previous month, fuelled by concerns over potential tax increases in the Autumn Budget. Elsewhere, public sector borrowing, excluding public sector banks, rose to £16.6 billion in September but below market expectations of £17.5 billion. Total public sector spending increased by £5.9 billion, driven by higher debt interest and increased spending on public services. Receipts grew by £3.8 billion, mostly due to higher government tax receipts.

### US Economy

The US economy added a larger than expected 254k jobs in September, significantly higher than an upwardly revised 159k in the previous month and the strongest job growth in six months. Meanwhile, the economy expanded an annualised 2.8% in Q3, slightly below both market forecasts and the level seen in Q2. Finally, inflation fell for a sixth consecutive month to 2.4% in September, from 2.5% in August, but this was above market expectations.

### EU Economy

Having fallen to 1.7% in September from 2.2% in August, the Eurozone's inflation rate then bounced to 2.0% according to initial estimates released at the close of the month. This latest reading was above market forecasts as the anticipated decline in energy prices proved less than expected. Meanwhile, the core rate, excluding food and energy prices, remained at 2.7%, modestly ahead of market expectations for a slight fall. GDP in the bloc expanded 0.4% in the three months to September, the strongest growth rate in two years, following a 0.2% increase in Q2. Across the key economies France, Spain and surprisingly Germany all expanded, while Italy's economy stalled. Away from data releases, the ECB cut its three key interest rates by 25 bps at its mid-month meeting. The dovish tone to the accompanying press conference did see market expectations push towards a 50bps move in December. However, these views were reined in on the back of the Q3 growth and latest inflation figures.

### Housing

The Halifax House Price index rose 4.7% y/y in September, the most since November 2022, above the 4.3% rise in August. The Nationwide House Price Index rose by 2.4% y/y in October 2024, easing from a 3.2% increase in September and below the expected 2.8% rise.

### Currency

Sterling depreciated against the Euro and Dollar over the month.

October	Start	End	High	Low
GBP/USD	\$1.3288	\$1.2857	\$1.3288	\$1.2857
GBP/EUR	€1.1996	€1.1842	€1.2043	€1.1842

### Interest Rate Forecasts

Link Group and Capital Economics did not revise their forecasts.

Bank Rate	Now	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
Link Group	5.00%	4.50%	4.00%	3.50%	3.25%	3.25%	3.25%	3.25%	3.00%	3.00%	3.00%
Capital Economics	5.00%	4.75%	4.50%	4.25%	3.75%	3.25%	3.00%	3.00%	3.00%	3.00%	-

City Of London Corporation

Current Investment List

Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Lowest LT / Fund Rating	Historic Risk of Default	Expected Credit Loss (£)
MMF Aberdeen Standard Investments	43,600,000	4.97%		MMF	AAAm		
MMF CCLA	40,000,000	4.93%		MMF	AAAm		
MMF Deutsche	55,000,000	4.96%		MMF	AAAm		
MMF Federated Investors (UK)	50,000,000	4.96%		MMF	AAAm		
MMF Invesco	67,300,000	4.98%		MMF	AAAm		
USDBF Aberdeen Standard Investments	56,124,208	5.61%		USDBF	AAAf		
USDBF Federated Sterling Cash Plus Fund	28,085,994	5.37%		USDBF	AAAf		
USDBF Payden Sterling Reserve Fund	67,189,084	5.90%		USDBF	AAAf		
Goldman Sachs International Bank	20,000,000	5.23%	22/03/2024	22/11/2024	A+	0.003%	556
United Overseas Bank Ltd	20,000,000	5.35%	07/06/2024	09/12/2024	AA-	0.002%	474
United Overseas Bank Ltd	20,000,000	5.28%	26/06/2024	18/12/2024	AA-	0.003%	583
United Overseas Bank Ltd	20,000,000	5.23%	28/03/2024	19/12/2024	AA-	0.003%	595
NatWest Markets Plc (NRFB)	20,000,000	5.23%	10/01/2024	10/01/2025	A	0.009%	1795
Surrey County Council	20,000,000	5.00%	26/07/2024	27/01/2025	AA-	0.005%	0
Australia and New Zealand Banking Group Ltd	20,000,000	5.31%	29/04/2024	29/01/2025	AA-	0.005%	1093
Toronto Dominion Bank	20,000,000	5.19%	15/05/2024	03/02/2025	A+	0.012%	2402
NatWest Markets Plc (NRFB)	20,000,000	5.20%	13/05/2024	13/02/2025	A	0.013%	2655
Standard Chartered Bank	20,000,000	4.86%	16/10/2024	17/02/2025	A+	0.014%	2756
Toronto Dominion Bank	20,000,000	5.31%	24/05/2024	24/02/2025	A+	0.015%	2933
Goldman Sachs International Bank	20,000,000	4.93%	04/09/2024	04/03/2025	A+	0.016%	3135
Australia and New Zealand Banking Group Ltd	15,000,000	5.00%	10/09/2024	10/03/2025	AA-	0.008%	1184
Goldman Sachs International Bank	10,000,000	4.89%	10/09/2024	10/03/2025	A+	0.016%	1643
DBS Bank Ltd	10,000,000	5.15%	15/07/2024	14/03/2025	AA-	0.008%	814
Cooperatieve Rabobank U.A.	20,000,000	5.28%	21/06/2024	18/03/2025	A+	0.017%	3489
Australia and New Zealand Banking Group Ltd	20,000,000	4.90%	19/08/2024	19/03/2025	AA-	0.008%	1688
Australia and New Zealand Banking Group Ltd	45,000,000	5.18%		Call185	AA-	0.011%	5056
Central Bedfordshire Council	20,000,000	4.90%	08/10/2024	08/05/2025	AA-	0.011%	0
Stockport Metropolitan Borough Council	20,000,000	4.90%	14/10/2024	05/06/2025	AA-	0.013%	0
Landesbank Hessen-Thueringen Girozentrale (Helaba)	20,000,000	5.27%	07/06/2024	09/06/2025	A+	0.028%	5587
Toronto Dominion Bank	20,000,000	5.21%	05/07/2024	04/07/2025	A+	0.031%	6220
Toronto Dominion Bank	20,000,000	5.16%	17/07/2024	17/07/2025	A+	0.033%	6548
Goldman Sachs International Bank	15,000,000	4.81%		Call272	A+	0.034%	5158
Goldman Sachs International Bank	15,000,000	4.81%		Call272	A+	0.034%	5158
Cooperatieve Rabobank U.A.	20,000,000	5.00%	01/08/2024	01/08/2025	A+	0.035%	6927
Lancashire County Council	20,000,000	4.80%	30/09/2024	30/09/2025	AA-	0.020%	0
NatWest Markets Plc (NRFB)	20,000,000	5.30%	28/05/2024	28/05/2026	A	0.094%	18809
NatWest Markets Plc (NRFB)	30,000,000	6.20%	07/08/2023	07/08/2026	A	0.110%	33096

## City Of London Corporation

### Current Investment List

Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Lowest LT / Fund Rating	Historic Risk of Default	Expected Credit Loss (£)
<b>Borrower - Funds</b>	<b>Principal (£)</b>	<b>Interest Rate</b>	<b>Start Date</b>	<b>Maturity Date</b>			
L&G	80,123,544	8.03%					
ROYAL LONDON	80,134,061	8.86%					
<b>Total Investments</b>	<b>£1,147,556,891</b>	<b>5.65%</b>					
<b>Total Investments - excluding Funds</b>	<b>£987,299,286</b>	<b>5.19%</b>				0.022%	<b>£120,355</b>
<b>Total Investments - Funds Only</b>	<b>£160,257,605</b>	<b>8.45%</b>					

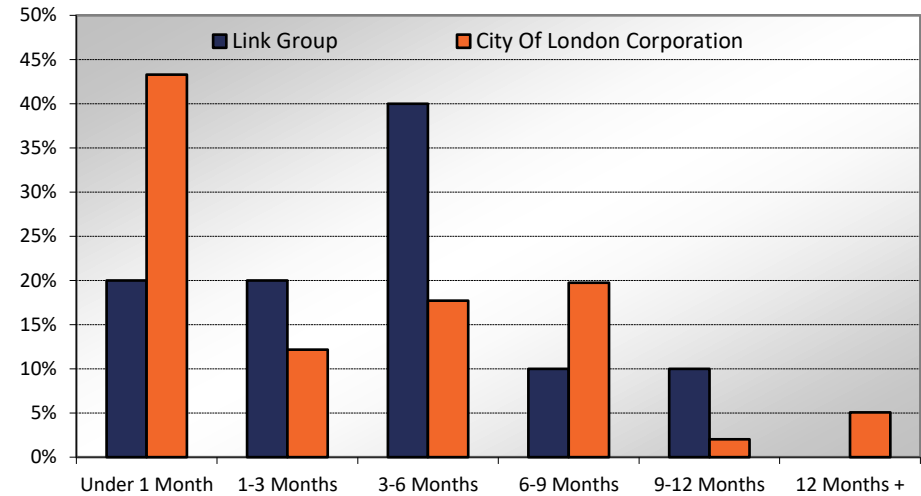
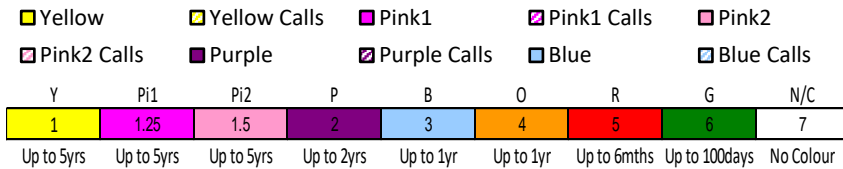
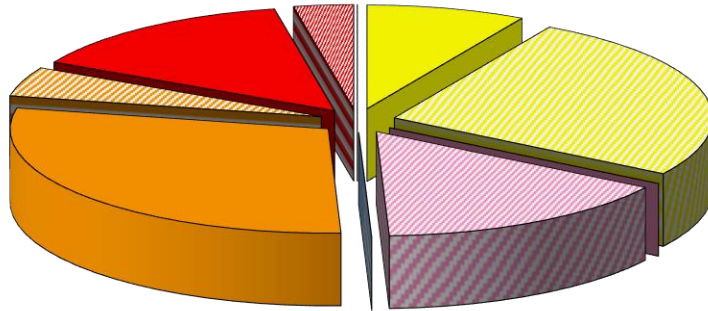
Note: An historic risk of default is only provided if a counterparty has a counterparty credit rating and is not provided for an MMF or USDBF, for which the rating agencies provide a fund rating. The portfolio's historic risk of default therefore measures the historic risk of default attached only to those investments for which a counterparty has a counterparty credit rating and also does not include investments which are not rated.

The Historic Risk of Default column is based on the lowest long term rating. If clients are using this % for their Expected Credit Loss calculation under IFRS 9, please be aware that the Code does not recognise a loss allowance where the counterparty is central government or a local authority since relevant statutory provisions prevent default. For these instruments, the Expected Credit Loss will be nil. Please note that we are currently using Historic Default Rates from 1990-2023 for Fitch, 1983-2023 for Moody's and 1981 to 2023 for S&P.

Where Link Group have provided a return for a property fund, that return covers the 12 months to June 2024, which are the latest returns currently available.

# City Of London Corporation

## Portfolio Composition by Link Group's Suggested Lending Criteria



Portfolios weighted average risk number = 2.77

WARoR = Weighted Average Rate of Return

WAM = Weighted Average Time to Maturity

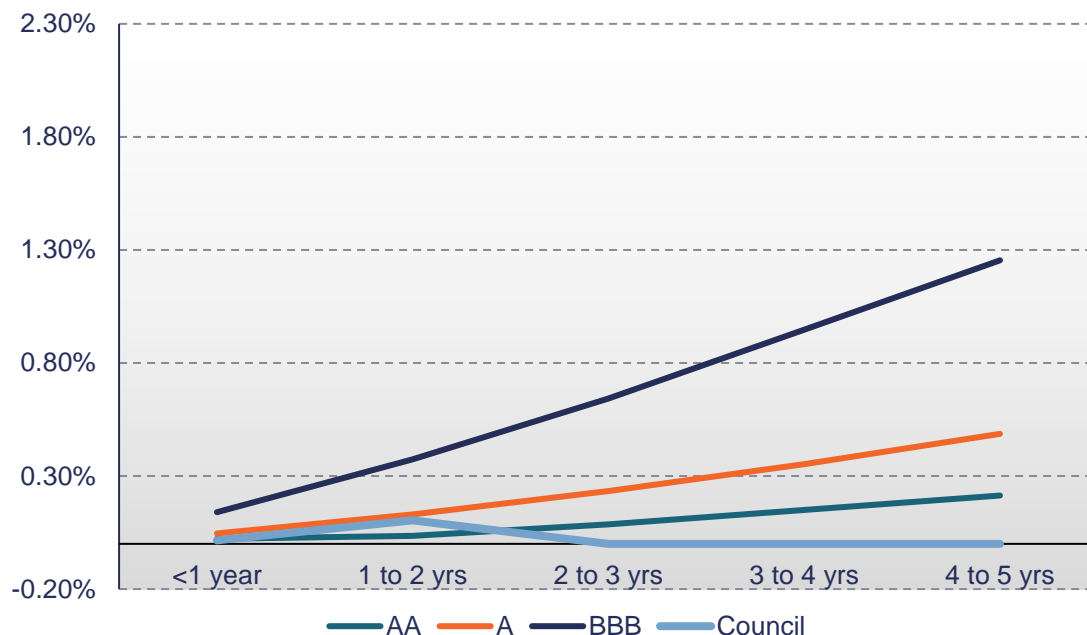
Excluding Calls/MMFs/USDBFs

	% of Portfolio	Amount	% of Colour in Calls	Amount of Colour in Calls	% of Call in Portfolio	WARoR	WAM	WAM at Execution	WAM	WAM at Execution
Yellow	34.02%	£335,900,000	76.18%	£255,900,000	25.92%	4.95%	49	59	207	249
Pink1	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Pink2	15.33%	£151,399,286	100.00%	£151,399,286	15.33%	5.69%	0	0	0	0
Purple	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Blue	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Orange	33.42%	£330,000,000	13.64%	£45,000,000	4.56%	5.17%	146	253	139	264
Red	17.22%	£170,000,000	17.65%	£30,000,000	3.04%	5.28%	275	464	276	505
Green	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
No Colour	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
<b>Total</b>	<b>100.00%</b>	<b>£987,299,286</b>	<b>48.85%</b>	<b>£482,299,286</b>	<b>48.85%</b>	<b>5.19%</b>	<b>113</b>	<b>185</b>	<b>188</b>	<b>328</b>

# City Of London Corporation

## Investment Risk and Rating Exposure

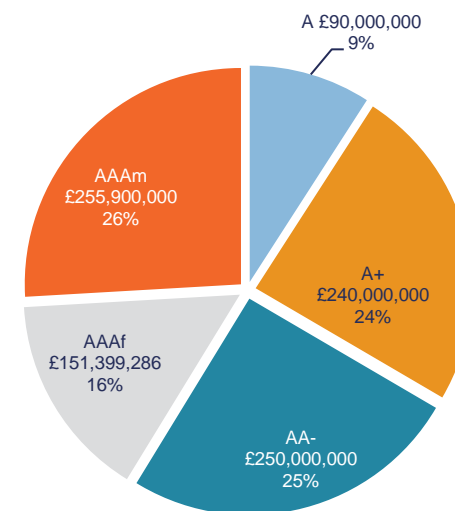
Investment Risk Vs. Rating Categories



Historic Risk of Default

Rating/Years	<1 year	1 to 2 yrs	2 to 3 yrs	3 to 4 yrs	4 to 5 yrs
AA	0.02%	0.04%	0.09%	0.15%	0.21%
A	0.05%	0.13%	0.23%	0.35%	0.49%
BBB	0.14%	0.37%	0.64%	0.95%	1.25%
Council	0.01%	0.10%	0.00%	0.00%	0.00%

Rating Exposure



### Historic Risk of Default

This is a proxy for the average % risk for each investment based on over 30 years of data provided by Fitch, Moody's and S&P. It simply provides a calculation of the possibility of average default against the historical default rates, adjusted for the time period within each year according to the maturity of the investment.

### Chart Relative Risk

This is the authority's risk weightings compared to the average % risk of default for "AA", "A" and "BBB" rated investments.

### Rating Exposures

This pie chart provides a clear view of your investment exposures to particular ratings.

Note: An historic risk of default is only provided if a counterparty has a counterparty credit rating and is not provided for an MMF or USDBF, for which the rating agencies provide a fund rating. The portfolio's historic risk of default therefore measures the historic risk of default attached only to those investments for which a counterparty has a counterparty credit rating and also does not include investments which are not rated.

# City Of London Corporation

## Monthly Credit Rating Changes FITCH

Date	Update Number	Institution	Country	Rating Action
01/10/2024	2046	Clydesdale Bank PLC	United Kingdom	The Short Term Rating was upgraded to 'F1' from 'F2' and removed from Positive Watch. All other ratings were affirmed.
14/10/2024	2047	France	France	The Outlook on the Sovereign Rating was changed to Negative from Stable. All other ratings were affirmed.
16/10/2024	2051	Societe Generale	France	The Outlook on the Long Term Rating was changed to Stable from Positive. All other ratings were affirmed.

# City Of London Corporation

## Monthly Credit Rating Changes MOODY'S

Date	Update Number	Institution	Country	Rating Action
14/10/2024	2048	Belgium	Belgium	The Outlook on the Sovereign Rating was changed to Negative from Stable. All other ratings were affirmed.
16/10/2024	2049	BNP Paribas Fortis	Belgium	The Outlook on the Long Term Rating was changed to Negative from Stable. All other ratings were affirmed.
24/10/2024	2052	Toronto-Dominion Bank	Canada	The Long Term Rating was downgraded to 'Aa2' from 'Aa1'. The Outlook on the Long Term Rating was also changed to Stable from Negative.
28/10/2024	2053	France	France	The Outlook on the Sovereign Rating was changed to Negative from Stable. All other ratings were affirmed.
30/10/2024	2055	BNP Paribas	France	The Outlook on the Long Term Rating was changed to Negative from Stable. All other ratings were affirmed.
30/10/2024	2055	Credit Agricole Corporate and Investment Bank	France	The Outlook on the Long Term Rating was changed to Negative from Stable. All other ratings were affirmed.
30/10/2024	2055	Credit Agricole S.A.	France	The Outlook on the Long Term Rating was changed to Negative from Stable. All other ratings were affirmed.
30/10/2024	2055	Credit Industriel et Commercial	France	The Outlook on the Long Term Rating was changed to Negative from Stable. All other ratings were affirmed.

# City Of London Corporation

## Monthly Credit Rating Changes S&P

Date	Update Number	Institution	Country	Rating Action
01/10/2024	2045	Clydesdale Bank PLC	United Kingdom	The Long Term Rating was upgraded to 'A' from 'A-' and the Short Term Rating was upgraded to 'A-1' from 'A-2'. The Positive Watch on the Long Term Rating was removed and the Outlook on the Long Term Rating was set to Stable.
16/10/2024	2050	Toronto-Dominion Bank	Canada	The Long Term Rating was downgraded to 'A+' from 'AA-' and the Short Term Rating was downgraded to 'A-1' from 'A-1+'. The Outlook on the Long Term Rating was also changed to Stable from Negative.
29/10/2024	2054	NRW.BANK	Germany	The Outlook on the Long Term Rating was changed to Negative from Stable.



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TREASURY MANAGEMENT COUNTERPARTIES 2024/25: ESG CHECKLIST

	Counterparty Name	UK (UK) or Foreign (f)	Net Zero Target Y/N	Date Net Zero Target	Interim Target	Signatory to PRI/TCFD	Which ones(s)?	Do they Publish ESG data? Y/N
	<b><u>UK Banks and their wholly owned subsidiaries</u></b>							
1	Barclays Bank PLC (NRFB)	UK	Y	2050	50% by 2030	Y	Both	Y
2	Barclays Bank UK PLC (RFB) - Same as parent company above							
3	Goldman Sachs International Bank	UK	Y	2050	N/A	Y	Both	Y
4	Handelsbanken PLC	Foreign	Y	2040	50% by 2030	Y	Both	Y
5	HSBC	UK	Y	2050	N/A	Y	Both	Y
6	HSBC Bank PLC (NRFB) - Same as parent company above							
7	Lloyds Bank Corporate Markets PLC (NRFB)	UK	Y	2050	50% by 2030	Y	TCFD	Y
8	Lloyds Bank PLC (RFB) - Same as parent company above							
9	Bank of Scotland	UK	Y	2050	50% by 2030	Y	TCFD	Y
10	NatWest Markets PLC (NRFB)	UK	Y	2050	50% by 2030	Y	TCFD	Y
11	National Westminster Bank PLC (RFB) - Same as parent company above							
12	The Royal Bank of Scotland PLC (RFB) - Same as parent company above							
13	Santander	UK	Y	2050	N/A	Y	Both	Y
	<b><u>Building Societies</u></b>							
14	Nationwide	UK	Y	2050	Separated by Scope	Y	TCFD	Y
15	Yorkshire	UK	Y	2050	Separated by Scope	Y	TCFD	Y
16	Coventry	UK	Y	2040	Separated by Scope	Y	TCFD	Y
17	Skipton	UK	Y	2050	Separated by Scope	Y	TCFD	Y
18	Leeds	UK	Y	2050	N/A	N	N/A	Y
	<b><u>Foreign Banks</u></b>							
19	Australia and New Zealand Banking Group	Foreign	Y	2050	N/A	Y	Both	Y
20	National Australia Bank Ltd	Foreign	Y	2050	N/A	Y	TCFD	Y
21	Bank of Montreal	Foreign	Y	2050	N/A	Y	TCFD	Y
22	Royal Bank of Canada	Foreign	Y	2050	N/A	Y	TCFD	Y

	Counterparty Name	UK (UK) or Foreign (f)	Net Zero Target Y/N	Date Net Zero Target	Interim Target	Signatory to PRI/TCFD	Which ones(s)?	Do they Publish ESG data?
23	Toronto-Dominion Bank	Foreign	Y	2050	N/A	Y	TCFD	Y
24	Landesbank Hessen-Thueringen Girozentrale (Helaba)	Foreign	N	NA	N/A	N		N
25	Cooperatieve Rabobank U.A.	Foreign	N	NA	N/A	N		N
26	DBS Bank Ltd	Foreign	Y	2050	N/A	Y	TCFD	Y
27	United Overseas Bank Ltd.	Foreign	Y	2050	N/A	Y	TCFD	Y
28	Skandinaviska Enskilda Banken AB	Foreign	Y	2050	N/A	Y	TCFD	Y
29	Swedbank AB	Foreign	Y	2050	N/A	Y	TCFD	Y
	Svenska Handelsbanken AB - Same a parent company (4)							
	<b>Money Market Funds - Parent Companies Used (MMFs don't have net-zero targets)</b>							
30	CCLA - Public Sector Deposit Fund	UK	N	2050	N/A	Y	PRI	N
31	Federated Hermes Short-Term Sterling Prime Fund*	Foreign	Y	2050	N/A	Y	Both	Y
32	Aberdeen Sterling Liquidity Fund	UK	Y	2050	N/A	Y	Both	Y
33	Invesco Liquidity Funds Plc - Sterling Liquidity Portfolio	Foreign	N	2050	N/A	Y	Both	Y
34	DWS Deutsche Global Liquidity Series Plc – Sterling Fund	Foreign	Y	2050	N/A	Y	Both	Y
	<b>Ultra Short Dates Bonds</b>							
35	Payden Sterling Reserve Fund	UK	Y	2050	Based on engagement and other factors	Y	Both	Y
36	Federated Hermes Sterling Cash Plus Fund* - <b>Same as Parent company (31)</b>							
37	Aberdeen Standard Investments Short Duration Managed Liquidity Fund** - <b>Same as parent company (32)</b>							
	<b>Short Dated Bond Funds</b>							
38	Legal and General Short Dated Sterling Corporate Bond Index Fund	UK	Y	2050	50% by 2030	Y	Both	Y
39	Royal London Investment Grade Short Dated Credit Fund	UK	Y	2050	50% by 2030	Y	Both	Y

## Budget Monitoring Statement Quarter 2 2024/25

## Appendix A Page 1 of 2

2024-25 (Period to 30 September 2024)

LOCAL RISK BUDGET Quarter 2	Latest Approved Budget £000	Q2 Profile £000	Q2 Total Expenditure £000	Under / (Over) Spend for Period £000	Q2 Projected Outturn £000	Under / (Over) Spend for 2024-25 £000	Note
<b>City Fund</b>							
City Fund Estate	(2,100)	(186)	(525)	(339)	(2,214)	(114)	1
Walbrook Wharf	(950)	(462)	(432)	30	(1,014)	(64)	
Mayor's & City of London Court	(39)	(63)	(20)	43	(62)	(23)	
Central Criminal Court	(394)	(197)	(288)	(91)	(276)	118	2
Lower Thames St Roman Bath	(9)	(9)	(2)	7	(4)	5	
Spitalfields Market	(150)	(28)	662	690	(202)	(52)	
Corporate FM R&M cleaning & security	(1,476)	(738)	(567)	171	(1,134)	342	3
	(5,118)	(1,683)	(1,172)	511	(4,906)	212	
<b>City's Estate</b>							
City's Estate	(2,917)	(647)	(698)	(51)	(2,917)	0	
Departmental	(11,140)	(5,720)	(5,982)	(262)	(11,920)	(780)	4
Mayoralty & Shrievalty	(48)	(48)	(13)	35	(38)	10	
Markets Directorate	(427)	(213)	(170)	43	(412)	15	
Billingsgate Market	(215)	(162)	383	545	(204)	11	
Smithfield Market	(594)	(541)	(982)	(441)	(817)	(223)	5
Smithfield Market (other)	212	33	22	(11)	195	(17)	
Corporate FM R&M cleaning & security	(1,989)	(995)	(928)	67	(1,856)	133	6
	(17,118)	(8,293)	(8,368)	(75)	(17,969)	(851)	
<b>Guildhall Administration</b>							
Guildhall Complex	(7,851)	(3,629)	(3,972)	(343)	(8,182)	(331)	7
	(7,851)	(3,629)	(3,972)	(343)	(8,182)	(331)	
<b>Total City Surveyor Local Risk excl CBF</b>	<b>(30,087)</b>	<b>(13,605)</b>	<b>(13,512)</b>	<b>93</b>	<b>(31,057)</b>	<b>(970)</b>	
<b>City Bridge Foundation</b>							
City Bridge Foundation	(3,600)	(1,510)	(1,169)	341	(3,365)	235	8
	(3,600)	(1,510)	(1,169)	341	(3,365)	235	
<b>Total City Surveyor Local Risk incl CBF</b>	<b>(33,687)</b>	<b>(15,115)</b>	<b>(14,681)</b>	<b>434</b>	<b>(34,422)</b>	<b>(735)</b>	

1. The overspend relates to additional reactive repairs and maintenance works, professional fees and energy expenditure.
2. The outturn comprises of improved commercial income performance and minor savings across several areas.
3. The underspend resulted from rebate payments received from CBRE due to the contractor not meeting key performance indicator provisions under the contract.

4. The overspend is principally due to residual Target Operating Model (TOM) savings not achieved, some additional spend on recruitment costs, and not achieving the vacancy factor.
5. The overspend was due to not achieving Poultry Market savings following the closure of the market, partly offset by additional car parking income.
6. The underspend was because of rebate payments received from CBRE due to not meeting key performance indicators provisions under the contract.
7. Comprises overspending on employee costs due to not achieving the vacancy factor, and additional Citigen (combined heat and power) costs.
8. The figure comprises underspends on advertising, professional fees, security and energy expenditure, offset in part by a consequential reduction in service charge.

# KPI Performance Table Quarter 2 2024/25

## Appendix B

Key Performance Indicators								
Ref	Title	Target	Group	Committee	Q1		Q2	
					Actual	RAG	Actual	RAG
KPI. 1	Capital Receipts & additional income	£4.68m (annual)	CPG	RASC	on target	green	on target	green
KPI. 2 New	Adherence to Budgetary Spend Profile (Guildhall, Walbrook and CCC)	100% (annual) +/-2%	CPG/CCC	RASC	26.0%	green	51.0%	green
KPI. 3	Achieve Rental Forecasts*	£123.03m (budget 24/25)	IPG	IC	n/a	green	£125.48m	green
KPI. 4	Minimise Arrears (<2%March)*	<2% eoy	IPG	IC	n/a	n/a	4.80%	red
KPI. 5	Minimise voids (*)	<5%	IPG	IC	n/a	n/a	4.60%	green
KPI. 6	Outperform MSCI**	exceed benchmark	IPG	IC	n/a	n/a	n/a	n/a
KPI. 7	Capital Projects - Project Risk Status	< 30%	PPG	I C; RASC	37%	amber	37%	amber
KPI. 8	Capital Projects- Health & Safety*	80%	PPG	I C; RASC	n/a	n/a	95.0%	green
KPI. 9	Capital Projects - Site sustainability waste management	> 90%	PPG	I C; RASC	99.0%	green	99.0%	green
KPI. 10	Delivery of Climate Action Strategy Milestones - operational estate	<5%	OG	RASC	10.24%	red	tbc	tbc
KPI. 11 New	Energy Use Intensity (EUI) Kwh/m2 reduction per portfolio *	4% reduction	OG/IPG	IC	n/a	n/a	n/a	n/a
KPI. 12	Property Contract Performance Compliance	> 80%	OG	I C; RASC	83.0%	green	67.0%	red
KPI. 13 New	CWP Programme Adherence to Budgetary Spend Profile****	95% - 105%	OG	I C; RASC	n/a	n/a	n/a	n/a
KPI. 14 New	Adherence to Budgetary Spend Profiles (Projects)***	95% - 105%	All	I C; RASC	n/a	n/a	tbc	tbc
KPI. 15 New	Adherence to Budgetary Spend Profiles (Local Risk)	100% (annual)	All	I C; RASC	26.0%	green	43.9%	green
KPI. 16 New	Mkts- Each Market's outstanding debt as a percentage of their total invoice income	<1.5%	MKT	IC; RASC	7.6%	red	5.0%	amber
KPI. 17 New	Mkts-Maintain a minimum 95% occupancy with the expectation to achieve 100%	95%	MKT	IC; RASC	91.0%	amber	97.0%	green
	KPI.10 reported quarterly in arrears							
	*reported bi annually							
	** reported annually							
	*** KPI. 14 will be reported in Q3 following confirmation from Finance.							
	**** KPI. 13 will be reported following budget profiling approval at RASC in December							
	Investment Committee (IC) Resource Allocation Sub Committee (RASC)							
	Markets (MKTS) measures are also reported to Markets Board							

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KPI 6 - Outperform MSCI - achieved in 23/24.

KPI 11 – Energy Use – Quarter 2 data will be reported in quarter 3 to ensure data accuracy with inclusion of missing metering data.

KPI 14 – Adherence to Budgetary Spend (projects) – This figure is under review and will be reported in Q3 following confirmation from Finance.

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