



Investment Committee

Date: **TUESDAY, 27 MAY 2025**

Time: 11.00 am

Venue: **COMMITTEE ROOMS, 2ND FLOOR, WEST WING, GUILDHALL**

| | | |
|-----------------|---|--|
| Members: | Shahnan Bakth Nicholas Bensted-Smith Claudine Blamey (External Member) David Brooks Wilson (External Member) Deputy Henry Colthurst Simon Duckworth OBE DL Alderman Alison Gowman CBE Alderman Prem Goyal OBE Deputy Madush Gupta | Deputy Christopher Hayward (Ex-Officio Member) Shravan Joshi MBE Gerald Kaye (External Member) Rebecca MacDonald (External Member) Andrew McCaffery (External Member) Deputy Andrien Meyers Deputy Henry Pollard Deputy James Thomson CBE Philip Woodhouse |
|-----------------|---|--|

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<https://www.youtube.com/@CityofLondonCorporationstreams>

A recording of the public meeting will be available via the above link following the end of the public meeting for up to one civic year. Please note: Online meeting recordings do not constitute the formal minutes of the meeting; minutes are written and are available on the City of London Corporation's website. Recordings may be edited, at the discretion of the proper officer, to remove any inappropriate material.

Whilst we endeavour to livestream all of our public meetings, this is not always possible due to technical difficulties. In these instances, if possible, a recording will be uploaded following the end of the meeting.

Ian Thomas CBE
Town Clerk and Chief Executive

AGENDA

Part 1 - Public Agenda

1. **APOLOGIES**
2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**
3. **ORDER OF THE COURT**

To receive the Order of the Court of Common Council dated 25 April 2025.

For Information
(Pages 7 - 8)

4. **ELECTION OF CHAIR**

To elect a Chair in accordance with Standing Order 28.

For Decision

5. **ELECTION OF DEPUTY CHAIR**

To elect a Deputy Chair in accordance with Standing Order 29.

For Information

6. **MINUTES**

To approve the public minutes and non-public summary of the meeting held on 17 February 2025.

For Decision
(Pages 9 - 12)

7. **ACTION TRACKER**

There are no outstanding actions.

For Information

8. **FORWARD PLAN**

To receive the Committee's Forward Plan.

For Information
(Pages 13 - 14)

9. RISK REGISTER UPDATE FOR INVESTMENT COMMITTEE

Joint Report of the City Surveyor and the Chamberlain.

For Decision
(Pages 15 - 60)

10. TREASURY MANAGEMENT UPDATE AS AT 31 MARCH 2025

Report of the Chamberlain.

For Discussion
(Pages 61 - 84)

11. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE

12. ANY OTHER BUSINESS THAT THE CHAIR CONSIDERS URGENT

13. EXCLUSION OF THE PUBLIC

MOTION, that – under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part I of the Schedule 12A of the Local Government Act or relate to functions of the Court of Common Council which are not subject to the provisions of Part VA and Schedule 12A of the Local Government Act 1972.

For Decision

Part 2 - Non-Public Agenda

14. NON-PUBLIC MINUTES

To approve the non-public minutes of the meeting held on 17 February 2025.

For Decision
(Pages 85 - 94)

15. LEADENHALL MARKET STRATEGY UPDATE

Report of the City Surveyor. (TO FOLLOW)

For Decision

16. CITY FUND AND CITY'S ESTATE CASHFLOW AND CAPITAL REALISATION – QUARTERLY UPDATE

Report of the Chamberlain.

For Information
(Pages 95 - 104)

17. IMPACT INVESTMENT

The Chief Investment Officer to be heard.

For Discussion

18. CITY'S ESTATE DASHBOARD AS AT 31 MARCH 2025

Report of the Chamberlain.

For Information
(Pages 105 - 112)

19. PERFORMANCE MONITORING

For Discussion

a) Quarterly Report to 31 March 2025 (Pages 113 - 134)

Report of Mercer.

b) Performance Monitoring to 31 March 2025: City's Estate (Pages 135 - 156)

Report of the Chamberlain.

20. DELEGATIONS REQUEST

Report of the City Surveyor.

For Decision
(Pages 157 - 160)

21. CITY FUND & CITY'S ESTATE: INVESTMENT PROPERTY MONITORING REPORT

Report of the City Surveyor.

For Decision
(Pages 161 - 170)

22. NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE

23. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED

Agenda Item 3

| | |
|-------------|--|
| KING, Mayor | RESOLVED: That the Court of Common Council holden in the Guildhall of the City of London on Friday 25 th April 2025, doth hereby appoint the following Committee until the first meeting of the Court in April, 2026 |
|-------------|--|

INVESTMENT COMMITTEE

1. Composition

A Non-Ward Committee consisting of:

- Eight Members of the Court of Common Council
- Two Members appointed by the Policy and Resources Committee
- Two Members appointed by the Finance Committee
- the Chairman or a Deputy/Vice Chairman of the Policy and Resources Committee, or their nominee (from the Membership of that Committee) (ex-officio)
- the Chairman or Deputy Chairman of the Finance Committee or their nominee (from the Membership of that Committee) (ex-officio)
- Up to five¹ co-opted External Members with relevant experience, with voting rights, appointed by the Committee (to serve a maximum of two, four year terms)

2. Quorum

The quorum shall be five Common Council Members

3. Membership 2025/26

3 (3) Andrien Gereith Dominic Meyers, Deputy *for three years*
3 (3) James Michael Douglas Thomson CBE, Deputy *for three years*
3 (3) Nicholas Michael Bensted-Smith JP
3 (3) Philip Woodhouse
1 (1) Shahnan Bakth *for three years*
1 (1) Alderman Alison Gowman *for three years*
1 (1) James Henry Pollard, Deputy *for three years*
1 (1) Alderman Prem Goyal OBE

Together with the Members and ex-officio Members referred to in paragraph 1 above, and the following co-opted External Members:-

Claudine Blamey
David Brooks Wilson
Gerald Kaye
Rebecca MacDonald
Andrew McCaffery

4. Terms of Reference

Investment Proportions

To inform the decision taken by the Policy and Resources Committee on the appropriate investment proportions between property and non-property assets.

Property

- a) To determine and approve management and investment matters relating to property within the City's Estate and City Fund in accordance with the management plans and investment strategies
- b) to acquire, manage or dispose of all City property within its remit;
- c) to determine specific property ownerships in accordance with policies established by the Policy and Resources Committee and the Court of Common Council in relation to the extent of properties to be held by the City of London Corporation for strategic purposes, including within the City itself;
- d) to report during the year to the Court of Common Council in relation to its activities and the overall performance of the investment property portfolios

Finance

- e) To approve the appointment of and to monitor the performance of investment managers of the following funds:

¹ Returning to no more than four external Members in 2027/28.

- i. City's Cash
- ii. Charities Pool
- iii. Hampstead Heath Trust
- iv. The Sir William Coxen Trust*

Together with such other funds as are under the City of London Corporation's control;

- f) to review the investment strategy for the securities investments of City's Cash, Hampstead Heath Trust Fund, Sir William Coxen Trust* and the Charities Pool;
- g) to authorise investments and approve the overall parameters within which the investment fund managers will be authorised to operate;
- h) to invest all new monies in respect of the Charities Pool;
- i) to invest such other sums as are from time to time allocated for this purpose; and
- j) to monitor the activities of the Chamberlain in connection with their role as banker to the City of London Corporation.

* to oversee the investments of the Sir William Coxen Trust, reporting back and providing advice to the Committee of Aldermen to Administer the Sir William Coxen Trust Fund, which would then take any necessary decisions.

Agenda Item 6

INVESTMENT COMMITTEE Monday, 17 February 2025

Minutes of the meeting of the Investment Committee held at Committee Rooms, 2nd Floor, West Wing, Guildhall on Monday, 17 February 2025 at 11.00 am

Present

Members:

Deputy Andrien Meyers (Chair)
Shahnan Bakth (Deputy Chairman)
Deputy Randall Anderson
Nicholas Bensted-Smith
Deputy Keith Bottomley
David Brooks Wilson (External Member)
Steve Goodman OBE
Deputy Christopher Hayward (Ex-Officio Member)
Philip Woodhouse

Officers:

| | |
|---------------------|---|
| Caroline Al-Beyerty | - The Chamberlain |
| Paul Wilkinson | - The City Surveyor |
| John James | - Chamberlain's Department |
| Kate Limna | - Chamberlain's Department |
| Andrew Cross | - City Surveyor's Department |
| Robert Murphy | - City Surveyor's Department |
| James Murray | - City Surveyor's Department |
| Neil Robbie | - City Surveyor's Department |
| John Galvin | - City Surveyor's Department |
| Kirpal Kaur | - Comptroller and City Solicitor's Department |
| Ben Dunleavy | - Town Clerk's Department |

1. APOLOGIES

Apologies for absence were received from Claudine Blamey and Alderman Alison Gowman.

Deputy Henry Colthurst and Deputy Madush Gupta observed the meeting virtually.

2. MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA

There were no additional declarations.

3. MINUTES

The public minutes and non-public summary of the meeting held on 2 December 2024 were approved as a correct record.

4. ACTION TRACKER

Members received the Committee's public Action Tracker.

5. FORWARD PLAN

Members received the Committee's forward plan.

6. INVESTMENT GOVERNANCE

Members considered a report of the Town Clerk concerning the Committee's terms of reference and the Standing Orders.

RESOLVED, that – Members endorse for onward recommendation:

- A change to the terms of reference for the Investment Committee (in relation to the terms of reference of the Resource Allocation Sub-Committee and the Policy and Resources Committee, as set out in Appendices 1a, 1b and 1c)
- Changes to the thresholds in Standing Orders as set out at paragraphs 12 and 18, and in Appendix 2
- Revisions to the Committee's composition to increase the number of Members appointed by the Court of Common Council from six to eight, and to remove the positions co-opted by the Committee from the Court

7. TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY (RELATING TO TREASURY MANAGEMENT) 2025/26

Members considered a report of the Chamberlain concerning treasury management.

RESOLVED, that – Members approve the Treasury Management Strategy Statement and Annual Investment Strategy for 2025/26 and submit it to the Finance Committee and the Court of Common Council as part of the City Fund 2024/25 Budget Report for formal adoption.

8. TREASURY MANAGEMENT UPDATE AS AT 31 DECEMBER 2024

Members received a report of the Chamberlain concerning treasury management.

RESOLVED, that – the report be received and its contents noted.

9. DRAFT HIGH-LEVEL BUSINESS PLAN 2025/26 - CITY SURVEYOR'S DEPARTMENT

Members considered a report of the City Surveyor concerning the Departmental Business Plan.

RESOLVED, that – Members:

- Note the factors taken into consideration in compiling the City Surveyor's Departmental Business Plan; and

- Approve, subject to the incorporation of any changes sought by this Committee, the departmental Business Plan 2025/26.

10. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE

There were no questions.

11. ANY OTHER BUSINESS THAT THE CHAIR CONSIDERS URGENT

There was no other business.

12. EXCLUSION OF THE PUBLIC

RESOLVED, that – under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part I of the Schedule 12A of the Local Government Act or relate to functions of the Court of Common Council which are not subject to the provisions of Part VA and Schedule 12A of the Local Government Act 1972.

13. NON-PUBLIC MINUTES

Members received the non-public minutes from the meeting held on 2 December 2024.

14. CITY FUND AND CITY'S ESTATE CASHFLOW POSITION AND CAPITAL REALISATION

Members considered a joint report of the Chamberlain and the City Surveyor concerning the City Corporation's financial position.

15. CITY'S ESTATE – ANNUAL STRATEGY REPORT 2025

Members considered a report of the City Surveyor concerning the investment property strategy for City's Estate in 2025.

16. CITY FUND – ANNUAL STRATEGY REPORT

Members considered a report of the City Surveyor concerning the investment property strategy for City Fund in 2025.

17. CITY'S ESTATE – INVESTMENT GRADE CORPORATE BONDS

Members considered a report of the Chamberlain concerning financial investments.

18. CITY FUND - CALCUTTA HOUSE AND 133-137 WHITECHAPEL HIGH STREET UPDATE

Members considered a report of the City Surveyor concerning a site redevelopment.

19. DELEGATION REQUESTS

Members considered a report of the City Surveyor containing several requests for delegated authority.

20. EXTERNAL MEMBER APPOINTMENT

Members considered a report of the Town Clerk concerning the Committee's membership.

21. PERFORMANCE MONITORING TO 30 NOVEMBER 2024: CITY'S ESTATE

Members received a report of the Chamberlain concerning performance monitoring to 30 November 2024.

22. PRI 2024 ASSESSMENT RESULTS

Members received a report of the Chamberlain concerning the Principles for Responsible Investment (PRI) Assessment.

23. CITY'S ESTATE DASHBOARD AS AT 31 DECEMBER 2024

Members received a report of the Chamberlain concerning the City's Estate Dashboard.

24. CITY FUND & CITY'S ESTATE RENTAL ESTIMATES

Members received a report of the City Surveyor concerning rental estimates.

25. REPORT OF ACTION TAKEN

Members received a report of the Town Clerk concerning action taken between meetings.

26. NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE

There were no questions.

27. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED

There was no other business.

The meeting ended at 12.40 pm

Chairman

Contact Officer: Ben Dunleavy
ben.dunleavy@cityoflondon.gov.uk

| | 27 May 2025 | 21 July 2025 | 6 October 2025 | 1 December 2025 |
|---|---|---|--|--|
| Overall Investment Portfolio (Chamberlains and City Surveyors) | City Surveyor's & Corporate Treasury Risk Report City's Estate Dashboard (OCIO) – quarterly City Fund & City's Estate Cashflow position and capital realisation – monitoring Impact investment | City Surveyor's & Corporate Treasury Risk Report City Fund & City's Estate Cashflow position and capital realisation – monitoring | City Surveyor's & Corporate Treasury Risk Report City's Estate Dashboard (OCIO) – quarterly City Fund & City's Estate Cashflow position and capital realisation – monitoring | City Surveyor's & Corporate Treasury Risk Report City Fund & City's Estate Cashflow position and capital realisation – monitoring |
| Investment Property | City Fund and City's Estate : Investment Property Monitoring 6 monthly report <ul style="list-style-type: none"> • Vacant Accommodation Update • Rent Reviews/Lease Renewals • Arrears | City Fund, City's Estate and Strategic Property Estate – Annual Valuation report and MSCI report City's Estate and City Fund Rental Estimates Monitoring Report - June Forecast (6 monthly report) | City Fund and City's Estate : Delegated Authorities – Decisions Update report Delegation Requests | City Fund and City's Estate : Investment Property Monitoring 6 monthly report: <ul style="list-style-type: none"> • Vacant Accommodation Update • Rent Reviews/Lease Renewals • Arrears |
| | Delegation Requests | City Surveyor Revenue Outturn 2024-25 to include as an Appendix : Revenue Works Programme 24/25 Progress | | City Surveyor Revenue Budgets (City Fund and City's Cash) – Latest Approved 2024/25 and Original Estimates 2025/26 |
| | Leadenhall Market Strategy report | CSD Business Plan – 4 th Quarter Progress. | | City Fund & City's Estate Revenue Works Programme – |

| | | | | |
|--------------------------------|--|---|---|--|
| | | Delegation Requests | | 24/25 Progress Report (half yearly report) |
| | | | | Business Plan – 2 nd Quarter Progress. |
| | | | | Delegation Requests |
| Financial Investments | Performance Monitoring report for City's Estate Financial Investments Quarterly Investment report from Mercer (Investment Consultant) | Performance Monitoring report for City's Estate Financial Investments Quarterly Investment report from Mercer (Investment Consultant) Hampstead Heath Trust Investment Performance Monitoring to 31 March 2025 Charities Pool Investment Performance Monitoring to 31 March 2025 Sir William Coxen Trust Fund Performance Monitoring to 31 March 2025 | Performance Monitoring report for City's Estate Financial Investments | Performance Monitoring report for City's Estate Financial Investments Quarterly Investment report from Mercer (Investment Consultant) |
| Treasury Management | Treasury Management Update | Treasury Management Update | Treasury Management Update Treasury Management Outturn 2024-25 | Treasury Management Update Mid-Year Treasury Review |
| Town Clerk's Department | | | Annual Terms of Reference Review | |

Agenda Item 9

City of London Corporation Committee Report

| | |
|--|---|
| Committee: Investment Committee – For decision | Dated: 27 May 2025 |
| Subject: Risk Register Update for Investment Committee | Public report: For decision |
| This proposal: <ul style="list-style-type: none">• delivers Corporate Plan 2024-29 outcomes | Providing Excellent Services, Leading Sustainable Environment, Flourishing Public Spaces, Dynamic Economic Growth |
| Does this proposal require extra revenue and/or capital spending? | No |
| If so, how much? | N/A |
| What is the source of Funding? | N/A |
| Has this Funding Source been agreed with the Chamberlain's Department? | N/A |
| Report of: | The City Surveyor / The Chamberlain (CS 093/25) |
| Report author: | Sarah Port and Jenny Wong – Chamberlain's Department John Galvin, Faith Bowman – City Surveyor's Department |

Summary

This report is produced quarterly to provide Members of Investment Committee (IC) with an update on the management of risks relevant to this Committee.

This report includes an update on three risk registers:

- Overarching Risk Register – This captures risks relating to the overall investment portfolio e.g. allocation between asset classes; risks common to both portfolios e.g. governance risk; and arrangements over liquidity which sit above the portfolios. This register is included as Appendix A.
- City Surveyor's Departmental Risk Register – The City Surveyor's Department (CSD) maintains a comprehensive risk register of matters pertaining to the department's operation and objectives. Where these risks are relevant to this Committee, these have been included in Appendix B.
- Corporate Treasury Risk Register – captures risks relating to the treasury function and the City's Estate financial investments (Appendix C).

Since the risk registers were last reviewed at the December meeting, the risk rating for **IC 05 Sustainability and Impact** has been increased to a 6 (Amber) from a 4 (Green). This has increased the likelihood of the risk but keeps the impact low as the City of London Corporation has a commitment to deliver its Climate Action Strategy but existing interim targets to achieve net zero by 2040 are currently under review. **SUR SMT 006 Construction Consultancy Management** has been reviewed following Member comments, but the risk rating has not changed at this stage and will remain under observation.

Recommendation(s)

Members are asked to:

- Consider the overarching risks and mitigations relating to the overall investment portfolio overseen by the Investment Committee (Appendix A).
- Note the actions taken across the organisation to effectively monitor and manage risks in the City Surveyor's operations (Appendix B) and review the existing risks and actions on the IC Financial Investments risk register (Appendix C) and confirm that appropriate control measures are in place.

Main Report

Background

1. The City Surveyor's Department (CSD) and the Chamberlain's Corporate Treasury Team report to the Investment Committee (IC) those risks relevant to your Committee under your Terms of Reference. Further, an overarching register has been in development capturing high-level risks to the investment portfolio.
2. Following discussions at the May 2024 IC, it was agreed that a single report would be presented to Members on a periodic basis. CSD must report its risks on a quarterly basis in line with the Corporation's Risk Management Strategy, 2024 - 2029 (RMS), and therefore the other registers must be presented in line with this frequency. Previously risks relating to Corporate Treasury were only reported to Committee on a six-monthly basis.
3. Risks to the overall investment portfolio such as allocation between asset classes, risks common to both portfolios, governance risks, and arrangements over liquidity which sit above the portfolios, are captured within the Overarching Risk Register.

Review of Risks

4. The method of assessing risk reflects the City of London's standard approach as defined in the RMS. The risk matrix, which explains how risks are assessed and scored is attached at Appendix D. These scores are summarised into three broad groups, each with increasing risk, and categorised "green", "amber" and "red".
5. Appendix B relates to risks owned by CSD, capturing items which could impact the performance of the investment property portfolio. Appendix C relates to risks owned by Corporate Treasury, helping identify and manage the strategic risks facing the City's non-property investments.
6. Each risk presented in the Risk Register is accompanied by one or more "action(s)" which reflect how the risk is managed and mitigated. A "due date" for required completion is set against each action. Due to the nature of the risk overseen by the Committee in many cases it is impossible to entirely eliminate a risk, and therefore corresponding actions will always remain live. These ongoing actions are necessary to maintain the current risk score. Where this is the case the Risk Register includes an annual update, which will be reviewed each year.

Current Position

Overarching Portfolio Risk register (Appendix A)

8. The Overarching Risk Register for the investment portfolio has been developed further and mitigating actions included for:
 - Investment performance strategy,
 - External economic factors,
 - Overarching risk in relation to sustainability and impact – which is broken down in a more nuanced way in each of the property and financial investment risk registers,
 - Cash flow management risk – formerly sitting in the financial investment risk register,
 - Governance risk – formerly sitting in the financial investment portfolio.
9. The Overarching Risk Register contains five risks which are summarised in Table 1 below and are ranked by their current risk score.
10. Officers have reviewed the Risk Register to establish whether the risk environment has changed, and risks have been reviewed and updated where necessary. Updates to the Risk Register are underlined throughout. Table 1 below provides a summary of the risks.
11. Following officer review, the risk rating for **IC 05 Sustainability and Impact** has been increased to a 6 (Amber) from a 4 (Green). This has increased the likelihood of the risk but keeps the impact low as the City of London Corporation has a commitment to deliver its Climate Action Strategy but existing interim targets to achieve net zero by 2040 are currently under review.

Table 1: Summary table of risks for overall investment portfolio relevant to Investment Committee

| Risk code | Risk title | Current Risk Score | Current Risk Score Indicator | Trend Icon | Flight path |
|-----------|--------------------------------------|--------------------|------------------------------|------------|---|
| IC 02 | External Economic Risk | 12 | ▲ | ▬ |  |
| IC 04 | Cashflow Management | 8 | ▲ | ▬ |  |
| IC 01 | Investment Performance Strategy Risk | 6 | ▲ | ▬ |  |
| IC 05 | Sustainability and Impact | 6 | ▲ | ↑ |  |
| IC 03 | Governance | 4 | ✓ | ▬ |  |

CSD Risk Register (Appendix B)

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

- a. SUR SMT 005

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

Although the previously high rates of material price inflation have decreased, the City has not experienced a notable stabilization in tender returns. Consequently, this risk is still classified as a Red risk. The Department is actively working with the Chamberlain's procurement team to broaden the pool of contractors eligible to bid on projects and to implement Two Stage contracts that reflect current market trends. Ongoing reviews of this risk will be conducted, and the Department will seek to implement mitigation strategies whenever feasible.

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

The qualifications and expertise of construction consultants in the public sector often contrast with those in the commercial sector. To address this disparity, the department is collaborating closely with the Procurement team, the legal department, and the Construction Category Board to ensure thorough due diligence throughout the procurement process. Additionally, the department is taking measures against consultants whose performance fails to meet established quality standards, which may occasionally lead to prolonged project timelines. To enhance efficiency, the department is now engaging with the market at RIBA stage 3 instead of RIBA stage 4, aiming to avoid unnecessary design and development efforts.

The impact of this change has not yet been fully assessed and will remain under observation.

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

In April, the management team of the department reassessed the risk scoring for this item, reaffirming the significant competition in attracting qualified property professionals, particularly in Surveying and Project Management.

The department has communicated these challenges at the corporate level and is playing an active role in the wider organisational pay and reward review, known as Ambition 25, to mitigate this risk. Additionally, it is essential to highlight that this matter has been identified as a Corporate Risk (CR 39 Recruitment and Retention).

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

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

The City of London Corporation has historically had limited control over the selection of those commissioned for work, particularly regarding the latter. In the event of a failure by either a main contractor or sub-contractor, there could be

subsequent effects on warranties and the ability to pursue remedies for design defects.

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

Recent industry fluctuations have heightened the probability of this risk; therefore, its risk status continues to be classified as Red.

Should a main contractor or a sub-contractor fail, it may adversely impact warranties and the pursuit of remedies for design flaws.

In response to this issue, the department has implemented biannual evaluations of contractor suitability, a process that was formerly conducted only at the inception of a contract. This adjustment is anticipated to better equip the City of London Corporation in the event that a contractor faces difficulties.

Recent volatility in the industry has increased the likelihood of such risks, leading to its continued classification as Red.

e. SUR SMT 016

Investment Property Group Staffing and Capacity
Current Risk Score 12 (Amber)

This risk relates to the necessity for new skill sets and increased capacity within the Investment Property Group, driven by evolving corporate investment objectives, organisational needs, and market accessibility.

Recruitment initiatives are currently in progress. As highlighted in the Recruitment & Retention risk (SUR SMT 009), discrepancies between the total reward package provided by the City of London and those offered by our commercial counterparts may pose difficulties. This situation will be monitored throughout the recruitment process. Attracting and retaining qualified individuals is essential for the efficient management of the portfolio and for adapting to the evolving demands of the market and the City Corporation.

Table 2: Summary of CSD risks relevant to this Committee

| Risk code | Risk title | Current Risk Score | Current Risk Score Indicator | Trend Icon | Flight path |
|-------------|---|--------------------|------------------------------|------------|-------------|
| SUR SMT 005 | Construction and Service Contracts Price Inflation | 16 | | | |
| SUR SMT 006 | Construction Consultancy Management | 16 | | | |
| SUR SMT 009 | Recruitment and Retention of Property Professionals | 16 | | | |

| Risk code | Risk title | Current Risk Score | Current Risk Score Indicator | Trend Icon | Flight path |
|-------------|---|--------------------|------------------------------|------------|-------------|
| SUR SMT 011 | Contractor Failure | 16 | | | |
| SUR SMT 016 | Investment Property Group Staffing and Capacity | 12 | | | |
| SUR SMT 003 | Investment Strategy Risk | 12 | | | |
| SUR SMT 012 | Adjudication & Disputes | 8 | | | |
| SUR SMT 010 | Insurance - Investment and Corporate Estates | 8 | | | |

Chamberlain (Corporate Treasury) Financial Investments (Appendix C)

13. The financial Investments Risk Register contains five risks which are summarised in Table 3 below and are ranked by their current risk score.

14. Officers have reviewed the Risk Register to establish whether the risk environment has changed, and both risks have been reviewed and updated where necessary. Updates to the Risk Register are underlined throughout. Table 3 provides a summary of the risks.

Table 3: Summary table of risks for Corporate Treasury relevant to investment Committee

| Risk code | Risk title | Current Risk Score | Current Risk Score Indicator | Trend Icon | Flight path |
|-----------|--|--------------------|------------------------------|------------|-------------|
| CHB IC 01 | Insufficient assets - City's Estate | 12 | | | |
| CHB IC 02 | Targeted returns - City's Estate | 6 | | | |
| CHB IC 03 | Service provider failure | 4 | | | |
| CHB IC 07 | Failure to discharge responsible investment duties | 4 | | | |
| CHB IC 04 | Counterparty failure - Treasury Management | 2 | | | |

Corporate & Strategic Implications

Strategic implications

15. Organisationally strategic risks are managed on the City Corporation's Corporate Risk Register. The Overarching Risk Register will seek to capture overall uncertainty to the investment portfolio, which may have strategic implications.

Financial implications

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

Resource implications

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

Legal implications

18. Legal and contract implications are highlighted where relevant within the relevant Risk Register.

Risk implications

19. Key risks are included in this report.

Equalities implications

20. Where relevant this is highlighted within the Risk Registers.

Climate implications

21. Sustainability and Impact is the focus of one of the key risks on the Overarching Risk Register.

Security implications

22. None

Conclusion

23. Members are asked to note the recent updates to the risk registers and the measures implemented by both the Chamberlain's Department, and City Surveyor's Department to reduce the probability and/or consequences of identified risks.

24. One risk managed by the City Surveyor's Department (SUR16 Investment Property Group Staffing and Capacity) has decreased in risk scoring since the last report (October) whilst the remaining risks were consistent with earlier periods.

Appendices

- Appendix A Overarching Risk Register
- Appendix B The City Surveyor's Departmental Risk Register relevant to this Committee
- Appendix C The Corporate Treasury Risk Register relevant to this Committee
- Appendix D City of London Risk Matrix

Background Papers

- The City Surveyor and the Chamberlain Risk Register Update for Investment Committee – 25 July 2024 (CS 170/24)
- The City Surveyor and the Chamberlain Risk Register Update for Investment Committee – 3 October 2024 (CS 284/24)
- The City Surveyor and the Chamberlain Risk Register Update for Investment Committee – 02 December 2024 (CS 295/24)

Jenny Wong

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John Galvin

Departmental Performance & Services
City Surveyor's Department
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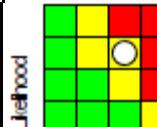
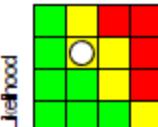
Investment Committee – Overarching Investment Portfolio Risk Register (for City Fund and City's Estate)



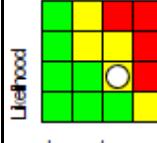
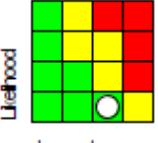
Report Author: Jenny Wong

Generated on: 22 April 2025

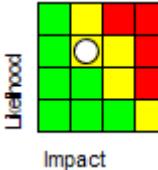
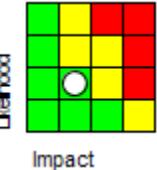
Rows are sorted by Risk Score

| 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 | | |
|---|---|---|--------------------------------|---|---|-------------------------------------|--------------------|---|
| IC 02 External Economic risk | <p>Cause: Adverse global economic developments or unexpected geopolitical crisis (e.g. Covid, Russian invasion of Ukraine, etc.)</p> <p>Event: 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>Effect: 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> |  Impact | 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><i>As of early April 2025, market sentiment has been heavily influenced by President Trump's wide ranging trade tariffs policy which triggered a major sell-off in global equity markets. Volatility remains, and markets continue to react to evolving monetary policies, and on-going geopolitical tensions.</i></p> |  Impact | 6 | 31-Mar-2026 |  Constant |

| Action no | Action description | Latest Note | Action owner | Latest Note Date | Due Date |
|-----------|--|---|---------------------------------|------------------|-------------|
| IC 02a | <p>Combined asset allocation risk</p> <p>This action seeks to ensure that the overall asset allocation in the portfolio takes account of major economic and political risks.</p> | <p>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.</p> | Caroline Al-Beyerty | 23-Apr-2025 | 31-Mar-2026 |
| IC 02b | <p>Financial Investment Strategy Risk</p> <p>This action seeks to ensure that positions in the financial portfolio take account of major economic and political risks.</p> | <p>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.</p> | Caroline Al-Beyerty; Kate Limna | 23-Apr-2025 | 31-Mar-2026 |

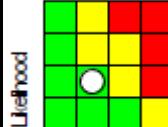
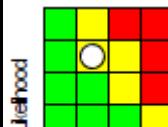
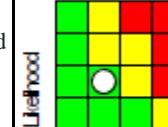
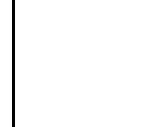
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|---|--|---|--------------------------------|--|---|-------------------------------------|-------------|---|----------|
| IC 04 Cash flow management (Previously CHB FIB 05) 08-Mar-2018 Kate Limna; Jenny Wong | <p>Cause: Inaccurate cash flow modelling for Corporation as a whole.</p> <p>Event: 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.</p> <p>Effect: The organisation is forced to liquidate long term investment assets without adequate planning or fails to identify external borrowing requirements. Overdrawn position incurs unnecessary expenditure and missed payments damage the Corporation's reputation. Inefficient treasury management decisions increase costs.</p> |  Impact | 8 | Officers continue to maintain a cash flow model projecting the Corporation's cash flow requirements for the forthcoming year on an ongoing basis. Cash flow is regularly monitored, and short-term cash balances are invested over appropriate time horizons. 23 Apr 2025 |  Impact | 4 | 31-Mar-2026 |  | Constant |

| 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. | The Treasury cash flow model is 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 | 23-Apr-2025 | 31-Mar-2026 |
| 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 <ins>is</ins> updated in line with the evolution of the medium-term financial plan. and will be reviewed in tandem with the production of the draft statement of accounts for 2024/25. | Kate Limna, David Abbott, <ins>Sarah Port</ins> | 23-Apr-2025 | 31-Mar-2026 |

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|--|--|--|--------------------------------|---|---|--------------------------------------|
| IC 01 Investment performance: Strategy risk 3-May-2024 C Al-Beyerty | <p>Cause: Inappropriate split of assets between property and financial assets and/or inappropriate asset allocation within the underlying property and financial portfolios</p> <p>Event: 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>Effect: 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> |  Impact | 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>23 Apr 2025</p> |  Impact | 4 31-Mar-2026 Constant |

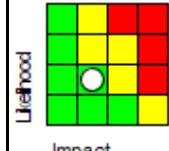
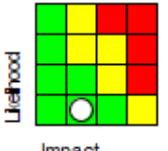
| Action no | Action description | Latest Note | Action owner | Latest Note Date | Due Date |
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| IC 01a | <p>Combined asset allocation risk</p> <p>This action seeks to ensure an appropriate balance between property and financial assets in the combined portfolio in order to achieve the portfolio's real return objective over the long term with no more risk than necessary.</p> | 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. | Caroline Al-Beyerty | 23-Apr-2025 | 31-Mar-2026 |
| 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>The Real Estate Investment Strategy was approved by Investment Committee in July, and by Corporate Services Committee in September. This strategy seeks to further manage this risk and take advantage of emerging opportunities. Further, the strategy sought to ensure that the</p> | Robert Murphy | 23-Apr-2025 | 31-Mar-2026 |

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| | | <p>department has sufficient skills and capacity to deliver against this approach (departmental risk SUR SMT 016) and recruitment is now in process to progress this item.</p> <p><u>A strategy for realising capital from the investment portfolio over the next 5 years to help fund the major projects has been approved which will in the short-term effect returns. A strategy to improve performance post disposals is to be formulated.</u></p> | | | |
| 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 <u>2024</u> 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> <p><u>Managers have been appointed for the Index-linked Gilts, Fixed Interest Gilts, and Investment Grade Corporate Bonds allocations and these are being funded. The financial investments will continue to be used to fund Major Projects until property investments are liquidated at which point the portfolio can be rebalanced.</u></p> | <p>Caroline Al-Beyerty; <u>Kate Limna</u></p> | <p>23-Apr-2025</p> | <p>31-Mar-2026</p> |

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|--|--|--|--------------------------------|---|--|---|
| IC 05 Sustainability and impact 3-May-2024 C Al-Beyerty | <p>Cause: Insufficient attention is paid to the City's sustainability goals and Climate Action Strategy in managing the investment portfolio</p> <p>Event: 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</p> <p>Effect: 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</p> |   | 4 6 | <p>Regular monitoring and reporting of the portfolio against sustainability and climate change targets enabling the Investment Committee to challenge officers and staff on progress</p> <p>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</p> <p>Setting clear sustainability objectives for the internal property team and assessing their recommendations in light of those objectives</p> <p>23 Apr 2025</p> |   | 4 31-Mar-2026  Constant Increasing |

| 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 | 23-Apr-2025 | 31-Mar-2026 |

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| | | <p><u>The current pathway to net zero in 2040 and existing interim targets are currently under review and will inform actions for the period beyond 2027. These will be brought to this Committee in due course for consideration.</u></p> | | | |
| 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 | 23-Apr-2025 | 31-Mar-2026 |
| IC 05c | The Climate Action Team within I&G have reorganised with a new <ins>an</ins> 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. The last meeting was held on the 17 March 2025. | Robert Murphy; Kate Limna | 23-Apr-2025 | 31-Mar-2026 |
| IC 05d | Climate Action Strategy Delivery – Investment Property Portfolio 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. | 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. 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. The delivery of Climate Action across the City's investment portfolio is regularly reported through to Investment Committee though the Climate Action Dashboard and business planning. 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-A specialist surveyor has been appointed to work within IPG to support the AMs and ensure coherent plans will be evolved. | Robert Murphy, Graeme Low | 23-Apr-2025 | 31-Mar-2026 |

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|---|--|---|--------------------------------|---|--|--|
| IC 03 Governance/Compliance risk (Previously CHB FIB 06) 08-Mar-2018 Kate Limna; Jenny Wong | Cause: Inadequate understanding of regulations and investment practices among Members, officers and other staff involved in the investment portfolio etc. Event: Committee Members and officers do not have appropriate skills or knowledge to discharge their responsibilities. Regulatory breach. Effect: 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. |  Impact | 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. 23 Apr 2025 |  Impact | 2 31-Mar-2026 Constant |

| 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> <p><u>Following Member elections in March 2025, a finance induction session was held on 7 April 2025 for new Members of the Court of Common Council.</u></p> <p><u>A high level overview of City's finances (which are overseen by the Investment Committee) was provided to two of the three new independent Members on 10 April 2025.</u></p> <p><u>Impact investment training is being arranged.</u></p> | Kate Limna | 23-Apr-2025 | 31-Mar-2026 |

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| 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 | 23-Apr-2025 | 31-Mar-2026 |
| 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 | 23-Apr-2025 | 31-Mar-2026 |
| 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 | 23-Apr-2025 | 31-Mar-2026 |

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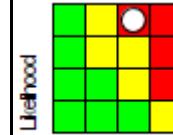
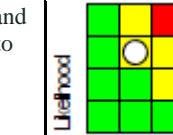
SUR Departmental risks - DETAILED REPORT EXCLUDING COMPLETED ACTIONS for COMMITTEE

Report Author: Faith Bowman

Generated on: 29 April 2025



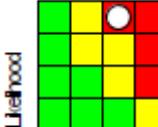
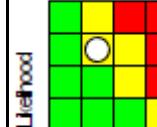
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|--|---|---|---|---|---------------------------|---|
| SUR SMT 005 Construction and Service Contracts Price Inflation beyond that which was anticipated or planned | Cause: Market conditions have led to input price inflation Event: Project and programme cost escalation Impact: Inability to delivery capital and revenue projects within budget |  Impact 16 | <p>This risk relates to material costs and labour availability are continuing to raise costs beyond that has been anticipated or planned.</p> <p>This item impacts property projects, our facilities management (FM) provision, reactive repairs, and revenue works.</p> <p>The risk scoring was reviewed by the Department in January 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. Although construction inflation is no longer rising at previous rates, six contractors (main</p> |  Impact 6 | 31-Mar-2026 |  |

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| 14-Oct-2021 Ola Obadara | | | | <p>and sub) working on City sites have recently gone into administration, meaning that cost increases are likely across projects. To mitigate greater allowances are made in the Costed Risk Provision (CRP). Further, more detailed contractor credit checks are being undertaken, however there remains a degree of financial risk.</p> <p>As such this risk remains a red risk. Market conditions remain dynamic and will be kept under review. As such the target date should be considered a review point.</p> <p>29 Apr 2025</p> | | | | Reduce | Constant |
|----------------------------|--|--|--|---|--|--|--|--------|----------|

| 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 | 29-Apr-2025 | 31-Mar-2026 |
| SUR SMT 005d | <p>Contracts</p> <p>Exploring the potential to include different clauses into contracts such that work offered by the City remains attractive to suppliers.</p> | <p>The department and the Chamberlain's Procurement team 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.</p> | Ola Obadara | 29-Apr-2025 | 31-Mar-2026 |
| SUR SMT 005e | Contract Engagement | 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 | 29-Apr-2025 | 31-Mar-2026 |

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| | Expanding the amount of information available at an early stage of contract exploration. This will provide greater cost certainty. | | | | |
| SUR SMT 005f | Specification and Materials 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. | 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 | 29-Apr-2025 | 31-Mar-2026 |

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| SUR SMT 006 Construction Consultancy Management 14-Oct-2021 Ola Obadara | Cause: Poor performance by consultants Event: Abortive work, delays, or non-performance. Impact: Additional costs, project delays |  Impact | 16 | <p>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.</p> <p>29 Apr 2025</p> |  Impact | 6 | 31-Mar-2026 |  |

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|--------------|--|--|--------------|------------------|-------------|
| SUR SMT 006a | <p>Commissioning stage</p> <p>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.</p> | <p>Close work with the Procurement Team in Chamberlain's has resulted in deciding to change the stage at which the City is approaching the market. The impact will be tracked over the coming months.</p> | Ola Obadara | 29-Apr-2025 | 31-Mar-2026 |
| 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.</p> <p>The department is working with colleagues through the Construction Category Board on this item.</p> | Ola Obadara | 29-Apr-2025 | 31-Mar-2026 |

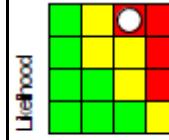
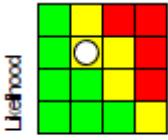
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| SUR SMT 006c | <p>Procurement</p> <p>Working with Procurement to increasing due diligence, particularly in regard to the quality of contractor appointed (rebalancing the quality/cost equation). This is with the view that we will get better quality 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 | 29-Apr-2025 | 31-Mar-2026 |
| 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> | Detailed scoping is required to ensure that projects are delivered on-time and on-budget which can lead to extended lead times. 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). | Ola Obadara | 29-Apr-2025 | 31-Mar-2026 |
| 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> | Action has been taken against consultants where performance has been poor and end to end timescales have increased. | Ola Obadara | 29-Apr-2025 | 31-Mar-2026 |

| Risk no, title, creation date, owner | Risk Description (Cause, Event, Impact) | Current Risk Rating & Score | Risk Update and date of update | Target Risk Rating & Score | Target Date/Risk Approach | Current Risk score change indicator | | |
|---|--|-----------------------------|--------------------------------|--|---------------------------|-------------------------------------|-------------|--|
| SUR SMT 009 Recruitment and retention of property professional | <p>Cause: 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</p> <p>Event: 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)</p> <p>Impact: 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.</p> | Impact | 16 | <p>This risk has been identified across several divisions of the City Surveyor's Department especially within Investment Property, Surveying and Project Management.</p> <p>A review conducted in January 2025 confirmed the risk score which remains unchanged due to specific issues in certain industries.</p> <p>The department is actively collaborating with Corporate colleagues to address this risk in the long term.</p> <p>The risk will be kept under review, with the target date reflecting this ongoing review.</p> <p>29 Apr 2025</p> | Impact | 8 | 31-Mar-2026 | |

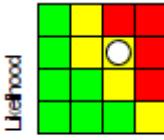
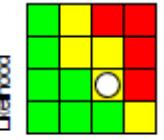
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| SUR SMT 009a | <p>Advertising</p> <p>The department and the HR Business Partner has produced a recruitment best practice document, which includes ensuring that vacant posts are advertised in areas which will generate interest from suitably qualified candidates, including those currently under-represented within our workforce.</p> | Recruitment campaigns have followed Corporate best practice recruitment document (i.e. diverse panels) which has been well received by staff. | Paul Wilkinson | 29-Apr-2025 | 31-Mar-2026 |

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| 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 | 29-Apr-2025 | 31-Mar-2025 |
| SUR SMT 009c | Communication 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. | Managers across the service are ensuring that all end-of-year (2024/25) are complete, and delivered within Corporate timeframes. The organisation are moving to a new appraisal system for 2025/26 (through Sapphire) and the department is actively engaging with this process. This evidences the regular engagement between managers and staff members. | Paul Wilkinson | 29-Apr-2025 | 31-Mar-2026 |
| SUR SMT 009d | Engagement with HR 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). | The CSD EDDI group continues to meet regularly and monitor, and track delivery of the EEDI Action Plan. The EEDI 2025 Action Plan has been drafted and circulated to all CSD staff for feedback. | Paul Wilkinson | 29-Apr-2025 | 31-Mar-2026 |
| SUR SMT 009e | Equity, Equalities, Diversity and Inclusion (EEDI) The department has an active ED&I network, which regularly engages with the City Surveyor and the Senior Management Team. This is seeking to make the department/profession a more attractive for under-represented groups and seek to retain and progress staff from all backgrounds. There is corporate HR representation on this departmentally led Group. | The CSD EDDI group continues to meet regularly and monitor, and track delivery of the EEDI Action Plan. The EEDI 2025 Action Plan has been drafted . | Ola Obadara | 13-Jan-2025 | 31-Mar-2025 |
| SUR SMT 009f | Pay and Review Survey The Corporation is reviewing pay & reward | The department has highlighted that there are specific pressures within this department in relation to the withdrawal of the earlier reward scheme (where those on top-of-grading salaries could achieve performance related pay) prior to the review conclusions which has made our remuneration package less competitive than our peers. The department is engaging with the Ambition 25 team, who are reviewing several aspects including pay and reward. Local feedback has noted that there is some apprehension about the potential negative impact of Ambition 25 programme, and this item has been communicated to the project team. | Paul Wilkinson | 29-Apr-2025 | 31-Mar-2026 |

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| | | Overall, the department has noted that whilst recruitment is possible, the limited scope for (pay and professional) progression makes retention more challenging. | | | |
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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 |
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| SUR SMT 011 Contractor Failure Cause: Market conditions Event: Failure of either a main contractor, or a substantial sub-contractor Impact: Delayed delivery of projects, or the delivery of projects at a higher cost 13-Feb-2023 Ola Obadara | Cause: Market conditions Event: Failure of either a main contractor, or a substantial sub-contractor Impact: Delayed delivery of projects, or the delivery of projects at a higher cost |  Impact | 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. Process for contractor failure in place and shared with the Construction Category Board. 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 with six contractors (main and sub) working on City sites going into administration. This risk which continues to be classified as Red as there remains a financial risk despite mitigations such as regular credit checks. Furthermore, in such cases, identifying a replacement contractor poses inherent risks, along with substantial additional costs and delays in resumption, as well as increased consultant and legal expenses. 29 Apr 2025 |  Impact | 6 31-Mar-2026 Reduce | Constant |

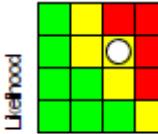
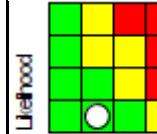
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| SUR SMT 011a | <p>Tendering</p> <p>Seeking to have greater say over who a main contractor appoints as a sub-contractor. This will help reduce the likelihood of this risk occurring.</p> | <p>The department has commenced work with Procurement to ensure 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.</p> | Ola Obadara | 29-Apr-2025 | 31-Mar-2026 |
| SUR SMT 011b | <p>Review Process</p> <p>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.</p> | <p>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.</p> | Ola Obadara | 29-Apr-2025 | 31-Mar-2026 |

| Risk no, title, creation date, owner | Risk Description (Cause, Event, Impact) | Current Risk Rating & Score | Risk Update and date of update | Target Risk Rating & Score | Target Date/Risk Approach | Current Risk score change indicator |
|--|---|--|---|---|-----------------------------|-------------------------------------|
| SUR SMT 003 Investment Strategy Risk 17-May-2021 Robert Murphy | <p>Cause: The business environment declines, or changes resulting in misalignment of the portfolio with growth; flexible working reduces central London demand, retail tenant failure, or demand moves away from City of London assets.</p> <p>Event: Lower rental levels achieved, lower demand, increased turnover of tenancies, increased tenant failure</p> <p>Impact: Inability to maximise property returns and income for an acceptable level of risk</p> |  <p>Impact</p> | <p>12</p> <p>This risk captures a number of sub-risks which may impact the organisation's ability to maximise its property returns for an acceptable level of risk.</p> <p>The on-going mitigation of this risk is important for the organisation achieving its aspirations regarding Climate Action Strategy and Major Programmes, due to the income generated by the function.</p> <p>As the composition of the portfolio changes, new skills will be required by those working within the function. This links closely with the department's Recruitment & Retention risk (SUR SMT 009) and IPG staffing and capacity risk (SUR SMT 016)</p> <p>The demands of the Corporation's MTFP requiring realised capital to be applied outside the portfolio, will undermine reinvestment in the portfolio to achieve Strategy ambition and therefore alignment with growth.</p> <p>The target date on this risk reflects a major review point. Investment Strategy will always be a risk, but the key drivers and extent of the risk will vary.</p> <p>29 Apr 2025</p> |  <p>Impact</p> | <p>8</p> <p>31-Mar-2026</p> | <p>Reduce</p> <p>Constant</p> |

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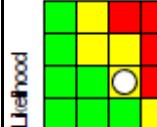
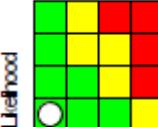
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| SUR SMT 003a | <p>Macro-economic</p> <p>Within an overarching Investment Strategy the objective will be to maintain a diverse portfolio that reduces the impact of this risk. This includes:</p> <ol style="list-style-type: none"> 1. Use (office, retail, industrial) 2. Location (City, Southwark, West End etc.) 3. Tenancies (Long term Headlease geared, FRI, directly managed) 4. Covenants (multinationals, SME) 5. Asset management (lease renewals, voids, arrears, etc.) 6. Monitoring retail habits in change of building use | <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 and 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 | 29-Apr-2025 | 31-Mar-2026 |
| 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>Capital to reinvest in the portfolio must be sufficient to achieve the Investment Strategy objectives.</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. | Robert Murphy | 29-Apr-2025 | 31-Mar-2026 |
| 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> | Ensure that the investment portfolios are aligned with the emerging demands of both investors and occupiers as well as the Corporation's Climate Action strategy and Design Standards, which includes CNZ and Resilient Building protocols. | Robert Murphy | 29-Apr-2025 | 31-Mar-2026 |
| 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</p> | Robert Murphy | 29-Apr-2025 | 31-Mar-2026 |

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| | | <p>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> | | | |
| 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 has seen fluctuating demand over the post-pandemic period.</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 | 29-Apr-2025 | 31-Mar-2026 |
| 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 2024. 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 | 29-Apr-2025 | 31-Mar-2026 |

| Risk no, title, creation date, owner | Risk Description (Cause, Event, Impact) | Current Risk Rating & Score | Risk Update and date of update | Target Risk Rating & Score | Target Date/Risk Approach | Current Risk score change indicator | | |
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| SUR SMT 016 Investment Property Group staffing and Capacity | <p>Cause: Capacity and the existing skill set of the team is misaligned to deliver changing requirements.</p> <p>Event: 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>Impact: 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> |  Impact | 12 | <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 & 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>29 Apr 2025</p> |  Impact | 2 | 31-Mar-2026 | In Progress |

| Action no | Action description | Latest Note | Action owner | Latest Note Date | Due Date |
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| SUR SMT 016a | Funding | 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 | Robert Murphy | 10-Jan-2025 | 31-Mar-2026 |

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| | Funding request to resource the extra capacity and capability required | <p>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.</p> <p>This paper was supported at Investment Committee and Corporate Services Committee. The needs of the unit will be kept under review in light of evolving demands.</p> | | | |
| SUR SMT 016b | <p>Training</p> <p>Training on new capabilities to be delivered to existing IPG staff.</p> | Training on new capabilities to be delivered to existing IPG staff (FCA licence and regulatory qualifications, data, analytics, structuring JVs) where appropriate. | Robert Murphy | 10-Jan-2025 | 31-Mar-2026 |
| SUR SMT 016d | <p>City Bridge Foundation Approval</p> <p>Seek City Bridge Foundation's approval to the cost consequences of enhanced capability.</p> | Investment Property Group will seek City Bridge's Foundation (CBF) formal approval for changes in resourcing. The Group continues to work closely with CBF throughout. | Robert Murphy | 10-Jan-2025 | 31-Mar-2026 |
| SUR SMT 016e | <p>Secondments</p> <p>To consider whether secondments within IPG would support the influx of corporate requests.</p> | This will be considered as an on-going opportunity for staff to develop and achieve more senior organisational roles. | Robert Murphy | 10-Jan-2025 | 31-Mar-2026 |

| Risk no, title, creation date, owner | Risk Description (Cause, Event, Impact) | Current Risk Rating & Score | Risk Update and date of update | Target Risk Rating & Score | Target Date/Risk Approach | Current Risk score change indicator |
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| SUR SMT 010 Insurance - Investment and Corporate Estates 26-May-2022 Robert Murphy | Cause: 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. Event: 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. Impact: The insurance policy does not respond in full (Investment and Corporate) |  Impact | 8 29 Apr 2025 | 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. |  Impact | 1 31-Mar-2026 Reduce Constant |

| Action no | Action description | Latest Note | Action owner | Latest Note Date | Due Date |
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| 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 | 29-Apr-2025 | 31-Mar-2026 |
| SUR SMT 010b | Funding | Where leases allow, the cost can be recovered from commercial tenants, and operational occupiers as appropriate. Funding has been agreed and a budget line identified where relevant within the City Corporation. | John James; Robert Murphy | 29-Apr-2025 | 31-Mar-2026 |
| SUR SMT 010c | Delivery Delivery of the programme of valuation activity. As this progresses the risk score will reduce to target. | The delivery of the valuations will be via an external valuer. Service delivery is either underway or in procurement. | Robert Murphy | 29-Apr-2025 | 31-Mar-2026 |

| Risk no, title, creation date, owner | Risk Description (Cause, Event, Impact) | Current Risk Rating & Score | Risk Update and date of update | Target Risk Rating & Score | Target Date/Risk Approach | Current Risk score change indicator |
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| SUR SMT 012 Adjudication & Disputes 31-Aug-2023 Ola Obadara | <p>Cause: The impact of COVID-19 on project delivery.</p> <p>Event: Regulations restricted access to sites and resulted in more design work being undertaken remotely.</p> <p>Productivity at sites was adversely impacted.</p> <p>Impact: Increased likelihood that projects were designed correctly, and resulting legal and adjudication issues, reputational harm.</p> | <p>8</p> | <p>The COVID-19 pandemic resulted in 3 years of impact at project sites.</p> <p>Site productivity was limited (circa 60% productivity) and much design work was undertaken remotely, or with limited site access.</p> <p>This has created a situation where some sites were not designed correctly, or there are issues beyond that which would normally be expected on construction builds.</p> <p>We are now in a situation where we are engaged with legal discussions and adjudications with project suppliers in an effort to iron out issues with final products.</p> <p>The department's risk register has a separate risk relating to 'construction price inflation'. The inflation risk is wider as it also captures cost escalations due to other causes (Ukraine, energy, etc). This risk only focusses on adjudication & disputes.</p> <p>This risk may remain on the register until projects commenced prior to, or during, the COVID-19 pandemic, have been delivered and finalised. The risk scoring will be kept under review.</p> <p>29 Apr 2025</p> | <p>4</p> | <p>31-Mar-2026</p> | <p>Reduce</p> <p>Constant</p> |

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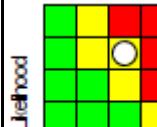
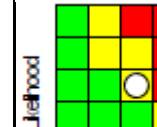
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| SUR SMT 012a | <p>Project Review and Claims Consultant</p> <p>Claims consultant can advise the organisation where it can seek to recover money from suppliers (thereby reducing the impact).</p> | <p>The department is reviewing projects alongside the contracts to understand our position and have engaged an external Claims Consultants to ensure that risks are managed and the City's position is protected. Whilst the Claims Consultant has been effective in seeking redress, unfortunately there is a volume of work that needs to be considered. The current risk scoring will be retained until this knot of projects has been delivered and considered.</p> | Ola Obadara | 29-Apr-2025 | 31-Mar-2026 |

CHB IC Detailed risk register EXCLUDING COMPLETED ACTIONS

Report Author: Jenny Wong
 Generated on: 22 April 2025



Rows are sorted by Risk Score

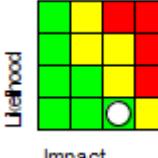
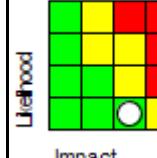
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| CHB IC 01 Insufficient assets - City's Estate 08-Mar-2018 Kate Limna; Jenny Wong | Cause: The asset allocation of the City's Estate investment portfolio is unable to fund long term expenditure requirements due to market movements. Event: There are insufficient assets to meet expenditure requirements. Effect: 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. |  Impact | 12 | From 1 April 2024 the return target for City's Estate has been set at CPI+4% on a rolling 5year basis. 23 Apr 2025 |  Impact | 8 31-Mar-2026 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 <u>has</u> 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) <u>on February 2023. Their work was completed in February 2025 but they have been retained to produce the performance dashboard.</u> <u>The OCIO function will be advising on:</u> | Caroline Al-Beyerty; Kate Limna | 23-Apr-2025 | 31-Mar-2026 |

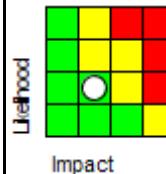
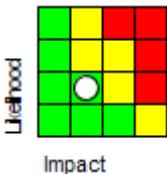
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| | | <ul style="list-style-type: none"> ■ <i>City's Estate</i>: asset allocation between property and financial investments ■ <i>City Fund and City's Estate</i>: diversification of asset classes within appetite and appropriate pace for transition. ■ <i>City Fund & City's Estate</i>: Suitable income targets. <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 | 23-Apr-2025 | 31-Mar-2026 |

| Risk no, title, creation date, owner | Risk Description (Cause, Event, Impact) | Current Risk Rating & Score | Risk Update and date of update | Target Risk Rating & Score | Target Date/Risk Approach | Current Risk score change indicator | | |
|---|--|-----------------------------|--------------------------------|---|---------------------------|-------------------------------------|-------------|--|
| CHB IC 02 Targeted returns - City's Estate | <p>Cause: Fund managers fail to achieve the targeted investment returns because</p> <ul style="list-style-type: none"> the Committee appoints unsuitable fund managers, individual fund managers underperform against the benchmarks agreed by the Committee, aggregate fund manager performance fails to achieve the Committee's long-term targets <p>Event: Failure to be seen to manage the fund responsibly.</p> <p>Effect: Supervisory intervention over management of the funds.</p> | <p>Impact</p> | 6 | <p>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.</p> <p>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.</p> <p>23 Apr 2025</p> | <p>Impact</p> | 6 | 31-Mar-2026 | |

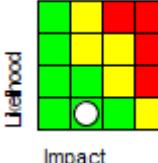
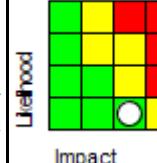
| Action no | Action description | Latest Note | Action owner | Latest Note Date | Due Date |
|------------|--|--|--------------|------------------|-------------|
| CHB IC 02a | <p>Investment managers' performance and their aggregate performance is measured against appropriate benchmarks and monitored 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.</p> <p>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.</p> | <p>The latest performance for City's Estate Fund to <u>30 September 2024</u> <u>31 March 2025</u> is reported to the Investment Committee on <u>02 December 2024</u> <u>27 May 2025</u>.</p> | Kate Limna | 23-Apr-2025 | 31-Mar-2026 |

| Risk no, title, creation date, owner | Risk Description (Cause, Event, Impact) | Current Risk Rating & Score | Risk Update and date of update | Target Risk Rating & Score | Target Date/Risk Approach | Current Risk score change indicator |
|--|---|--|--------------------------------|---|-----------------------------|---|
| CHB IC 03 Service provider failure 08-Mar-2018 Kate Limna; Jenny Wong | Cause: Corporate, financial, economic or cybersecurity threats result in service provision withdrawal or liquidation of partner organisations. Event: Failure of fund manager, investment consultant or other service provider without notice. Effect: Asset valuations at risk or a period of time without service provision. |  Impact | 4 23 Apr 2025 |  Impact | 4 31-Mar-2026 |  |

| 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. 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 | 23-Apr-2025 | 31-Mar-2026 |
| 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 | 23-Apr-2025 | 31-Mar-2026 |
| 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 | 23-Apr-2025 | 31-Mar-2026 |

| Risk no, title, creation date, owner | Risk Description (Cause, Event, Impact) | Current Risk Rating & Score | Risk Update and date of update | Target Risk Rating & Score | Target Date/Risk Approach | Current Risk score change indicator |
|--|--|---|--|--|-----------------------------|---|
| CHB IC 07 Failure to discharge responsible investment duties 20-Jun-2019 Jenny Wong | <p>Cause: Insufficient attention is paid to the environmental, social and governance (ESG) dimensions of the Corporation's financial investments.</p> <p>Event: The Corporations' financial investments include an underappreciated exposure to negative ESG risks and the means to effectively manage such risks is not understood.</p> <p>Effect: The Corporation suffers reputational or financial damage.</p> |  Impact | 4 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). 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. 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. 23 Apr 2025 |  Impact | 4 31-Mar-2026 | Constant |

| 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. | <p>The PRI 2024 reporting period opened May 2024 and the Corporation placed its submission by the 26 July 2024 deadline.</p> <p>The PRI will release the results in November 2024.</p> <p>The PRI released results for 2024 in November 2024 and this was reported to the Investment Committee on 17 February 2025.</p> <p>The PRI 2025 reporting period opens on 7 May 2025 and closes on 30 July 2025. The Corporation will be making its submission by this deadline.</p> | Kate Limna | 23-Apr-2025 | 31-Mar-2026 |
| 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 | 23-Apr-2025 | 31-Mar-2026 |
| 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 is will need to be done in conjunction with other committees which now have investment oversight responsibilities). | All of the City's Estate's UK-based pooled fund managers (i.e. excluding the alternative assets portfolio) are signatories to the UK Stewardship Code . | Kate Limna | 23-Apr-2025 | 31-Mar-2026 |
| 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. | <p>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.</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>The current pathway to net zero in 2040 and existing interim targets are currently under review and will inform actions for the period beyond 2027. These will be brought to this Committee in due course for consideration.</p> | Kate Limna | 23-Apr-2025 | 31-Mar-2026 |

| Risk no, title, creation date, owner | Risk Description (Cause, Event, Impact) | Current Risk Rating & Score | Risk Update and date of update | Target Risk Rating & Score | Target Date/Risk Approach | Current Risk score change indicator |
|--|--|--|--------------------------------|---|---|--------------------------------------|
| CHB IC 04 Counterparty failure - Treasury Management 08-Mar-2018 Kate Limna; Jenny Wong | Cause: External events, including cybersecurity incidents, threaten the solvency of counterparties the Corporation has lent to. Event: Failure of counterparty to fulfil obligation to the Corporation, i.e. default on repayments. Effect: Asset valuations at risk. |  Impact | 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. 23 Apr 2025 |  Impact | 4 31-Mar-2026 Constant |

| Action no | Action description | Latest Note | Action owner | Latest Note Date | Due Date |
|------------|--|--|--------------|------------------|-------------|
| CHB IC 04a | Detailed due diligence is carried out when new counterparties are onboarded. | <p>Independent analysis and consultation with treasury investment advisor when adding additional counterparties.</p> <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, t 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> | Kate Limna | 23-Apr-2025 | 31-Mar-2026 |

| | | | | | |
|------------|--|--|------------|-------------|-------------|
| 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 2025/26 Treasury Management Strategy Statement & Annual Investment Strategy (relating to Treasury Management) (TMSS) as agreed by Court of Common Council (CoCo Co) on 7 March 2024 6 March 2025 . Additionally, officers have implemented financial metric-based criteria for determining the eligibility of local authority borrowers. When onboarding new financial institutions, officers review banks' financial standing including standard financial reporting ratios for assessing capitalisation and liquidity. | Kate Limna | 23-Apr-2025 | 31-Mar-2026 |
| 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 | 23-Apr-2025 | 31-Mar-2026 |

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

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

(D) Risk score definitions

| | |
|-------|--|
| RED | Urgent action required to reduce rating |
| AMBER | Action required to maintain or reduce rating |
| GREEN | Action required to maintain rating |

Contact the Corporate Risk Manager for further information. Ext 1297

Version date: January 2020

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City of London Corporation Committee Report

| | |
|--|--|
| Committee(s): Investment Committee – For Information | Dated: 27 May 2025 |
| Subject: Treasury Management Update as at 31 March 2025 | Public report: For Discussion |
| This proposal: <ul style="list-style-type: none"> • delivers Corporate Plan 2024-29 outcomes • provides statutory duties • provides business enabling functions | Diverse Engaged Communities; Dynamic Economic Growth; Leading Sustainable Environment; Vibrant Thriving Destination; Providing Excellent Services; and Flourishing Public Spaces |
| Does this proposal require extra revenue and/or capital spending? | No |
| If so, how much? | £N/A |
| What is the source of Funding? | N/A |
| Has this Funding Source been agreed with the Chamberlain's Department? | N/A |
| Report of: | The Chamberlain |
| Report author: | Adam Buckley, Senior Accountant - Treasury |

Summary

This report provides a summary of the City of London Corporation's treasury management portfolio (investments) as at 31 March 2025. The report includes an update on the current asset allocation of the short-term investment portfolio and its performance. A monthly investment review report produced by the Corporation's treasury management consultants, MUFG Corporate Markets (previously called Link Treasury Services), is included at Appendix 2.

The treasury position was last reviewed by the Investment Committee at the meeting on 17 February 2025, when they received a report outlining the treasury position as at 31 December 2024.

The treasury management investment portfolio had a market value of £956.6m as at 31 March 2025, which is a decrease of £164.7m from the balance previously reported as at 31 December 2024 (£1,121.3m).

The Consumer Prices Index (CPI) rose by 2.6% in the 12 months to March 2025, down from 2.8% in the 12 months to February. The Bank of England's Monetary Policy Committee (MPC) voted to reduce interest rates by 25bps to 4.25% at its meeting in May 2025, after previously voting to maintain interest rates at the March MPC. The market expectation is for two further rate cuts in 2025, with no further cuts expected in the first three meetings out to April 2026, reaching a low of 3.5% during 2026. However, this sentiment remains volatile and may change in the near-term on

the back of fresh central bank events, as well as both domestic and international data releases.

The increase in rates throughout 2023/24 were maintained at the start of 2024/25, allowing the Corporation to obtain higher yields across its asset allocations, however interest income began to decrease in the second half of 2024/25 and officers expect this to continue over 2025/26 if the MPC's restrictive policy stance continues to loosen.

Recommendation(s)

Members are asked to note the report.

Main Report

Background

1. The Investment Committee will receive an update on the treasury management portfolio at each meeting. Officers have compiled this report to provide additional context to the short-term investment portfolio as at 31 March 2025.

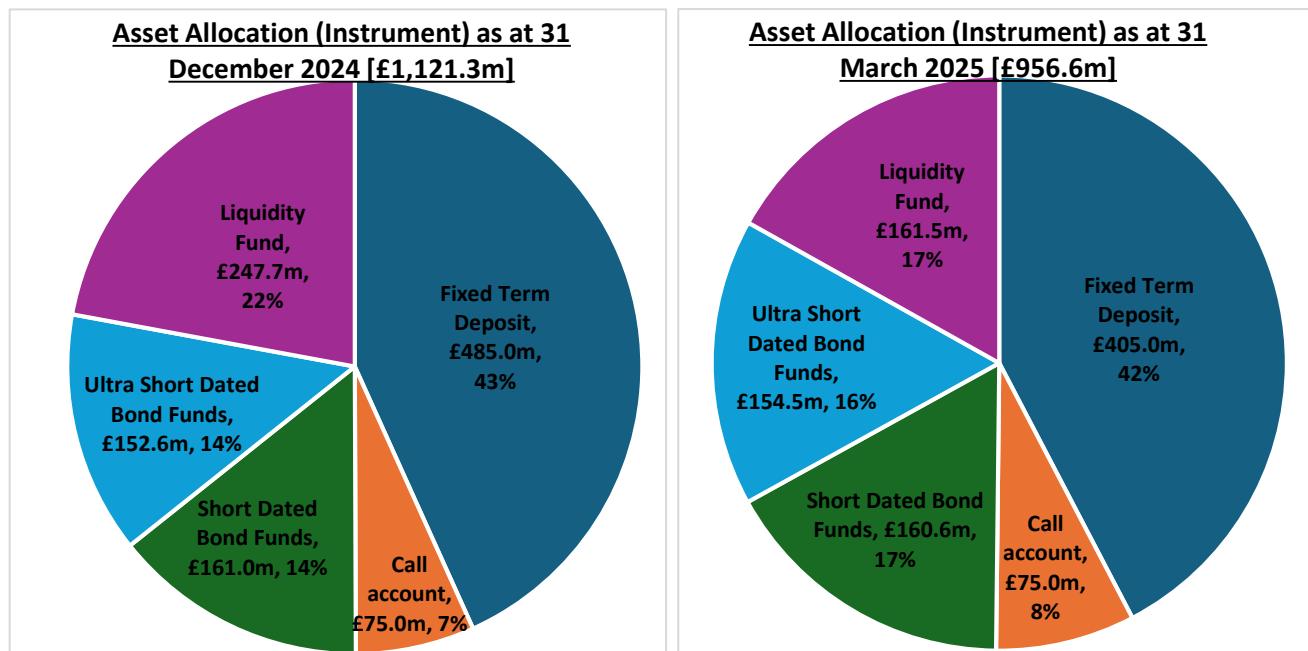
Current Position

2. The treasury management investment portfolio had a market value of £956.6m as at 31 March 2025, which is a decrease of £164.7m from the balance previously reported as at 31 December 2024 (£1,121.3m). This decrease is principally due to:-
 - business rates payments to central government of £316.5m;
 - expenditure on Major Projects of £84.0m
 - the transfer of financial investment drawdowns to the *BlackRock ICS Sterling Liquidity Fund* ("liquidity reserve") totalling £59.0m;
 - Museum of London drawdown payments totalling £45.0m;
 - property insurance premium payment of £18.2m; and
 - the Mayoral Community Infrastructure Levy (CIL) Q3 payment to Transport for London (TfL) totalling £8.7m; partly offset by
 - business rates income of £234.0m;
 - financial investment drawdowns of £90.0m;
 - drawdown from the *BlackRock ICS Sterling Liquidity Fund* of £53.0m
 - additional Home Office income for the National Lead Force grant of £37.8m; and
 - the settlement from the Department for Education (DfE) of £18.6m in relation to funding for the City Of London Primary Academy Islington (COLPAI) project.
3. Members should note that during the period £90M was divested from City's Estate Financial Investment portfolio (£59M in January and £31M in February), with £59M initially invested in the **BlackRock ICS Sterling Liquidity Fund** (a money market fund MMF) in January to be drawn down as required to support the City's Major Projects programme. During February, £53M was subsequently drawn down from the BlackRock MMF to support this expenditure. This MMF sits outside of the remit of Treasury, and is held as part of City's Estate Financial Investment Portfolio.

Asset Allocation

4. In accordance with the current Treasury Management Strategy Statement 2025/26, surplus cash is invested first and foremost with the aim of securing the Corporation's financial assets and secondly in line with the organisation's liquidity requirements (i.e. ensuring the cash is available when needed to meet the Corporation's spending obligations). Once these two objectives have been satisfied, the Corporation targets the best returns available in the sterling money markets.
5. A summary of the asset allocation by instrument type as at 31 December 2024 and 31 March 2025 is set out in Figure 1 below.

Figure 1: Asset allocation as at 31 December 2024 and 31 March 2025.

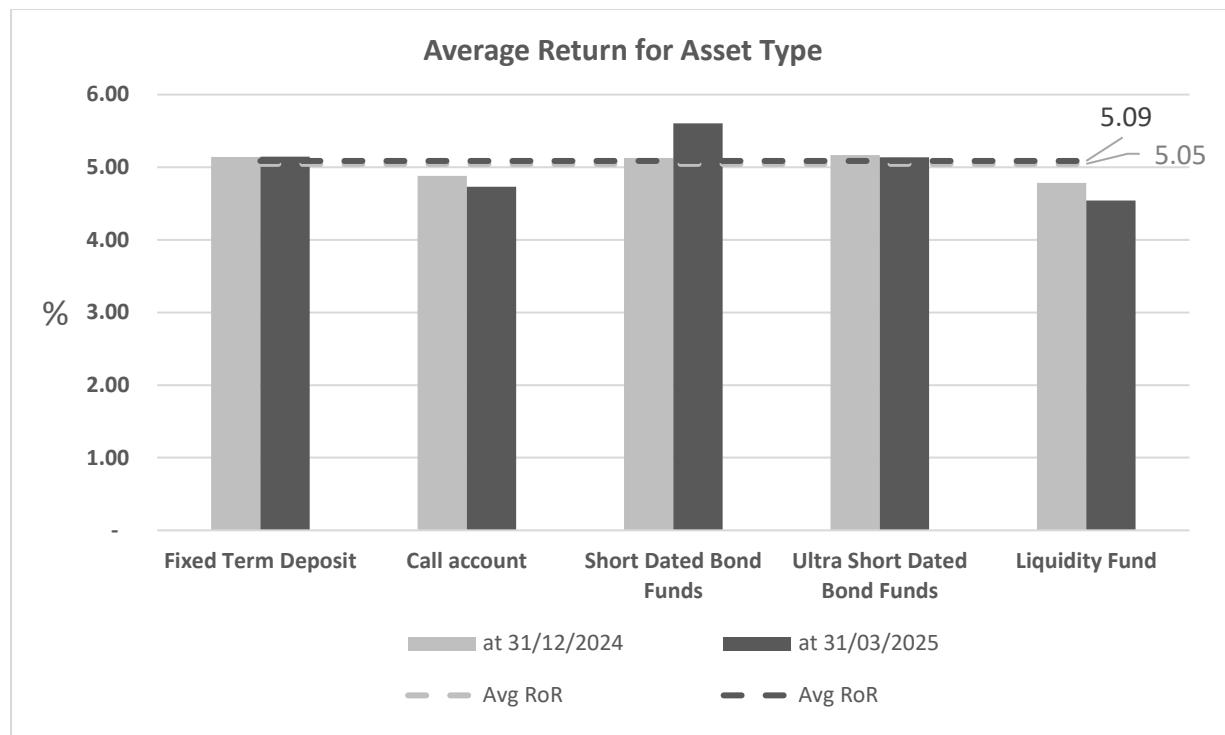


6. As at 31 March 2025, most of the Corporation's cash balances are invested on a short term (under one year) basis with eligible banks, with the highest allocation via fixed term deposits (42%); a decrease of £80m from the previous reporting date, due to the decrease in the portfolio total as detailed at paragraph 2. Liquidity funds now make up around 17% of the portfolio; these balances are very liquid and can be accessed on the day. There have been no changes in the amount of funds that are invested in notice accounts, which make up 8% of the portfolio.
7. The ultra-short dated bond funds account for 16% of the treasury portfolio. These instruments are also very liquid (funds can be redeemed with two to three days' notice) but their market value is more volatile than liquidity funds. Ultra-short dated bond funds are suitable for surplus cash balances with an investment horizon of six months or more. The remaining portion of the portfolio (17%) continues to be invested in short dated bond funds. These funds are invested in investment grade credit instruments and currently have a duration (weighted average time to maturity) of around 3 years. The value of the short dated bond funds can be volatile in the short term and should only be used for surplus cash balances with an investment horizon of at least three years (In light of this volatility, the Treasury Management Strategy Statement (TMSS) was amended with effect from 1 April

2022, so that only City Fund would maintain exposure to the short dated bond funds).

8. A summary of the average return by asset type, as well as the overall average rate of return (RoR), as at 31 December 2024 and 31 March 2025 is shown in Figure 2. Further analysis on the composition of the portfolio as at 31 March 2025 is provided in the Monthly Investment Report at Appendix 2, which demonstrates the average rate of return for the portfolio as at 31 March 2025 is 5.09 % (31 December 2024: 5.05%). A summary of counterparty exposure is also included at Appendix 1, as well as an *Economic, Social, & Governance (ESG)* checklist of Treasury Management Counterparties (excluding local authorities) at Appendix 3.

Figure 2: Average Return for Asset Type as at 31 December 2024 and 31 March 2025



Performance

9. The Consumer Prices Index (CPI) rose by 2.6% in the 12 months to March 2025, down from 2.8% in the 12 months to February, and well below its peak of 11.1% in October 2022.
10. The Bank of England's (BoE) Monetary Policy Committee (MPC) maintained interest rates at 4.50% at its March meeting, with just one member voting for a 25bps cut. More recently, the MPC voted by a majority of 5-4 to cut Bank Rate to 4.25% at its May meeting, though two members voted for a more aggressive cut of 50bps to 4.00%, whilst the remaining two members preferred to maintain Bank Rate at 4.50%. The more aggressive voters commented that "...*global developments in energy and trade policy pointed to potential downward risks to global growth and to world export prices*", whilst those opting for no change cited concerns over inflationary persistence caused by structural supply side conditions in the UK. However, the two dissenters appear to have lowered expectations of successive base rate cuts, particularly after Governor Andrew Bailey said in a statement accompanying the decision that, "*The past few weeks have shown how unpredictable the global economy can be. That's why we need to stick to a gradual and careful approach.*"

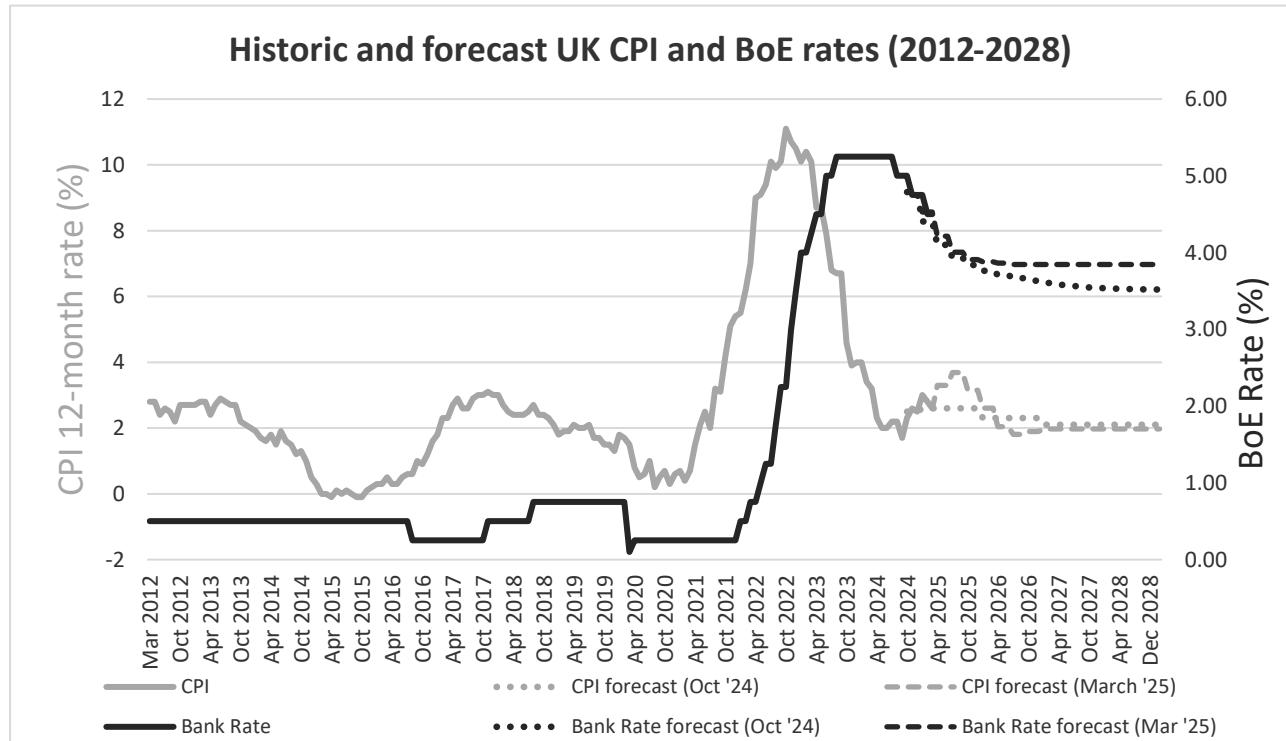
11. Whilst the BoE's decision to cut the rate cited the need to prepare for the impact of US trade policies, despite the subsequent UK-US trade deal, the BoE made clear that the main threat to the UK is from the global impact of US tariffs on Britain's open economy, saying there will be a hit to activity due to higher costs and greater global uncertainty, and therefore maintained the position that *"Monetary Policy will need to remain restrictive for sufficiently long until the risks to inflation returning sustainably to the 2% target in the medium term have dissipated further"*.

12. Looking ahead, markets are wavering between August or September 2025 for the next cut, with a second cut easing out to the final meeting of the year in December, and no further cuts expected in the first three meetings out to April 2026 reaching a low of 3.5% during 2026.

13. MUFG Corporate Markets (previously called Link), our treasury management consultants, prior to the May 2025 MPC decision, were forecasting bank rate to decline to 4.25% by June 2025, 4.00% by December 2025, and 3.75% by March 2026, where it is forecast to remain until a further cut to 3.50% at the end of 2026 where it will plateau. However, this sentiment remains volatile and may change in the near-term on the back of fresh central bank events, as well as both domestic and international data release.

14. A graph showing the historic and forecast UK CPI 12-month rate and Bank of England base rate (forecast based on the Office for Budget Responsibility (OBR) 'Economic and fiscal outlook' October 2024 and March 2025,) from 2018 to 2028 is shown below in Figure 3.

Figure 3: UK CPI 12-month rate / Bank of England base rate



15. As the Bank Rate is the primary determinant of short-term interest rates in the UK, these changes impact the treasury investment portfolio, broadly in two ways:

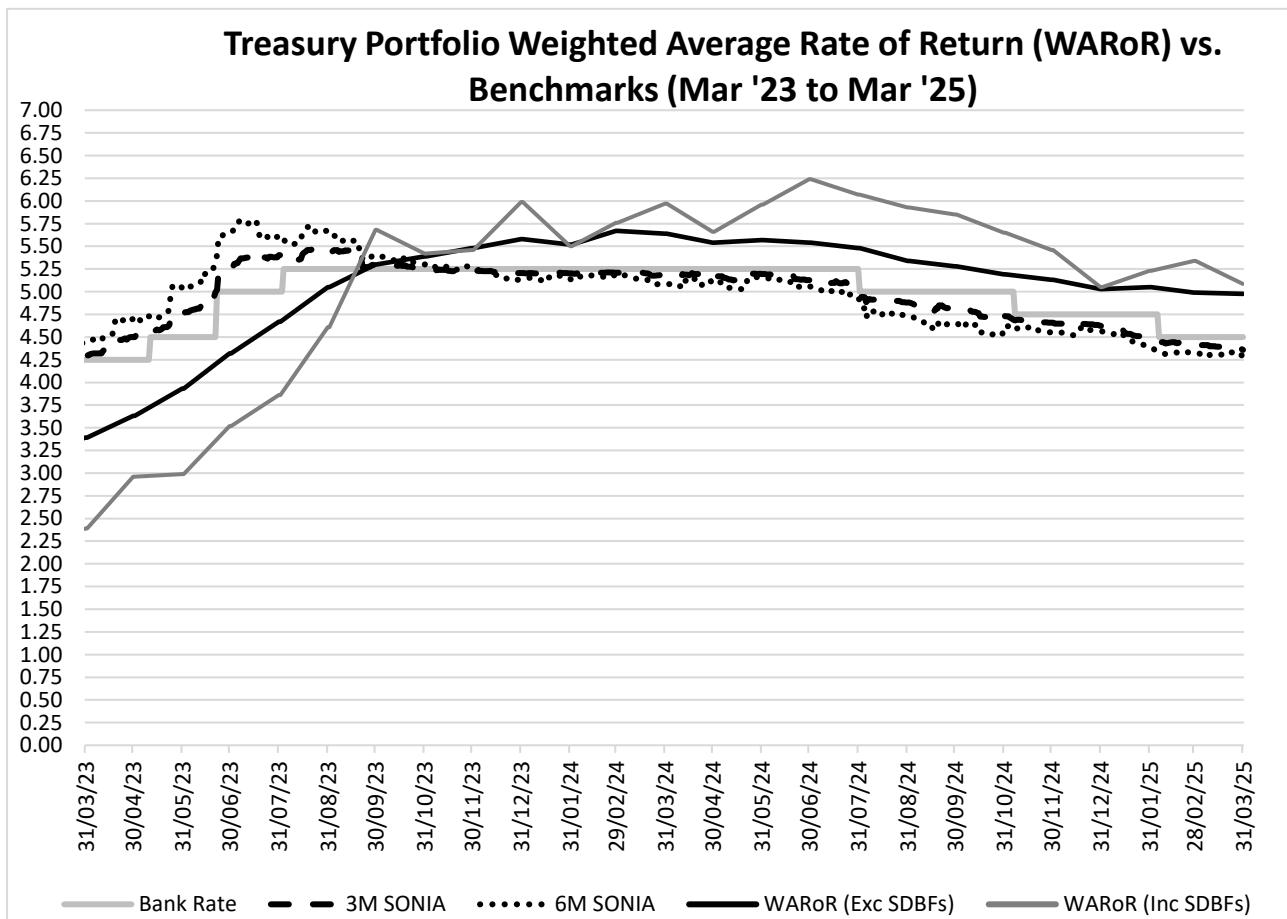
- As yields decrease, the capital value of the Corporation's bond fund investments will usually increase (i.e. when interest rates increase, bond

prices increase and vice versa). These investments are exposed to interest rate risk which the Corporation manages by ensuring the allocations are consistent with a longer-term investment horizon for this minority portion of the portfolio.

- b. For the majority of the portfolio – which is invested in short term money market instruments – an increase in interest rates would result in enhanced returns on new deposits and shorter term liquidity funds. However, the recent and forecast decrease in interest rates will result in reduced future returns from short term money market instruments.

16. These effects can be seen in the weighted average rate of return (WARoR) for the portfolio over the past 2 years and is shown in figure 4 below. In this chart, the two WARoR lines represent the level of returns achieved by the Corporation while the “dashed”, and solid Bank Rate, lines represent suitable performance comparators.

Figure 4: Treasury Portfolio Weighted Average Rate of Return vs. Benchmarks



17. Post the exit of the then Prime Minister (Liz Truss) in October 2022, Sterling money market rates continued to trend upwards in line with expected Bank Rate increases as the MPC moved to try and ease inflation as shown in Figure 4 for 3-month and 6-month Sterling Overnight Index Average Rate (SONIA). The Bank Rate reached a peak of 5.25% at the start of August 2023, and sterling money market rates began to decrease in the second half of 2023 as the market priced in a number of Bank Rate cuts over the next 12 months.

18. Money market rates steadied in the first half of 2024 as expectations on future price cuts were pushed back further, though decreased in the second half of 2024 and into 2025 as the Bank of England initiated the loosening cycle, with the MPC's

decision to cut interest rates for the first time since March 2020 in August 2024 by 0.25% to 5.00% in November 2024 to 4.75% following the Autumn Statement and US Presidential Election, a third cut in the cycle to 4.50% in February 2025, and a fourth cut to 4.25% in May 2025 continuing to gradually remove policy restriction.

19. Returns on the Corporation's short term investment portfolio excluding short dated funds are now trending downwards as the restrictive monetary policy is eased, as higher yielding deposits mature and are replaced with new investments. This is visible in the weighted average return excluding short dated bond funds above (which omits the two longer-term short dated bond fund investments in the portfolio). Officers expect this trend to continue into 2025/26, as maturing deposits are likely to be reinvested at rates below those achieved in 2024/25, reflecting the current market expectation that the MPC will look to continue bank rate cuts in 2025/26.

20. As month-to-month returns from the ultra-short and short dated bond fund investments can be volatile, for these instruments, officers have used the trailing 12-month total return to 31 March 2025 in calculating the portfolio returns displayed in figure 4 (i.e. the WARoR (Weighted Average Rate of Return)). Returns on these investments faced periods of volatility throughout 2024 primarily driven by geopolitical tensions, central bank decisions, and fluctuating interest rate expectations in the face of inflationary pressures. Following a tough end to 2024, with notable sell-offs in major government bond markets with various factors influencing investor sentiment across the globe, the first quarter of 2025 started off strongly as bond yields fell (meaning prices rose) reflecting lower interest rate expectations. However, this momentum was derailed by the announcement of tariffs, and credit spreads widened, reflecting increased risk aversion among investors, yet despite this, overall bonds were broadly positive in the first quarter as investors sought a 'flight to safety' as they navigated economic and policy uncertainties.

21. To aid an effective assessment of performance, table 1 shows the historical return of the ultra-short and short dated bond fund investments on a total return basis over various time horizons under one year.

Table 1: Bond Fund Total Returns as at 31 March 2025

| Fund | 1 Month Return (28/02/2025 to 31/03/2025) | 3 Month Return (31/12/2024 to 31/03/2025) | 12 Month Return (31/03/2024 to 31/03/2025) |
|--|---|---|--|
| Federated Hermes Sterling Cash Plus Fund | 0.37% | 1.18% | 5.07% |
| Aberdeen Standard Liquidity Fund Ultra Short Duration Sterling | 0.35% | 1.19% | 5.23% |
| Payden Sterling Reserve Fund | 0.25% | 1.26% | 5.08% |
| L&G Short Dated Sterling Corporate Bond Index Fund | 0.00% | 1.32% | 5.38% |
| Royal London Investment Grade Short Dated Credit Fund | 0.15% | 1.64% | 5.83% |

22. The most conservative fund (Federated) is listed first in table 1 and the longer-term investments (L&G and Royal London) are listed at the bottom to the table.

23. As noted above, the capital values of the bond funds – particularly the short-dated bond funds – can be volatile over the short term but they are expected to produce higher returns over the longer term. The Corporation deliberately allocates a small portion of the overall portfolio to these investments - an amount that can sustainably be invested over the medium term.

24. It should also be noted that fluctuations in the market value of these pooled fund investments do not impact the City Fund's revenue position owing to the existence of the IFRS 9 statutory override, which was intended to be in place until 31 March 2025, which English local authorities are required to implement, and which requires unrealised capital (fair value) gains and losses to be charged to an unusable reserve on the balance sheet rather than reported via income and expenditure.

25. Following feedback from the Local Government Finance Settlement consultation at the end of February 2025, the IFRS9 statutory override will remain in place until 31 March 2029 for existing pooled fund investments held as of 1 April 2024 ('legacy investments'), but any new investments taken out after 1 April 2024 will be subject to IFRS 9 compliance and will require fair value movements to be recognised directly within City Fund income and expenditure.

26. As interest rates have risen the bond managers are generally able to reinvest the maturing bonds at a higher yield, thus raising the level of income in the portfolio, that is, income, rather than capital gains, has generally made up a greater part of the total return generated by these funds. The income (distribution) yield on the bond funds with Royal London and L&G are 5.11% and 4.5% respectively as at the end of March 2025. As we now rotate to a decreasing interest rate environment, price appreciation should see the capital value of the funds increase. The interest from these investments is distributed quarterly for Royal London and half yearly for L&G.

Interest on average cash balances

27. A summary of the interest on *average cash balances* (i.e. the returns on the treasury management investment portfolio) for the 2024/25 financial year (1 April 2024 to 31 March 2025) as applicable to City Fund and City's Estate is shown in Table 2 below.

Table 2: Interest on Cash Balances as at 31 March 2025

| | 2024/25 Original Budget | 2024/25 Actual | 2024/25 Better / (Worse) |
|--|-------------------------------|-------------------|--------------------------------|
| | £'000 | £'000 | £'000 |
| City Fund | 28,900 | 54,228 | 25,328 |
| City's Estate | (770) | 2,354 | 3,124 |
| Total City Fund & City's Estate Interest on average cash Balances | 28,130 | 56,582 | 28,452 |

28. Income from interest on *average cash balances* exceeded the original budget by £28.4m principally due to the increase in the level of average cash balances held, and hence available for investment, and upon which interest was applied,

compared to that anticipated when the budget was set in November 2023. This is largely as a result of the re-phasing of capital and major project expenditure.

29. As noted above in accordance with the Treasury Management Strategy Statement (TMSS) for 2024/25, due to the volatility of the income and capital returns of the 2 non-specified investments (i.e. the two short dated bond funds (SDBF's)), only City Fund maintains exposure to these, including the interest earned – overall, in 2024/25 City Fund received an interest allocation of 5.00% on *average cash balances* held totalling £54.2m.
30. For all other funds, including City's Estate (i.e. those excluding the two SDBF's) an interest allocation of 4.38% on *average cash balances* held was made for 2024/25.

Cash Flow Forecast

31. The City Fund's medium-term cash flow forecast, including all the capital projects, and major projects, is monitored & updated regularly to ensure the funding strategy remains appropriate.

Conclusion

32. This report has provided a summary of the City of London Corporation's treasury management portfolio (investments) as at 31 March 2025. Cash is invested across a range of counterparties and instruments in accordance with the Corporation's current Treasury Management Strategy Statement 2025/26.
33. Since the Investment Committee last reviewed the treasury position as at 31 December 2024, the Bank of England's Monetary Policy Committee (MPC) voted to reduce interest rates to 4.25% at its May meeting, having previously voted to maintain the rate at 4.50% at its March meeting. The market expectation is for two further rate cuts in 2025, with no further cuts expected in the first three meetings out to April 2026, reaching a low of 3.5% during 2026, with MUFG Corporate Markets, our investment consultants, forecasting prior to the May 2025 MPC decision, a decrease to 3.75% by March 2026.
34. Returns on the Corporation's short term investment portfolio excluding short dated funds and are now trending downwards. Officers expect this trend to continue in 2025/26, reflecting the current market expectation that the MPC's previous restrictive policy stance continues to loosen in 2025/26.
35. The returns on the Corporation's Short dated bond fund investments remain positive, despite a number of periods of volatility. These investments are appropriate for surplus cash balances that can be invested sustainably over the medium term given the expectation for higher returns over this time horizon, and they continue to generate strong income returns. The interest from these investments is distributed, quarterly for RLAM and twice yearly for L&G.

Appendices

- Appendix 1 – Counterparty Exposure as at 31 March 2025
- Appendix 2: Monthly Investment Analysis Review March 2025
- Appendix 3: Treasury Management Counterparties 2024/25: Economic, Social & Governance (ESG) Checklist

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COUNTERPARTY EXPOSURE AS AT 31 MARCH 2025

APPENDIX 1

| | Counterparty Limit £M | Total Invested as at 31-Mar-25 £M | Average Rate of Return % |
|--|-----------------------------|--|-----------------------------------|
| <u>TOTAL INVESTED</u> | | <u>956.6</u> | <u>5.09%</u> |
| <u>FIXED TERM DEPOSITS</u> | | | |
| <u>UK BANKS</u> | | | |
| Goldman Sachs | 100.0 | 20.0 | 4.60% |
| NatWest | 100.0 | 90.0 | 5.30% |
| Standard Chartered | 100.0 | 20.0 | 4.54% |
| | | <u>130.0</u> | |
| <u>FOREIGN BANKS</u> | | | |
| Australia & New Zealand | 100.0 | 20.0 | 4.80% |
| Helaba | 100.0 | 20.0 | 5.27% |
| Rabobank | 100.0 | 20.0 | 5.00% |
| Toronto Dominion | 100.0 | 50.0 | 5.05% |
| | | <u>110.0</u> | |
| <u>LOCAL AUTHORITIES</u> | | | |
| Central Bedfordshire | 25.0 | 20.0 | 4.90% |
| Cornwall | 25.0 | 20.0 | 5.75% |
| Doncaster Council | 25.0 | 20.0 | 5.20% |
| Lancashire CC | 25.0 | 20.0 | 4.80% |
| Rochdale Council | 25.0 | 10.0 | 4.75% |
| RB Kensington & Chelsea | 25.0 | 20.0 | 6.24% |
| Stockport MBC | 25.0 | 20.0 | 4.90% |
| Surrey CC | 25.0 | 25.0 | 5.54% |
| Walsall Council | 25.0 | 10.0 | 4.75% |
| | | <u>165.0</u> | |
| <u>LIQUIDITY FUNDS</u> | | | |
| Aberdeen SLI Liquidity Fund | 100.0 | 30.0 | 4.54% |
| CCLA - Public Sector Deposit Fund | 100.0 | 20.0 | 4.50% |
| Deutsche Global Liquidity Fund | 100.0 | 30.0 | 4.52% |
| Federated Prime Liquidity Fund | 100.0 | 30.0 | 4.53% |
| Invesco Sterling Liquidity Fund | 100.0 | 51.5 | 4.58% |
| | | <u>161.5</u> | |
| <u>ULTRA SHORT DATED BOND FUNDS</u> | | | |
| Payden Sterling Reserve Fund | 100.0 | 68.6 | 5.08% |
| Aberdeen SLI Short Duration Fund | 100.0 | 57.3 | 5.24% |
| Federated Sterling Cash Plus Fund | 100.0 | 28.6 | 5.07% |
| | | <u>154.5</u> | |
| <u>SHORT DATED BOND FUNDS</u> | | | |
| L&G | 100.0 | 80.3 | 5.38% |
| Royal London | 100.0 | 80.3 | 5.83% |
| | | <u>160.6</u> | |
| <u>NOTICE ACCOUNTS</u> | | | |
| Australia and New Zealand 185 Days Account | 100.0 | 45.0 | 4.68% |
| Goldman Sachs 272 Days Account | 100.0 | 30.0 | 4.81% |
| | | <u>75.0</u> | |
| <u>TOTAL</u> | | <u>956.6</u> | |



City Of London Corporation

Client Designated MMF, SDBF & USDBF Rates

Monthly Investment Analysis Review

March 2025

City Of London Corporation

Monthly Economic Summary

General Economy

The preliminary reading of the UK Manufacturing PMI fell to 44.6 in March from 46.9 in February, below market expectations of 46.4. The reading pointed to the sixth straight month of worsening conditions in the sector (a reading below 50 indicates a contraction), pushing the index to its lowest level since October 2023, weighed by overall weakness including a steep export-led downturn in overall sales. Meanwhile, the UK Services PMI rose to 53.2 in March from 51 in February, surpassing forecasts of 50.9, according to flash estimates. The latest data indicated continued improvement in the sector, marking the strongest growth since August 2024, driven by a rebound in both domestic and overseas sales. Within the report, respondents reported an increase in new work for the first time this year, with some noting a tentative improvement in demand conditions. On the price front, service providers recorded a steep rise in input prices, largely reflecting intense wage pressures and efforts by suppliers to pass on higher payroll costs. Consequently, the preliminary reading of the UK Composite PMI headline rate rose to 52 in March from 50.5 in February, surpassing market expectations of 50.3. While signalling modest private sector growth, the reading reached its highest level since September, driven by the expansion in the service sector. Separately, the UK Construction PMI fell to 44.6 in February from 48.1 in January, below market forecasts of 49.5. The latest reading indicated the sharpest decline in overall construction activity since May 2020, driven by weak demand, elevated borrowing costs, and a shortage of new projects to replace completed ones. On the price front, average cost burdens rose the most in nearly two years. Finally, business expectations worsened albeit remaining positive overall.

The UK economy contracted 0.1% m/m in January, following a 0.4% rise in December, but worse than market expectations of a 0.1% gain. The largest downward contribution came from the production sector which fell 0.9%, after a 0.5% rise in the previous period. Conversely, services expanded 0.1%, after a 0.4% rise in the previous period, led by administrative and support services and wholesale and retail trade. Elsewhere, the UK's trade deficit declined to £2.64 billion in January, down from £2.82 billion in December, marking the smallest trade gap since September.

The UK recorded a 144k rise in employment in the three months to January, following an upwardly revised 88k increase in the previous period, and significantly above market forecasts of a 95k rise. This marked the fastest job growth in three months. Meanwhile, average weekly earnings (including bonuses) increased 5.8% y/y in the three months to January, marking a slowdown from an upwardly revised 6.1% growth in the previous period.

The Chancellor's Spring Statement saw fiscal policy tightened by around £9.7bn in 2029-30, reversing around 30% of the 1% loosening that was put in place last Autumn. Moreover, the Office for Budget Responsibility cut its forecasts for 2025 growth by half to 1% while pushing up their expectations for future years.

The Bank of England's Monetary Policy Committee kept Bank Rate unchanged at 4.5% during its March meeting, matching market expectations. Policymakers maintained their wait-and-see approach amid stubbornly high inflation and global economic uncertainties. One member, Swati Dhingra, suggested a 25bps reduction to 4.25%. The accompanying minutes reiterated that given the medium-term inflation outlook, a gradual and cautious approach to further withdrawal of monetary policy restraint remains appropriate.

The Consumer Price Index increased 0.4% m/m in February, rebounding from a 0.1% drop in January and below forecasts of a 0.5% rise. The headline annual rate fell to 2.8% in February, down from 3% in the previous month, matching the Bank of England's forecasts. The largest downward contribution came from prices of clothing which declined for the first time since October 2021. In contrast, prices rose faster for transport, restaurants and hotels.

In the retail sector, overall sales increased 1% m/m in February, defying expectations of a 0.3% fall, following a downwardly revised 1.4% gain in the previous month. Sales in household goods stores surged, marking the strongest monthly gain since April 2021, with hardware stores having the largest upward contribution. Meanwhile, the GfK Consumer Confidence Index edged up to -19 in March, marking its second consecutive monthly increase, compared to -20 in February. Elsewhere, public sector net borrowing, excluding public sector banks, rose slightly to £10.7 billion in February from £10.6 billion a year prior, exceeding the expected £6.6 billion. Total public sector spending increased by £3.8 billion year-on-year, driven by higher departmental spending on goods, services, and local government operations.

US Economy

The US economy added 151k jobs in February, up from a downwardly revised 125k in January and compared to forecasts of 160k. Employment trended up in health care, financial activities, transportation, warehousing, and social assistance. Meanwhile, federal government employment declined by 10K, already reflecting some of the impact of the DOGE layoffs although the effects of federal spending cuts and tariffs are expected to weigh more on the labour market in the coming months. Meanwhile, the US economy expanded an annualised 2.4% in Q4 2024, slightly higher than 2.3% in previous estimates, resultant of a downward revision to imports. However, the reading was still below the 3.1% seen in Q3. Personal consumption remained the main driver of growth, while investment in intellectual property products and fixed investment shrank. Finally, the annual inflation rate in the US eased to 2.8% in February from 3% in January, below forecasts of 2.9%. Away from data releases, the Fed kept the Federal Funds Rate unchanged at 4.25%-4.5% during its March meeting.

EU Economy

The annual inflation rate in the Eurozone eased to 2.3% in February, slightly below the preliminary estimates of 2.4% and down from a six-month high of 2.5% in January, as price growth slowed for services and energy. Meanwhile, the core inflation rate, which excludes volatile food and energy prices, fell to 2.6%, its lowest level since January 2022. The Eurozone economy grew an annualised 1.2% in Q4 2024, surpassing initial estimates of 0.9% and accelerating from a revised 1% growth in the previous quarter. This marked the fastest expansion since early 2023, fuelled by lower borrowing costs and easing inflationary pressures. Among the bloc's largest economies, Spain led with a strong 3.5% growth, followed by the Netherlands, France, and Italy. In contrast, Germany, the Eurozone's largest economy, remained in contraction, shrinking by 0.2%.

Housing

The Halifax House Price Index in the UK rose 2.9% y/y in February, unchanged from January's revised six-month low and below market forecasts of 3.1%. The Nationwide House Price Index rose 3.9% y/y in March, matching the pace of February.

Currency

Sterling appreciated against the Dollar, but depreciated against the Euro.

| March | Start | End | High | Low |
|---------|----------|----------|----------|----------|
| GBP/USD | \$1.2701 | \$1.2908 | \$1.2985 | \$1.2701 |
| GBP/EUR | €1.2113 | €1.1950 | €1.2113 | €1.1849 |

Interest Rate Forecasts

MUFG Corporate Markets maintained its current forecast, while Capital Economics revised their forecasts and predict future cuts to occur a quarter later than previously expected.

| Bank Rate | Now | Mar-25 | Jun-25 | Sep-25 | Dec-25 | Mar-26 | Jun-26 | Sep-26 | Dec-26 | Mar-27 | Jun-27 | Sep-27 | Dec-27 | Mar-28 |
|------------------------|-------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| MUFG Corporate Markets | 4.50% | 4.50% | 4.25% | 4.25% | 4.00% | 3.75% | 3.75% | 3.75% | 3.50% | 3.50% | 3.50% | 3.50% | 3.50% | 3.50% |
| Capital Economics | 4.50% | 4.50% | 4.25% | 4.25% | 4.00% | 3.75% | 3.50% | 3.50% | 3.50% | - | - | - | - | - |

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 | 30,000,000 | 4.54% | | MMF | AAAm | | |
| MMF CCLA | 20,000,000 | 4.50% | | MMF | AAAm | | |
| MMF Deutsche | 30,000,000 | 4.52% | | MMF | AAAm | | |
| MMF Federated Investors (UK) | 30,000,000 | 4.53% | | MMF | AAAm | | |
| MMF Invesco | 51,500,000 | 4.58% | | MMF | AAAm | | |
| USDBF Aberdeen Standard Investments | 57,256,134 | 5.24% | | USDBF | AAAf | | |
| USDBF Federated Sterling Cash Plus Fund | 28,635,816 | 5.07% | | USDBF | AAAf | | |
| USDBF Payden Sterling Reserve Fund | 68,605,143 | 5.08% | | USDBF | AAAf | | |
| Royal Borough of Kensington and Chelsea | 10,000,000 | 6.20% | 21/03/2025 | 10/04/2025 | AA- | 0.001% | 0 |
| Royal Borough of Kensington and Chelsea | 10,000,000 | 6.28% | 21/03/2025 | 10/04/2025 | AA- | 0.001% | 0 |
| Australia and New Zealand Banking Group Ltd | 20,000,000 | 4.80% | 29/01/2025 | 29/04/2025 | AA- | 0.002% | 347 |
| Central Bedfordshire Council | 20,000,000 | 4.90% | 08/10/2024 | 08/05/2025 | AA- | 0.002% | 0 |
| Surrey County Council | 5,000,000 | 5.70% | 28/02/2025 | 28/05/2025 | AA- | 0.003% | 0 |
| Stockport Metropolitan Borough Council | 20,000,000 | 4.90% | 14/10/2024 | 05/06/2025 | AA- | 0.004% | 0 |
| Landesbank Hessen-Thueringen Girozentrale (Helaba) | 20,000,000 | 5.27% | 07/06/2024 | 09/06/2025 | A+ | 0.009% | 1746 |
| Cornwall Council | 20,000,000 | 5.75% | 19/03/2025 | 19/06/2025 | AA- | 0.005% | 0 |
| Toronto Dominion Bank | 20,000,000 | 5.21% | 05/07/2024 | 04/07/2025 | A+ | 0.012% | 2369 |
| Goldman Sachs International Bank | 15,000,000 | 4.81% | | Call106 | A+ | 0.013% | 1983 |
| Goldman Sachs International Bank | 15,000,000 | 4.81% | | Call106 | A+ | 0.013% | 1983 |
| Toronto Dominion Bank | 20,000,000 | 5.16% | 17/07/2024 | 17/07/2025 | A+ | 0.013% | 2694 |
| Surrey County Council | 20,000,000 | 5.50% | 27/01/2025 | 28/07/2025 | AA- | 0.007% | 0 |
| Cooperatieve Rabobank U.A. | 20,000,000 | 5.00% | 01/08/2024 | 01/08/2025 | A+ | 0.015% | 3068 |
| Doncaster Metropolitan Borough Council | 10,000,000 | 5.65% | 03/03/2025 | 03/09/2025 | AA- | 0.009% | 0 |
| Lancashire County Council | 20,000,000 | 4.80% | 30/09/2024 | 30/09/2025 | AA- | 0.011% | 0 |
| Australia and New Zealand Banking Group Ltd | 45,000,000 | 4.68% | | Call185 | AA- | 0.011% | 4976 |
| Standard Chartered Bank | 20,000,000 | 4.54% | 17/02/2025 | 17/11/2025 | A+ | 0.029% | 5761 |
| Toronto Dominion Bank | 10,000,000 | 4.53% | 24/02/2025 | 24/11/2025 | A+ | 0.030% | 2968 |
| Goldman Sachs International Bank | 20,000,000 | 4.60% | 21/02/2025 | 28/11/2025 | A+ | 0.030% | 6036 |
| Rochdale Metropolitan Borough Council | 10,000,000 | 4.75% | 06/03/2025 | 08/12/2025 | AA- | 0.015% | 0 |

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 (£) |
|--|---------------------|---------------|------------|---------------|-------------------------|--------------------------|--------------------------|
| Doncaster Metropolitan Borough Council | 10,000,000 | 4.75% | 14/03/2025 | 15/12/2025 | AA- | 0.015% | 0 |
| NatWest Markets Plc (NRFB) | 20,000,000 | 4.79% | 10/01/2025 | 12/01/2026 | A | 0.036% | 7158 |
| NatWest Markets Plc (NRFB) | 20,000,000 | 4.47% | 13/02/2025 | 12/02/2026 | A | 0.040% | 7931 |
| Walsall Metropolitan Borough Council | 10,000,000 | 4.75% | 14/03/2025 | 13/03/2026 | AA- | 0.021% | 0 |
| NatWest Markets Plc (NRFB) | 20,000,000 | 5.30% | 28/05/2024 | 28/05/2026 | A | 0.058% | 11670 |
| NatWest Markets Plc (NRFB) | 30,000,000 | 6.20% | 07/08/2023 | 07/08/2026 | A | 0.074% | 22218 |
| Borrower - Funds | Principal (£) | Interest Rate | Start Date | Maturity Date | | | |
| L&G | 80,369,926 | 5.38% | | | | | |
| ROYAL LONDON | 80,262,646 | 5.83% | | | | | |
| Total Investments | £956,629,665 | 5.09% | | | | | |
| Total Investments - excluding Funds | £795,997,093 | 4.98% | | | | 0.020% | £82,907 |
| Total Investments - Funds Only | £160,632,572 | 5.60% | | | | | |

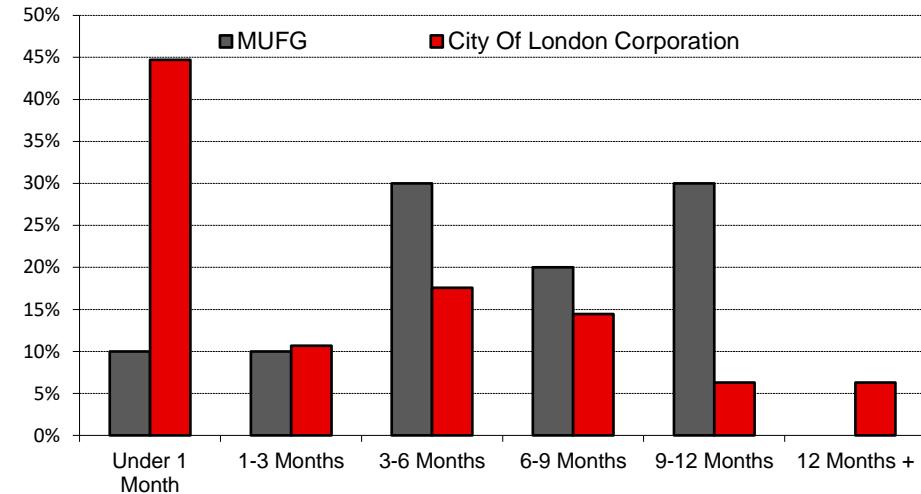
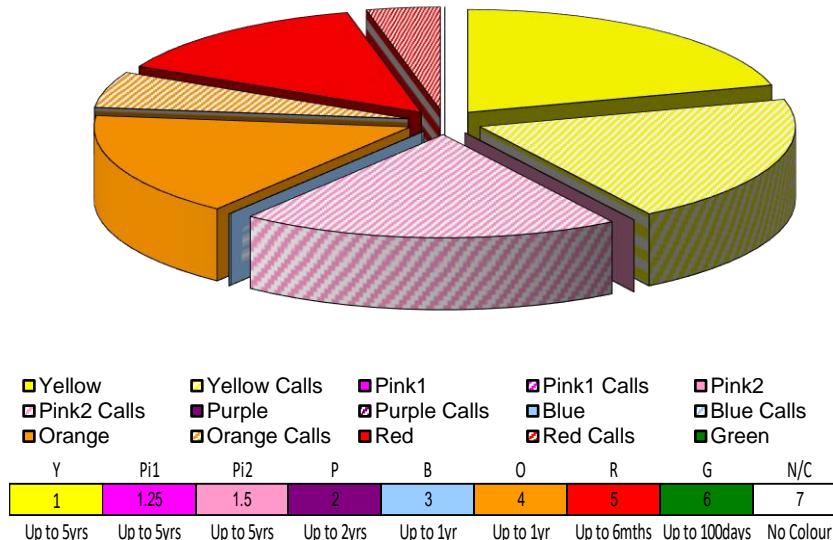
Note: An historic risk of default is only provided if a counterparty has a counterparty credit rating and is not provided for an MMF or USDBF, for which the rating agencies provide a fund rating. The portfolio's historic risk of default therefore measures the historic risk of default attached only to 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 1990-2024 for Fitch, 1983-2024 for Moody's and 1981 to 2024 for S&P.

Where MUFG Corporate Markets have provided a return for a property fund, that return covers the 12 months to December 2024, which are the latest returns currently available.

City Of London Corporation

Portfolio Composition by MUFG's Suggested Lending Criteria



Portfolios weighted average risk number = 2.46

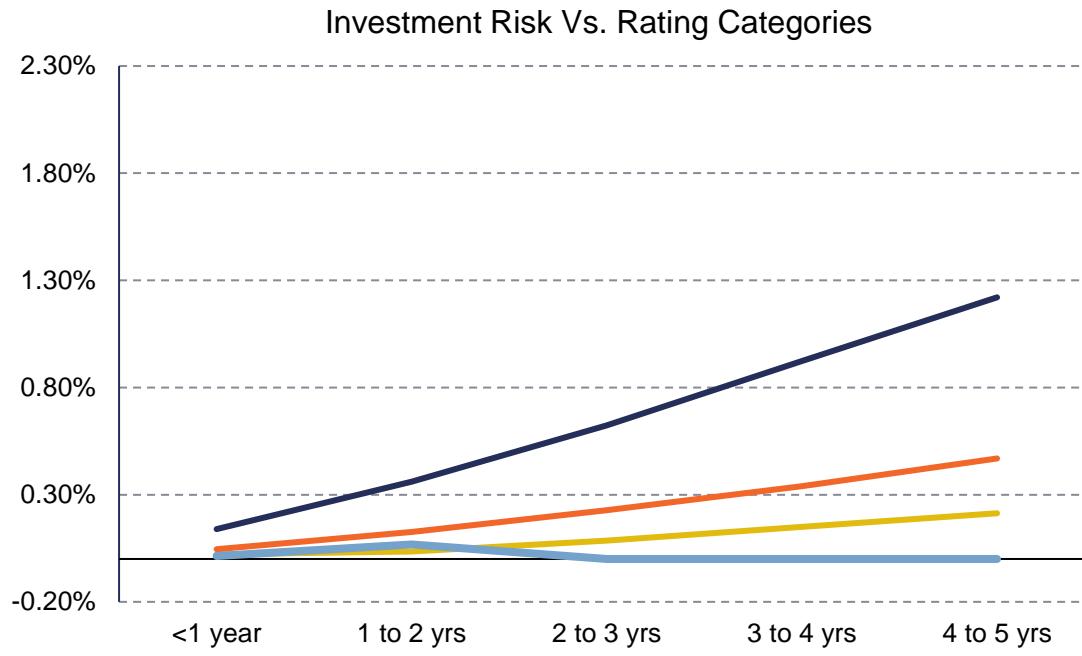
WARoR = Weighted Average Rate of Return

WAM = Weighted Average Time to Maturity

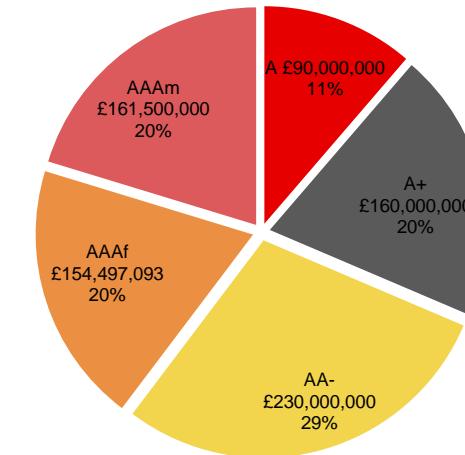
| | Excluding Calls/MMFs/USDBFs | | | | | | | | | |
|------------------|-----------------------------|---------------------|----------------------|---------------------------|------------------------|--------------|------------|------------------|------------|------------------|
| | % of Portfolio | Amount | % of Colour in Calls | Amount of Colour in Calls | % of Call in Portfolio | WARoR | WAM | WAM at Execution | WAM | WAM at Execution |
| Yellow | 41.02% | £326,500,000 | 49.46% | £161,500,000 | 20.29% | 4.91% | 62 | 103 | 123 | 203 |
| Pink1 | 0.00% | £0 | 0.00% | £0 | 0.00% | 0.00% | 0 | 0 | 0 | 0 |
| Pink2 | 19.41% | £154,497,093 | 100.00% | £154,497,093 | 19.41% | 5.14% | 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 | 21.99% | £175,000,000 | 25.71% | £45,000,000 | 5.65% | 4.89% | 136 | 272 | 119 | 302 |
| Red | 17.59% | £140,000,000 | 21.43% | £30,000,000 | 3.77% | 5.10% | 310 | 506 | 366 | 615 |
| 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 |
| | 100.00% | £795,997,093 | 49.12% | £390,997,093 | 49.12% | 4.98% | 110 | 191 | 188 | 347 |

City Of London Corporation

Investment Risk and Rating Exposure



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.

| 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% | 0.34% | 0.47% |
| BBB | 0.14% | 0.36% | 0.62% | 0.92% | 1.22% |
| Council | 0.01% | 0.07% | 0.00% | 0.00% | 0.00% |

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 |
|------------|---------------|--------------------------------|----------------|---|
| 06/03/2025 | 2072 | Co-operative Bank PLC (The) | United Kingdom | All ratings were withdrawn. |
| 26/03/2025 | 2074 | Commonwealth Bank of Australia | Australia | The Outlook on the Long Term Rating was changed to Positive from Stable. All other ratings were affirmed. |

City Of London Corporation

Monthly Credit Rating Changes
S&P

| Date | Update Number | Institution | Country | Rating Action |
|------------|---------------|-------------|---------|---|
| 03/03/2025 | 2071 | France | France | The Outlook on the Sovereign Rating was changed to Negative from Stable. All other ratings were affirmed. |

City Of London Corporation

Monthly Credit Rating Changes
MOODY'S

| Date | Update Number | Institution | Country | Rating Action |
|------------|---------------|--------------------|----------------|--|
| 31/03/2025 | 2073 | Close Brothers Ltd | United Kingdom | The Long Term Rating was downgraded to A2 from A1. All other ratings were affirmed and remain on Negative Watch. |

Whilst MUFG Corporate Markets makes every effort to ensure that all the information it provides is accurate and complete, it does not guarantee the correctness or the due receipt of such information and will not be held responsible for any errors therein or omissions arising there from. All information supplied by MUFG Corporate Markets should only be used as a factor to assist in the making of a business decision and should not be used as a sole basis for any decision. The Client should not regard the advice or information as a substitute for the exercise by the Client of its own judgement.

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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 |
|----|--|------------------------|---------------------|----------------------|--------------------|-----------------------|----------------|-------------------------------|
| | UK Banks and their wholly owned subsidiaries | | | | | | | |
| 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 |
| | Building Societies | | | | | | | |
| 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 |
| | Foreign Banks | | | | | | | |
| 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) | | | | | | | |
| | <u>Money Market Funds - Parent Companies Used (MMFs don't have net-zero targets)</u> | | | | | | | |
| 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 |
| | <u>Ultra Short Dates Bonds</u> | | | | | | | |
| 35 | Payden Sterling Reserve Fund | UK | Y | 2050 | Based on engagement and other factors | Y | Both | Y |
| 36 | Federated Hermes Sterling Cash Plus Fund* - Same as Parent company (31) | | | | | | | |
| 37 | Aberdeen Standard Investments Short Duration Managed Liquidity Fund** - Same as parent company (32) | | | | | | | |
| | <u>Short Dated Bond Funds</u> | | | | | | | |
| 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 |

Agenda Item 14

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Agenda Item 16

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Agenda Item 18

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Agenda Item 19a

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Agenda Item 19b

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Agenda Item 20

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