



## Investment Committee – Main Agenda

**Date:** MONDAY, 21 JULY 2025  
**Time:** 11.00 am  
**Venue:** COMMITTEE ROOMS, 2ND FLOOR, WEST WING, GUILDHALL

**Members:**

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

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<https://www.youtube.com/@CityofLondonCorporation/streams>

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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. **MINUTES**  
To approve the public minutes and non-public summary of the meeting held on 27<sup>th</sup> May 2025.  
  
**For Decision**  
(Pages 5 - 10)
4. **FORWARD PLAN**  
Joint Report of the Town Clerk, the Chamberlain and the City Surveyor.  
  
**For Information**  
(Pages 11 - 14)
5. **INVESTMENT PROPERTY TRANSACTIONS – GOVERNANCE**  
Report of the City Surveyor.  
  
**For Decision**  
(Pages 15 - 20)
6. **TREASURY MANAGEMENT UPDATE AS AT 31 MAY 2025**  
Report of the Chamberlain.  
  
**For Information**  
(Pages 21 - 44)
7. **CSD BUSINESS PLAN – 4TH QUARTER PROGRESS**  
Report of the City Surveyor.  
  
**For Information**  
(Pages 45 - 54)
8. **RISK REGISTER FOR INVESTMENT COMMITTEE**  
Joint Report of the City Surveyor and the Chamberlain.  
  
**For Information**  
(Pages 55 - 102)
9. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
10. **ANY OTHER BUSINESS THAT THE CHAIR CONSIDERS URGENT**

11. **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**

12. **NON-PUBLIC MINUTES**

To approve the non-public minutes of the meeting held on 27<sup>th</sup> May 2025.

**For Decision**  
(Pages 103 - 106)

13. **ALL ESTATES - REVIEW OF METRICS USED IN MAKING MAJOR PROPERTY DECISIONS - 1ST ANNUAL REVIEW**

Report of the City Surveyor.

**For Decision**  
(Pages 107 - 120)

14. **CITY FUND AND CITY'S ESTATE CASHFLOW AND CAPITAL REALISATION - QUARTERLY UPDATE**

Joint Report of the City Surveyor and the Chamberlain.

**For Decision**  
(Pages 121 - 128)

15. **SIR WILLIAM COXEN TRUST FUND PERFORMANCE MONITORING TO 31 MARCH 2025**

Report of the Chamberlain.

**For Decision**  
(Pages 129 - 134)

16. **GW1-5 - BASTION HOUSE STRIP OUT**

Report of the City Surveyor.

**For Decision**  
(Pages 135 - 148)

17. **BELIEFS SURVEY UPDATE - VERBAL UPDATE**

Chamberlain to be heard.

**For Information**

18. **IMPACT INVESTING – UPDATE**

*To follow*

**For Information**

19. **PERFORMANCE MONITORING TO 31 MAY 2025: CITY'S ESTATE**  
Report of the Chamberlain.  
**For Information**  
(Pages 149 - 172)
20. **CITY FUND, CITY'S ESTATE AND STRATEGIC PROPERTY ESTATE - ANNUAL VALUATION**  
Report of the City Surveyor.  
**For Information**  
(Pages 173 - 178)
21. **CITY SURVEYOR REVENUE OUTTURN 2024-25**  
Joint Report of the City Surveyor and the Chamberlain.  
**For Information**  
(Pages 179 - 190)
22. **CITY'S ESTATE AND CITY FUND RENTAL ESTIMATES MONITORING REPORT - JUNE FORECAST (HALF YEARLY REPORT)**  
Report of the City Surveyor.  
**For Information**  
(Pages 191 - 194)
23. **IPG - CLIMATE ACTION STRATEGY PRESENTATION - VERBAL UPDATE**  
The City Surveyor to be heard.  
**For Information**
24. **HAMPSTEAD HEATH TRUST INVESTMENT PERFORMANCE MONITORING TO 31 MARCH 2025**  
Report of the Chamberlain.  
**For Information**  
(Pages 195 - 200)
25. **CHARITIES POOL INVESTMENT PERFORMANCE MONITORING TO 31 MARCH 2025**  
Report of the Chamberlain.  
**For Information**  
(Pages 201 - 208)
26. **DELEGATIONS REQUEST**  
Report of the City Surveyor.  
**For Decision**  
(Pages 209 - 212)
27. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

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

**Part 3 - Confidential Agenda**

29. **MARKET SITES REGENERATION PROGRAMME FURTHER INFORMATION**  
Report of the City Surveyor.

**For Decision**

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## INVESTMENT COMMITTEE Tuesday, 27 May 2025

Minutes of the meeting of the Investment Committee held at Committee Rooms, 2nd Floor, West Wing, Guildhall on Tuesday, 27 May 2025 at 11.00 am

### Present

#### Members:

Shahnan Bakth (Chair)  
Deputy Madush Gupta (Deputy Chair)  
Claudine Blamey (External Member)  
David Brooks Wilson (External Member)  
Alderman Alison Gowman CBE  
Alderman Prem Goyal OBE  
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

#### Officers:

Caroline Al-Beyerty	- Chamberlain
Paul Wilkinson	- City Surveyor
John James	- Chamberlain's Department
Kate Limna	- Chamberlain's Department
Sarah Port	- Chamberlain's Department
Andrew Cross	- City Surveyor's Department
John Galvin	- City Surveyor's Department
Robert Murphy	- City Surveyor's Department
Ben Dunleavy	- Town Clerk's Department
Jenny Wong	- Chamberlain's Department (on line)
Priyanka Naidoo	- Chamberlain's Department (on line)

#### Also in attendance

Deputy Peter Dunphy	
Steve Turner	- Mercer
Charles Franklin	- Stanhope
Maria Zahn	- Stanhope (on line)

#### 1. APOLOGIES

Apologies for absence were received from Nick Bensted-Smith, Deputy Henry Colthurst and Deputy Christopher Hayward.

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

There were no additional declarations.

3. **ORDER OF THE COURT**

Members received the Order of the Court of Common Council dated 25 April 2025.

4. **ELECTION OF CHAIR**

The Committee proceeded to elect a Chair in accordance with Standing Order No. 28.

Shahnan Bakth, being the only Member expressing their willingness to serve, was duly elected as Chair for the ensuing year and took the Chair.

The Chair thanked the Committee for its support, and took the opportunity to thank all Members who had served in the Committee over the past 12 months.

RESOLVED, that – Shahnan Bakth be elected Chair of the Investment Committee for the ensuing year

5. **ELECTION OF DEPUTY CHAIR**

The Committee proceeded to elect a Deputy Chair in accordance with Standing Order No. 29.

Deputy Madush Gupta, as the only Member expressing their willingness to serve, was duly elected as Deputy Chair for the ensuing year.

RESOLVED, that – Deputy Madush Gupta be elected Deputy Chair of the Investment Committee for the ensuing year.

The Chief Commoner, Deputy Henry Pollard, moved a Vote of Thanks to Deputy Andrien Meyers, the past Chair of the Committee.

RESOLVED UNANIMOUSLY, that – the Members of the Investment Committee wish to extend their heartfelt appreciation to

Deputy Andrien Gereith Dominic Meyers

for his dedication and commitment during his tenure as Chair of the Investment Committee. The knowledge, dedication and enthusiasm brought by Andrien to this role over the past two years has provided the Committee with leadership at a time when the City of London Corporation's investment portfolio faces significant pressures.

ANDRIEN, having served as Chair of the Financial and Property Investment Boards, was instrumental in the formation of the new Investment Committee in 2023. His leadership and vision have supported increased collaboration across Committees and departments in pursuit of a holistic approach to the management and utilisation of the City of London Corporation's investment portfolio. Critically, he has been a motivating leader for the Officers in Chamberlains and City Surveyors.

WITH ANDRIEN'S GUIDANCE, the Committee worked to develop the Investment Strategy through a new approach to asset allocation and the



implementation of the Statement of Investment Principles. These will ensure that we achieve the required rate of return from our investment asset base over the long term and we regard Andrien's stewardship, at a time when the City Corporation has had to make unprecedented decisions on drawdowns from its investment assets, as a valuable asset in itself.

THROUGHOUT ANDRIEN'S TERM, both the property and financial investment portfolios have weathered the storm of turbulent markets and emerged with a strong foundation to support the ambitions of the Corporate Plan.

ANDRIEN'S COMMITMENT to agile, dynamic and informed decision-making has resulted in enhanced governance for the Investment Committee and the City Corporation. The new approach to delegations for investment property transactions will allow for more active management of the portfolio in support of the agreed strategies while his championing of External Members has broadened the expertise available to the Committee.

IN TAKING ITS LEAVE OF ANDRIEN, Members of the Investment Committee are confident that, in his new role as Deputy Chair of the Finance Committee and beyond, he will continue to champion the careful stewardship of the City of London Corporation's investment portfolio.

FINALLY, THE COMMITTEE WISHES TO PLACE ON RECORD its sincere thanks to Andrien for his great passion and commitment in the role of Chair of Investment Committee.

6. **MINUTES**

The public minutes and non-public summary of the meeting held on 17 February 2025 were approved as a correct record.

7. **ACTION TRACKER**

There was no report.

8. **FORWARD PLAN**

The Committee's Forward Plan was noted.

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

Members received a joint report of the Chamberlain and the City Surveyor concerning the risks overseen by the Committee.

RESOLVED, that – Members:

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

10. **TREASURY MANAGEMENT UPDATE AS AT 31 MARCH 2025**

Members received a report of the Chamberlain concerning treasury management.

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

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

There were no questions.

**12. ANY OTHER BUSINESS THAT THE CHAIR CONSIDERS URGENT**

There was no other business.

**13. 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.

**14. NON-PUBLIC MINUTES**

The non-public minutes of the meeting held on 17 February 2025 were approved as a correct record.

**15. LEADENHALL MARKET STRATEGY UPDATE**

Members considered a report of the City Surveyor concerning Leadenhall Market.

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

Members received a report of the Chamberlain concerning the capital realisation strategy.

**17. IMPACT INVESTMENT**

Members received a presentation from the Chief Investment Officer concerning impact investment.

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

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

**19. PERFORMANCE MONITORING**

**19.1 Quarterly Report to 31 March 2025**

Members received the Quarterly Monitoring report for Q3 2024; this report was produced by Mercer.

**19.2 Performance Monitoring to 31 March 2025: City's Estate**

Members received a report of the Chamberlain concerning performance monitoring of financial investments.

**20. DELEGATIONS REQUEST**

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

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

Members received a report of the City Surveyor concerning performance monitoring of property investments.

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

There were no questions in the non-public session.

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

There was no non-public business.

**The meeting ended at 12.35 pm**

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Chairman

**Contact Officer: Ben Dunleavy**  
**[ben.dunleavy@cityoflondon.gov.uk](mailto:ben.dunleavy@cityoflondon.gov.uk)**

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	27 May 2025	21 July 2025	6 October 2025	1 December 2025
<b>Overall Investment Portfolio (Chamberlains and City Surveyors)</b>	<p>City Surveyor's &amp; Corporate Treasury Risk Report</p> <p>City's Estate Dashboard (OCIO) – quarterly</p> <p>City Fund &amp; City's Estate Cashflow position and capital realisation – monitoring</p>	<p>City Surveyor's &amp; Corporate Treasury Risk Report</p> <p>City Fund &amp; City's Estate Cashflow position and capital realisation – monitoring</p>	<p>City Surveyor's &amp; Corporate Treasury Risk Report</p> <p>City's Estate Dashboard (OCIO) – quarterly</p> <p>City Fund &amp; City's Estate Cashflow position and capital realisation – monitoring</p>	<p>City Surveyor's &amp; Corporate Treasury Risk Report</p> <p>City Fund &amp; City's Estate Cashflow position and capital realisation – monitoring</p>
<b>Investment Property</b>	<p>City Fund and City's Estate : Investment Property Monitoring 6 monthly report</p> <ul style="list-style-type: none"> <li>• Vacant Accommodation Update</li> <li>• Rent Reviews/Lease Renewals</li> <li>• Arrears</li> </ul>	<p>City Fund, City's Estate and Strategic Property Estate – Annual Valuation report</p> <p>City's Estate and City Fund Rental Estimates Monitoring Report - June Forecast (6 monthly report)</p>	<p>City Fund and City's Estate: Delegated Authorities - Decisions Update report</p> <p>City's Estate &amp; City Fund Estate: Performance Monitoring of Property Investment Portfolios to 31<sup>st</sup> March 2025</p>	<p>City Fund and City's Estate : Investment Property Monitoring 6 monthly report:</p> <ul style="list-style-type: none"> <li>• Vacant Accommodation Update</li> <li>• Rent Reviews/Lease Renewals</li> <li>• Arrears</li> </ul>
	<p>Delegation Requests</p> <p>Leadenhall Market Strategy report</p>	<p>City Surveyor Revenue Outturn 2024-25</p> <p>Appendix : Revenue Works Programme 24/25 Progress</p>	<p>Delegation Requests</p>	<p>City Surveyor Revenue Budgets (City Fund and City's Cash) – Latest Approved 2024/25 and Original Estimates 2025/26</p>
		<p>Investment Governance update</p> <p>All Estates – Review of Metrics Used in Making Major Property Decisions – 1<sup>st</sup> Annual Review</p>		<p>City Fund &amp; City's Estate Revenue Works Programme – 24/25 Progress Report (half yearly report)</p>

		CSD Business Plan – 4 <sup>th</sup> Quarter Progress.  Bastion House Strip-out – GW 1-5 report		Business Plan – 2 <sup>nd</sup> Quarter Progress.  Delegation Requests
		Delegation Requests		
<b>Financial Investments</b>	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)
<b>Treasury Management</b>	Treasury Management Update	Treasury Management Update	Treasury Management Update  Treasury Management Outturn 2024-25	Treasury Management Update  Mid-Year Treasury Review
<b>Town Clerk’s Department</b>			Annual Terms of Reference Review	



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## City of London Corporation Committee Report

<b>Committee(s):</b> Investment Committee – For decision Finance Committee – For decision Policy & Resources Committee – For Decision	<b>Dated:</b> 21 July 2025 9 September 2025 18 September 2025
<b>Subject:</b> Investment governance update	<b>Public report:</b> For Decision
<b>This proposal:</b> <ul style="list-style-type: none"> <li>• <b>delivers Corporate Plan 2024-29 outcomes</b></li> </ul>	All outcomes - the City Corporation's investment portfolio provides the financing behind delivery of the Corporate Plan outcomes
<b>Does this proposal require extra revenue and/or capital spending?</b>	No
<b>If so, how much?</b>	n/a
<b>What is the source of Funding?</b>	n/a
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	n/a
<b>Report of:</b>	City Surveyors (CS 170/25) Town Clerk
<b>Report author:</b>	Robert Murphy Ben Dunleavy

### Summary

The Court of Common Council approved increases to the thresholds for investment property transactions as set out in Standing Orders at its meeting in May 2025, on the recommendation of the Policy & Resources Committee following consideration by the Investment and Finance Committees. One effect of changes was to raise the threshold under which transactions could be approved under officer delegation to £20 million. As part of the approval process, officers undertook to return to Members with further information on the internal procedure that will be applied for taking those delegated decisions. This report explains the procedure and also seeks approval for an additional amendment to the Standing Orders to include leasehold restructurings.

### Recommendation(s)

Members are asked to note the procedure for approving investment property transactions as set out at paragraph 5 and 2.

Members of the Investment and Finance Committees are asked to endorse the following to the Policy and Resources Committee, for onward recommendation to the Court of Common Council:

- Amend the thresholds for investment property transactions in Standing Orders as set out at paragraphs 3 to 5 and in Appendix 1.
- Authorise the Town Clerk to make the necessary amendment to the Scheme of Delegation to Officers to give effect to these changed thresholds.

## **Main Report**

### *Property transaction thresholds*

## **Delegated Authority Procedure**

### **Background**

1. The thresholds for property transactions (both investment and operational) are contained at Part 9 of the Standing Orders. In 2024, Members at various meetings directed officers to review these thresholds as they had stood for some time. Members of the Resource Allocation Sub Committee, at their informal annual away day in 2024, also noted that the current arrangements hindered the dynamic management of the investment property portfolio, especially at a time when funds were required to support the City Corporation's capital commitments.
2. At their February 2025 meetings, the Investment and Finance Committees and the City Bridge Foundation Board were presented with proposed revisions to the Standing Orders, as part of wider reports on investment governance and the City Bridge Foundation Board's governance arrangements respectively. They endorsed the recommendations to increase the thresholds so that all transactions below £20million would be approved under delegation to officers. Transactions of £20million to less than £50million would require approval from the relevant Committees, while any transactions of £50million and over would require further approval from the Court of Common Council. This was subsequently recommended by the Policy & Resources Committee to the Court of Common Council and approved in May 2025.
3. Members supported the changes as it was felt they would allow for more dynamic management of the investment portfolios; the increased authorisation to officers would allow for decisions on property transactions to be made in a more agile manner, while still allowing Members to retain oversight of the strategic direction of the investment portfolio.
4. Members also noted that delegation procedure controls would be reviewed and updated proportionally, and that officers would return with an update on these.

### **Current Position**

5. The City Surveyor has reviewed the delegation procedure controls for City's Estate and City Fund, to be applied as follows:
  - a. The Annual Plan for both City Fund and City Estate to include the planned property interests for disposal.
  - b. If an acquisition or a disposal which has not been included in the Annual Plan is brought forward, approval to the principle of the transaction is to be agreed by the City Surveyor and Chamberlain.
  - c. The terms of transactions of up to a value of £10 million value is subject to the approval of the Director Investment Property Group.
  - d. The terms of transactions of between £10 million and £20 million value is subject to the approval of the City Surveyor.
  - e. All transactions will be subject to verification by the Valuation Panel.

- f. The Terms of Reference for the Valuation Panel for investment property transactions will be extended to include approval of the rationale, terms and value of the transaction.
- g. All proposed transactions will be subject to a report similar to a Committee Report which will be circulated for consultation across all the relevant departments specifically including the Chamberlain, City Surveyor, Comptroller and City Solicitor, Town Clerk.
- h. Town Clerk and City Surveyor will establish a system for auditing and recording all transactions within this procedure.
- i. Investment and Finance Committees will be notified of all transaction under delegated authorities in accordance with the current practice of updating on actions taken under delegation.

### **Proposed update to approved increases to the thresholds for investment property transactions**

- 6. The thresholds for property transactions (both investment and operational) are contained at Part 9 of the Standing Orders (SO 54, 56 and 57.)
- 7. This report refers only to the investment property assets for City Fund and City's Estate as defined at SO 54.1 and does not include operational property assets or those managed for City Bridge Foundation.
- 8. Leasehold Restructurings, set out in SO 57, currently require that the grant of any lease at less than full rack rent of 175 years or less is subject to the approval of the Investment Committee. The recommendation is to add grants of leases of at less than full rack rent of less than 175 years with premiums to be subject to the same delegation to officers.
- 9. For clarity, the changes to the Standing Order is included in the relevant appendices.
- 10. The approved increases to the thresholds for investment property transactions changes Standing Orders, so that all transactions below £20m would be approved under delegation to officers, with transactions of £50m and over requiring approval from the Court of Common Council. All transactions between these two limits would require approval from both the Investment and Finance Committees. The City Surveyor Scheme of Delegations is to be amended to incorporate the amended delegation in respect of City Fund and City's Estate property acquisitions and disposals.
- 11. Members were also asked to consider if, in the long-term, the thresholds for property transactions should be separated out from the Standing Orders into a set of guidelines, similar to the Procurement Code, with authority to amend this delegated by the Court to the Investment, Finance and Policy and Resources Committees; however, no opinion was given on this.

### **Corporate & Strategic Implications**

#### **Strategic implications**

- 12. The changes will support the delivery of the Corporate Plan 2024-2029 through improving the governance around the City Corporation's investments which help provide funding for the services in the Corporate Plan and in supporting the Investment Strategy.

### **Financial implications**

13. The changes would not require any additional spending.

### **Resource implications**

14. The recommendations will not require any additional resource. Raising the Standing Order thresholds would also reduce the number of transaction reports written by officers for Committee approval.

### **Legal implications**

15. The Comptroller and City Solicitor's department has been consulted, and their comments incorporated in the report.

### **Equalities implications**

16. The proposals in the report will not have any impact (positive or negative) on people protected by existing equality legislation.

### **Climate implications**

17. There are no climate implications.

### **Security implications**

18. There are no security implications.

### **Conclusion**

19. The recommended revisions to the above aspects of the governance of the City Corporation's investment assets will allow for more agile and dynamic decision-making at a time when the City Corporation is required to draw on its investment portfolio to support a range of activities, including its capital programme.

### **Appendices**

*Deletions are in the appendices are marked by being struck through; additions are underlined*

- Appendix 1 – Revisions to Standing Orders

**Standing Order 57 - Leasehold Disposals/Surrenders**City Fund & City's EstateAll lettings shall be subject to the following: -

- (a) lettings for a period of 30 years or less, including lease renewals and the grant of easements, wayleaves and similar arrangements as well as all rent reviews, shall be solely subject to the approval of the Committee having control of such property or any properly authorised Officer (under the scheme of delegations): -
- (b) for City Fund and City's Estate the grant of any lease at less than full rack rental value for a period of 175 years or more (including optional extensions of term) shall require the approval of the Investment Committee (investment property assets), The grant of any lease at less than full rack rental value for a period of 175 years or less (including optional extensions of term) shall be delegated to officers. Any premium being subject to the following approvals: -

Anticipated Receipt	Approval by
Less than £20,000,000 <del>£2,500,000</del>	Officer Delegation
<del>£20,000,000 to less than £50,000,000</del> <del>£2,500,000 to less than £5,000,000</del>	Investment Committee and Finance Committee
<u>£50,000,000 and above</u>	Investment Committee, Finance Committee and Court of Common Council

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## City of London Corporation Committee Report

<b>Committee(s):</b> Investment Committee – For Information	<b>Dated:</b> 21 July 2025
<b>Subject:</b> Treasury Management Update as at 31 May 2025	<b>Public report:</b> For Information
<b>This proposal:</b> <ul style="list-style-type: none"> <li>• <b>delivers Corporate Plan 2024-29 outcomes</b></li> <li>• <b>provides statutory duties</b></li> <li>• <b>provides business enabling functions</b></li> </ul>	Diverse Engaged Communities; Dynamic Economic Growth; Leading Sustainable Environment; Vibrant Thriving Destination; Providing Excellent Services; and Flourishing Public Spaces
<b>Does this proposal require extra revenue and/or capital spending?</b>	No
<b>If so, how much?</b>	£N/A
<b>What is the source of Funding?</b>	N/A
<b>Has this Funding Source been agreed with the Chamberlain’s Department?</b>	N/A
<b>Report of:</b>	The Chamberlain
<b>Report author:</b>	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 May 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 27 May 2025, when they received a report outlining the treasury position as at 31 March 2025.

The treasury management investment portfolio had a market value of £1,036.9m as at 31 May 2025, which is an increase of £80.3m from the balance previously reported as at as at 31 March 2025 (£956.6m).

The Consumer Prices Index (CPI) rose by 3.4% in the 12 months to May 2025, down from 3.5% in the 12 months to April. The Bank of England’s Monetary Policy Committee (MPC) voted to maintain interest rates at its meeting in June, after previously voting to reduce interest rates by 25bps to 4.25% at the May MPC. The market expectation is for two further rate cuts in 2025, with the potential of a further cut in the first half of 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 May 2025.

### **Current Position**

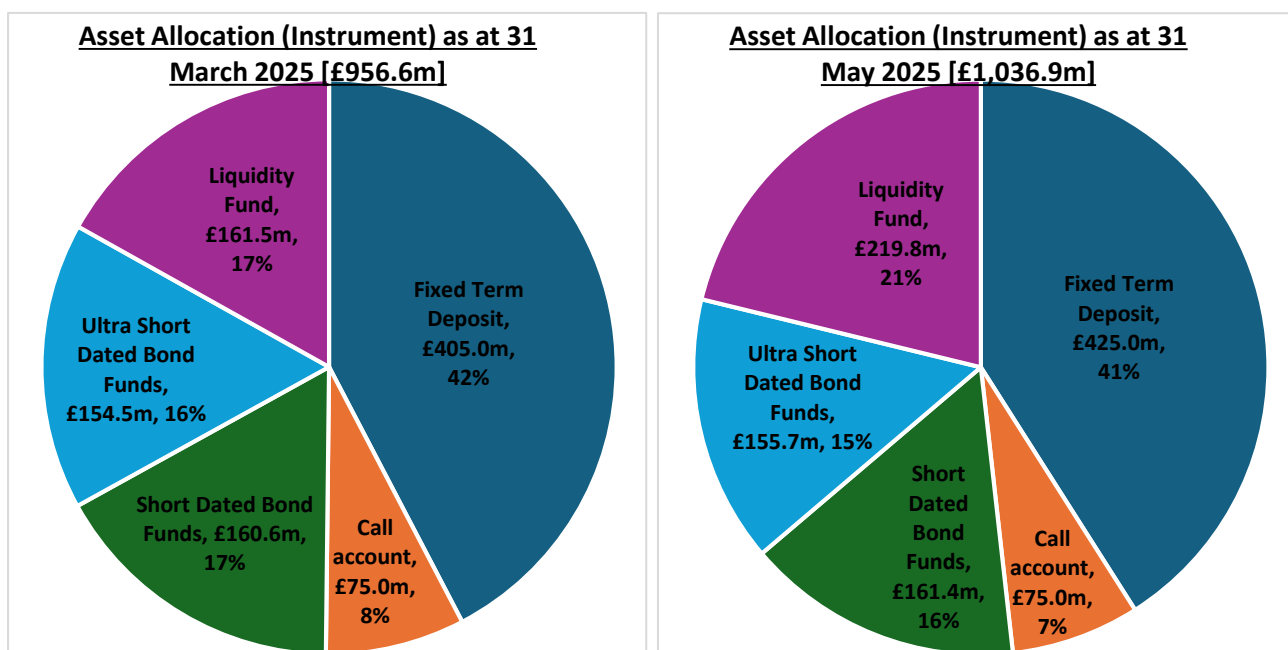
2. The treasury management investment portfolio had a market value of £1,036.9m as at 31 May 2025, which is an increase of £80.3m from the balance previously reported as at 31 March 2025 (£956.6m). This increase is principally due to:-
  - business rates income of £347.1m;
  - a financial investment drawdown of £19.6m in April to support City's Estate expenditure;
  - a property disposal receipt of £7.1m; partly offset by
  - business rates payments to central government of £227.7m;
  - expenditure on Major Projects of £36.6m; and
  - Museum of London drawdown payments totalling £9.9m.

### **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 March 2025 and 31 May 2025 is set out in Figure 1 below.

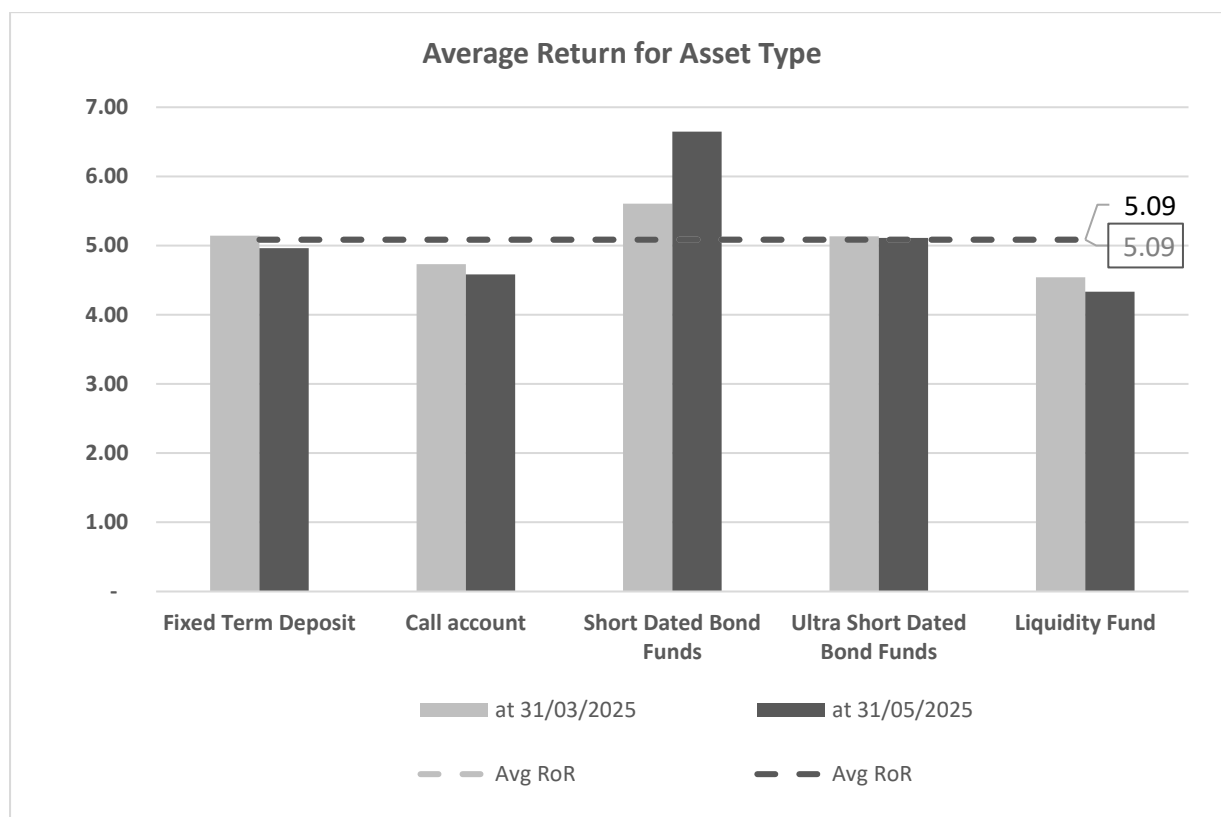


**Figure 1: Asset allocation as at 31 March 2025 and 31 May 2025.**



6. As at 31 May 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 (41%); an increase of £20m from the previous reporting date, due to the increase in the portfolio total as detailed at paragraph 2. Liquidity funds now make up around 21% 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 7% of the portfolio.
7. The ultra-short dated bond funds account for 15% 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 (16%) 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 March 2025 and 31 May 2025 is shown in Figure 2. Further analysis on the composition of the portfolio as at 31 May 2025 is provided in the Monthly Investment Report at Appendix 2, which demonstrates the average rate of return for the portfolio as at 31 May 2025 is 5.09 % (31 March: 5.09% also). 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 March 2025 and 31 May 2025**



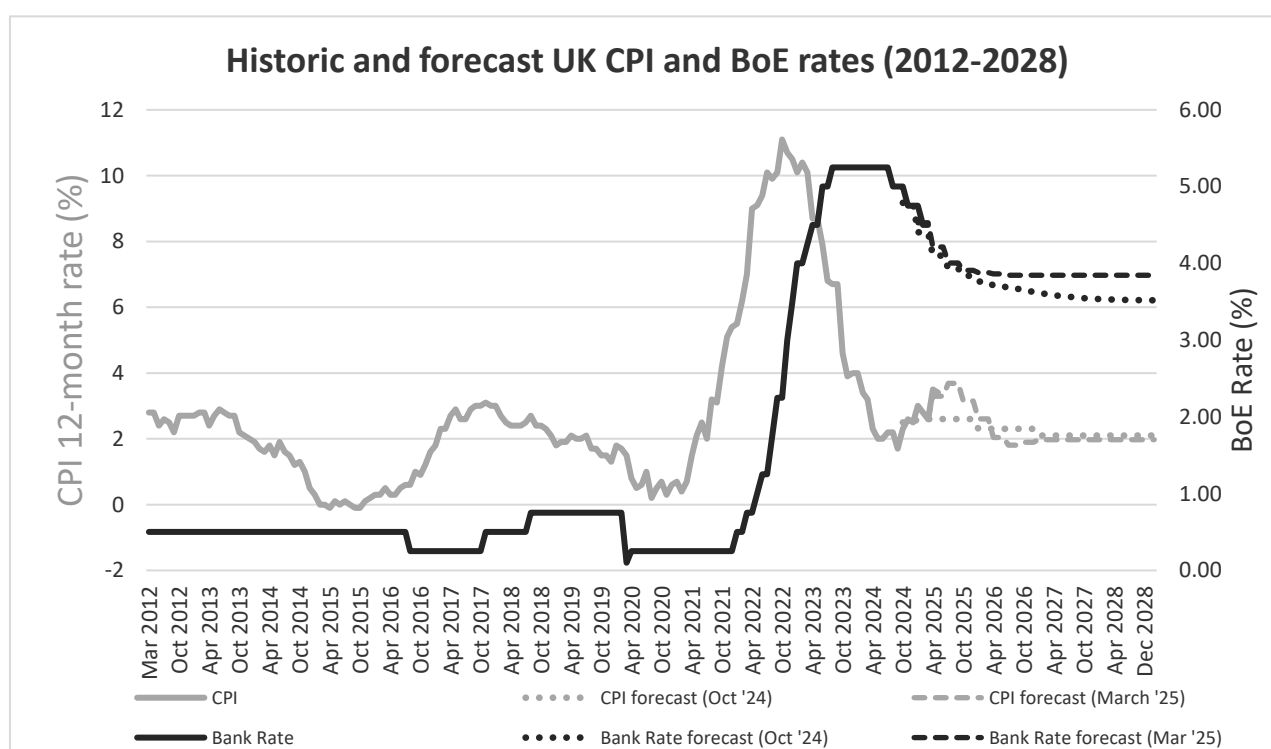
## Performance

9. The Consumer Prices Index (CPI) rose by 3.4% in the 12 months to May 2025, down from 3.5% in the 12 months to April, though up from 2.6% in the 12 months to March 2025.
10. The Bank of England's Monetary Policy Committee (MPC) cut bank rate to 4.25% at its May meeting as expected, with five members voting for a 25bps cut, two members voting for a 50bps cut, and the final two members voting for no change. The split between members highlights the confusion caused by US trade policy, with the decision being made before details of the US-UK trade negotiations were released. Accompanying comments from the Governor of the Bank of England stated how *"inflationary pressures have continued to ease"* allowing rates to be cut, however also noted 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. More recently, the MPC kept bank rate unchanged at 4.25% at its June meeting. The decision was in line with market expectations, though three members voted to cut rates by a further 25bps, citing *"cumulative evidence from a range of labour market data pointed to material further loosening in labour market conditions"*, though members who voted for no change said that *"assessing the pace of disinflation"* would be key, with the Bank of England's own forecast that inflation will stay at 3.5% over the next six months.
12. The accompanying minutes to the June MPC meeting reiterated the *"gradual and careful"* approach from the May meeting, underpinning market expectations of further cuts at regular intervals, with a view that the next cut will be at the September meeting, with a further cut to 3.75% in December, and the potential for another cut in the first half of 2026.

13. MUFG Corporate Markets (previously called Link), our treasury management consultants, in light of the June MPC decision, are forecasting the bank rate to decline to 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 2012 to 2028 is shown below in Figure 3.

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

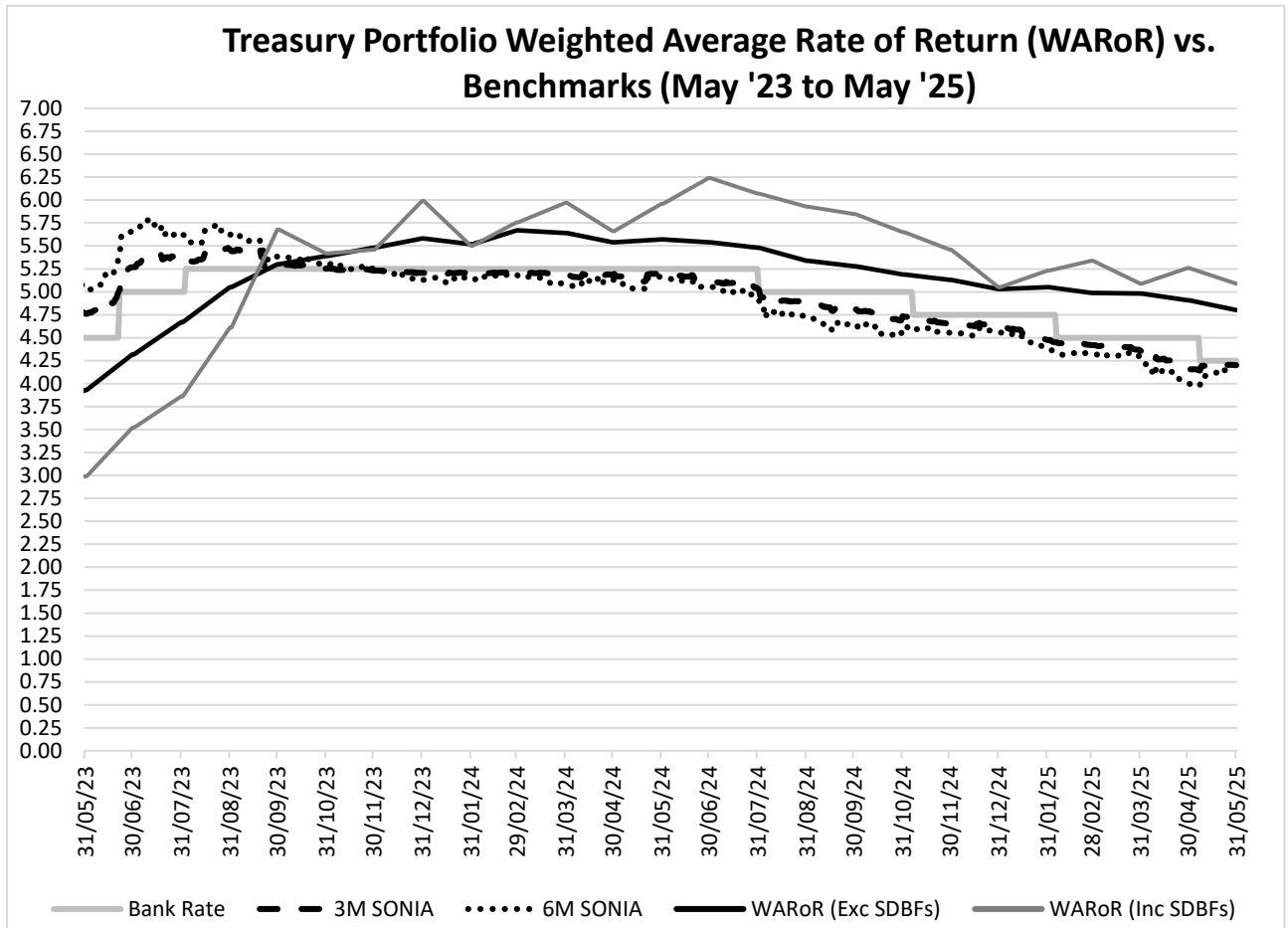


15. As the Bank Rate is the primary determinant of short-term interest rates in the UK, these changes impact the treasury investment portfolio, broadly in two ways:

- 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.
- 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. The Bank Rate reached a peak of 5.25% at the start of August 2023, and sterling money market rates began to decrease, as shown in Figure 4 for 3-month and 6-month Sterling Overnight Index Average Rate (SONIA) in the second half of 2023 as the market priced in a number of Bank Rate cuts as inflation eased.

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 May 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. This momentum was derailed by the announcement of tariffs, and credit spreads widened, reflecting increased risk aversion among investors, however bond markets steadied in the second quarter of 2025 as inflation expectations fell and central banks signalled a more dovish stance.
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 May 2025**

<b>Fund</b>	<b>1 Month Return (30/04/2025 to 31/05/2025)</b>	<b>2 Month Return (31/03/2024 to 31/05/2025)</b>	<b>12 Month Return (31/05/2024 to 31/05/2025)</b>
Federated Hermes Sterling Cash Plus Fund	0.29%	0.72%	4.99%
Aberdeen Standard Liquidity Fund Ultra Short Duration Sterling	0.41%	0.74%	5.03%
Payden Sterling Reserve Fund	0.28%	0.87%	5.23%
L&G Short Dated Sterling Corporate Bond Index Fund	0.18%	1.06%	6.41%
Royal London Investment Grade Short Dated Credit Fund	0.27%	1.14%	6.89%

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 5.13% and 4.5% respectively as at the end of May 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 2025/26 financial year (1 April 2025 to 31 March 2026) as applicable to City Fund and City's Estate is shown in Table 2 below.

**Table 2: Interest on average Cash Balances - forecast as at 31 May 2025**

	<b>2025/26 Original Budget</b>	<b>2025/26 Forecast outturn</b>	<b>2025/26 Better / (Worse)</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>City Fund</b>	<b>22,603</b>	<b>35,832</b>	<b>13,229</b>
<b>City's Estate</b>	<b>2,050</b>	<b>1,275</b>	<b>(775)</b>
<b>Total City Fund &amp; City's Estate Interest on average cash Balances</b>	<b>24,653</b>	<b>37,107</b>	<b>12,454</b>

28. Income from interest on *average cash balances* is currently forecast to exceed budget by £12.45m overall, principally due to changes in the level of average cash balances held, and hence available for investment, and upon which interest is applied, compared to that anticipated when the budget was set in November 2024. This is largely as a result of the re-phasing of capital and major project expenditure, and the timing of receipts from the planned property disposals.

#### Cash Flow Forecast

29. 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

30. This report has provided a summary of the City of London Corporation's treasury management portfolio (investments) as at 31 May 2025. Cash is invested across a range of counterparties and instruments in accordance with the Corporation's current Treasury Management Strategy Statement 2025/26.
31. Since the Investment Committee last reviewed the treasury position as at 31 March 2025, the Bank of England's Monetary Policy Committee (MPC) voted to maintain interest rates at 4.25% at its June meeting, having previously voted to reduce interest rates to 4.25% at its May meeting. The market expectation is for two further rate cuts in 2025, with the potential of a cut in the first half of 2026, reaching a low of 3.5% during 2026, with MUFG Corporate Markets, our investment consultants, forecasting a decrease to 3.75% by March 2026.
32. 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.
33. 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 Royal London and twice yearly for L&G.

## Appendices

- Appendix 1 – Counterparty Exposure as at 31 May 2025
- Appendix 2: Monthly Investment Analysis Review May 2025
- Appendix 3: Treasury Management Counterparties 2025/26: Economic, Social & Governance (ESG) Checklist

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**COUNTERPARTY EXPOSURE AS AT 31 MAY 2025**

APPENDIX 1

	Counterparty Limit £M	Total Invested as at 31-May-25 £M	Average Rate of Return %
<b><u>TOTAL INVESTED</u></b>		<b><u>1,036.9</u></b>	<b><u>5.09%</u></b>
<b><u>FIXED TERM DEPOSITS</u></b>			
<b><u>UK BANKS</u></b>			
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>	
<b><u>FOREIGN BANKS</u></b>			
Australia & New Zealand	100.0	45.0	4.44%
DBS	100.0	20.0	4.36%
Helaba	100.0	20.0	5.27%
Rabobank	100.0	20.0	5.00%
Toronto Dominion	100.0	50.0	5.05%
United Overseas Bank	100.0	20.0	4.28%
		<u>175.0</u>	
<b><u>LOCAL AUTHORITIES</u></b>			
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%
Stockport MBC	25.0	20.0	4.90%
Surrey CC	25.0	20.0	5.50%
Walsall Council	25.0	10.0	4.75%
		<u>120.0</u>	
<b><u>LIQUIDITY FUNDS</u></b>			
Aberdeen SLI Liquidity Fund	100.0	30.0	4.31%
CCLA - Public Sector Deposit Fund	100.0	30.0	4.32%
Deutsche Global Liquidity Fund	100.0	45.0	4.32%
Federated Prime Liquidity Fund	100.0	50.5	4.33%
Invesco Sterling Liquidity Fund	100.0	64.3	4.36%
		<u>219.8</u>	
<b><u>ULTRA SHORT DATED BOND FUNDS</u></b>			
Payden Sterling Reserve Fund	100.0	69.2	5.23%
Aberdeen SLI Short Duration Fund	100.0	57.7	5.03%
Federated Sterling Cash Plus Fund	100.0	28.8	4.99%
		<u>155.7</u>	
<b><u>SHORT DATED BOND FUNDS</u></b>			
L&G	100.0	81.2	6.41%
Royal London	100.0	80.2	6.89%
		<u>161.4</u>	
<b><u>NOTICE ACCOUNTS</u></b>			
Australia and New Zealand 185 Days Account	100.0	45.0	4.43%
Goldman Sachs 272 Days Account	100.0	30.0	4.81%
		<u>75.0</u>	
<b><u>TOTAL</u></b>		<b><u>1,036.9</u></b>	





# City Of London Corporation

Client Specified MMF-USDBF- SDBF Rates

Monthly Investment Analysis Review

May 2025

## City Of London Corporation

### Monthly Economic Summary

#### General Economy

The preliminary reading of the UK Manufacturing PMI fell to 45.1 in May from 45.4 in April, below market forecasts of 46. The reading signalled a further deterioration in the manufacturing sector, as output contracted more quickly, and new orders continued to decline amid rising global economic uncertainty. Supplier delivery times lengthened the most since February 2024, reflecting international shipping delays and worsening port performance. On the cost side, input prices continued to rise sharply, though the pace of increase eased. Business sentiment remained among the weakest in over two and a half years, weighed down by concerns over US tariffs. Meanwhile, the UK Services PMI rose to 50.2 in May from 49 in April, slightly above market expectations of 50, according to flash estimates. While indicating a modest expansion in the sector after a period of contraction, new business inflows continued to decline. On the cost side, service providers faced significant price pressures, driven by rising wages, higher utility bills, increased shipping costs, and more expensive technology services. Consequently, the preliminary reading of the UK Composite PMI headline rate rose to 49.4 in May from 48.5 in April, matching market forecasts. Separately, the UK Construction PMI rose to 46.6 in April up from 46.4 in March, reversing the fourth straight month of increased contraction.

The UK economy expanded 0.3% m/m in March, following a 0.5% increase in February and above market forecasts of a flat reading. The services and construction sectors drove the gain, while industrial production declined after its increase in the previous period. Elsewhere, the UK's trade deficit shrank to £3.70 billion in March, shifting from a revised £4.86 billion deficit in February.

The UK recorded a 112k rise in employment in the three months to March, following a five-month high 206k in the previous period. This marked the weakest job growth since the three months ending December 2024, mainly due to a fall in full-time employment. Meanwhile, average weekly earnings (including bonuses) increased 5.5% y/y in the three months to March, compared to 5.7% in the previous period and above market forecasts of a 5.2% increase.

The Bank of England's Monetary Policy Committee voted 5–4 to cut Bank Rate by 25bps to 4.25% in May. Two members preferred a larger cut to 4%, while two opted to hold at 4.5%. The decision reflects continued disinflation progress as external shocks eased and tight policy helped anchor inflation expectations. The MPC remains committed to returning inflation to 2% sustainably, but future policy will depend on evolving risks and inflation dynamics, with members emphasising the need for a "gradual" approach.

The Consumer Price Index increased 1.2% m/m in April from 0.3% in March and above forecasts of 1.1%. The headline annual rate jumped to 3.5% in April, the highest since January 2024, from 2.6% in March and above market expectations of 3.3%. The largest upward contribution came from prices for housing and utilities, mostly electricity and gas, reflecting the rise in the Ofgem energy price cap. Additional upward contributions came from transport, influenced by the introduction of Vehicle Excise Duty on both old and new electric vehicles starting in April.

In the retail sector, overall sales increased to 1.2% m/m in April, accelerating from a downwardly revised 0.1% gain in March and easily beating forecasts of a 0.2% rise. This marks the sharpest monthly growth since January, driven by a 3.9% rebound in food store sales after declines in February and March. Supermarkets, specialist food stores such as butchers and bakers, and alcohol and tobacco outlets all saw gains, with some retailers attributing the rise to favourable weather alongside the later timing of Easter. Meanwhile, the GfK Consumer Confidence Index rose to -20 in May, surpassing expectations of -22 and reversing April's -23 reading. Elsewhere, public sector net borrowing, excluding public sector banks, rose to £20.2 billion in April from £19.1 billion a year earlier and exceeding expectations of £17.9 billion. Total public sector spending increased by £6.6 billion from a year ago, driven by higher spending on public services and benefits, though partially offset by a reduction in debt interest costs.



# 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	4.31%		MMF	AAAm		
MMF CCLA	30,000,000	4.32%		MMF	AAAm		
MMF Deutsche	45,000,000	4.32%		MMF	AAAm		
MMF Federated Investors (UK)	50,500,000	4.33%		MMF	AAAm		
MMF Invesco	64,300,000	4.36%		MMF	AAAm		
USDBF Aberdeen Standard Investments	57,678,207	5.03%		USDBF	AAAf		
USDBF Federated Sterling Cash Plus Fund	28,844,370	4.99%		USDBF	AAAf		
USDBF Payden Sterling Reserve Fund	69,199,844	5.23%		USDBF	AAAf		
Stockport Metropolitan Borough Council	20,000,000	4.90%	14/10/2024	05/06/2025	AA-	0.000%	0
Landesbank Hessen-Thueringen Girozentrale (Helaba)	20,000,000	5.27%	07/06/2024	09/06/2025	A+	0.001%	228
Cornwall Council	20,000,000	5.75%	19/03/2025	19/06/2025	AA-	0.001%	0
Toronto Dominion Bank	20,000,000	5.21%	05/07/2024	04/07/2025	A+	0.004%	860
Toronto Dominion Bank	20,000,000	5.16%	17/07/2024	17/07/2025	A+	0.006%	1188
Surrey County Council	20,000,000	5.50%	27/01/2025	28/07/2025	AA-	0.004%	0
Cooperatieve Rabobank U.A.	20,000,000	5.00%	01/08/2024	01/08/2025	A+	0.008%	1568
DBS Bank Ltd	20,000,000	4.36%	07/05/2025	07/08/2025	AA-	0.004%	826
Doncaster Metropolitan Borough Council	10,000,000	5.65%	03/03/2025	03/09/2025	AA-	0.006%	0
Lancashire County Council	20,000,000	4.80%	30/09/2024	30/09/2025	AA-	0.007%	0
Australia and New Zealand Banking Group Ltd	25,000,000	4.49%	29/04/2025	29/10/2025	AA-	0.009%	2293
Standard Chartered Bank	20,000,000	4.54%	17/02/2025	17/11/2025	A+	0.021%	4298
Toronto Dominion Bank	10,000,000	4.53%	24/02/2025	24/11/2025	A+	0.022%	2238
Goldman Sachs International Bank	20,000,000	4.60%	21/02/2025	28/11/2025	A+	0.023%	4576
Australia and New Zealand Banking Group Ltd	45,000,000	4.43%		Call185	AA-	0.011%	5056
Rochdale Metropolitan Borough Council	10,000,000	4.75%	06/03/2025	08/12/2025	AA-	0.012%	0
Doncaster Metropolitan Borough Council	10,000,000	4.75%	14/03/2025	15/12/2025	AA-	0.012%	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 (£)
United Overseas Bank Ltd	20,000,000	4.28%	07/05/2025	07/01/2026	AA-	0.013%	2684
NatWest Markets Plc (NRFB)	20,000,000	4.79%	10/01/2025	12/01/2026	A	0.029%	5714
Australia and New Zealand Banking Group Ltd	20,000,000	4.37%	29/04/2025	29/01/2026	AA-	0.015%	2952
NatWest Markets Plc (NRFB)	20,000,000	4.47%	13/02/2025	12/02/2026	A	0.032%	6498
Goldman Sachs International Bank	15,000,000	4.81%		Call272	A+	0.034%	5158
Goldman Sachs International Bank	15,000,000	4.81%		Call272	A+	0.034%	5158
Walsall Metropolitan Borough Council	10,000,000	4.75%	14/03/2025	13/03/2026	AA-	0.017%	0
NatWest Markets Plc (NRFB)	20,000,000	5.30%	28/05/2024	28/05/2026	A	0.046%	9152
NatWest Markets Plc (NRFB)	30,000,000	6.20%	07/08/2023	07/08/2026	A	0.062%	18518
<b>Borrower - Funds</b>	<b>Principal (£)</b>	<b>Interest Rate</b>	<b>Start Date</b>	<b>Maturity Date</b>			
L&G	81,224,052	6.41%					
ROYAL LONDON	80,168,350	6.89%					
<b>Total Investments</b>	<b>£1,036,914,823</b>	<b>5.09%</b>					
<b>Total Investments - excluding Funds</b>	<b>£875,522,421</b>	<b>4.80%</b>				<b>0.017%</b>	<b>£78,963</b>
<b>Total Investments - Funds Only</b>	<b>£161,392,402</b>	<b>6.65%</b>					

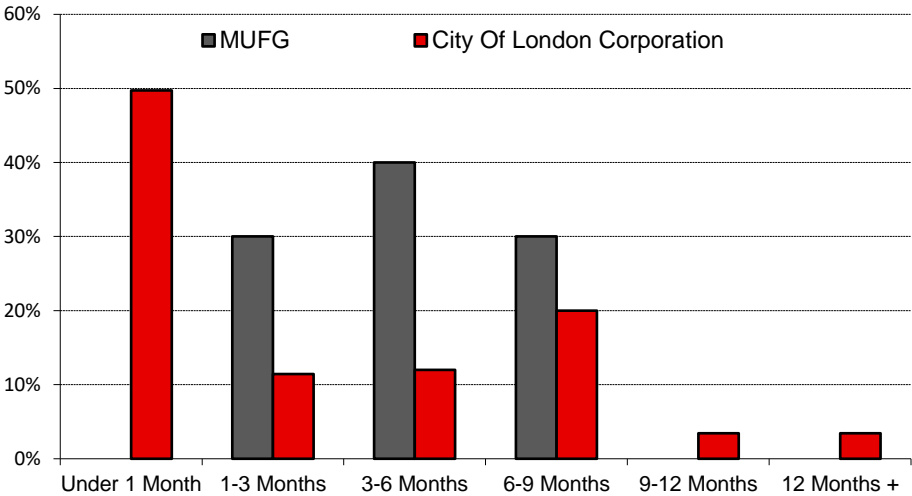
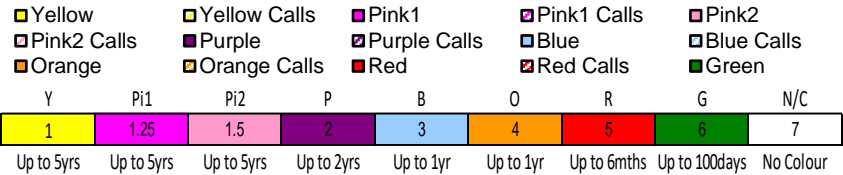
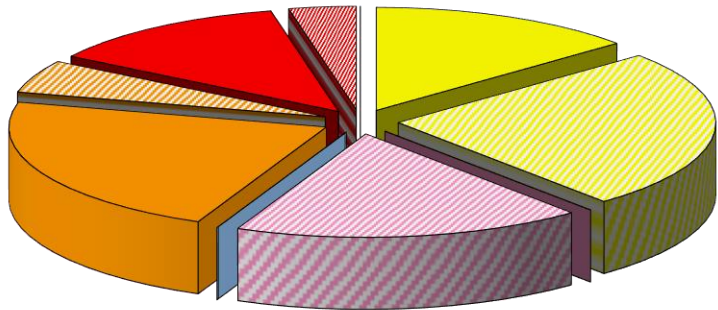
Note: An historic risk of default is only provided if a counterparty has a counterparty credit rating and is not provided for an MMF or USDBF, for which the rating agencies provide a fund rating. The portfolio's historic risk of default therefore measures the historic risk of default attached only to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

The Historic Risk of Default column is based on the lowest long term rating. If clients are using this % for their Expected Credit Loss calculation under IFRS 9, please be aware that the Code does not recognise a loss allowance where the counterparty is central government or a local authority since relevant statutory provisions prevent default. For these instruments, the Expected Credit Loss will be nil. Please note that we are currently using Historic Default Rates from 1990-2024 for Fitch, 1983-2024 for Moody's and 1981-2024 for S&P.

Where MUFG Corporate Markets have provided a return for a property fund, that return covers the 12 months to March 2025, which are the latest returns currently available.

City Of London Corporation

Portfolio Composition by MUFG's Suggested Lending Criteria



Portfolios weighted average risk number = 2.55

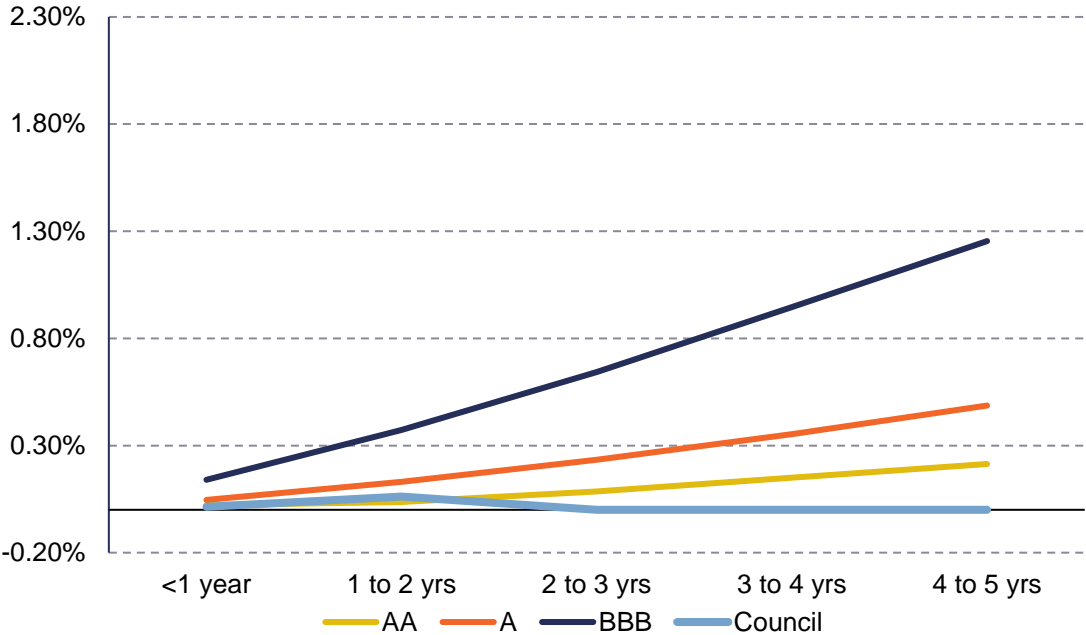
WARoR = Weighted Average Rate of Return  
WAM = Weighted Average Time to Maturity

	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	38.81%	£339,800,000	64.69%	£219,800,000	25.11%	4.62%	35	84	98	237
Pink1	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Pink2	17.79%	£155,722,421	100.00%	£155,722,421	17.79%	5.11%	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	27.41%	£240,000,000	18.75%	£45,000,000	5.14%	4.67%	129	261	116	278
Red	15.99%	£140,000,000	21.43%	£30,000,000	3.43%	5.10%	298	542	305	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%	£875,522,421	51.46%	£450,522,421	51.46%	4.80%	96	191	160	354

# City Of London Corporation

## Investment Risk and Rating Exposure

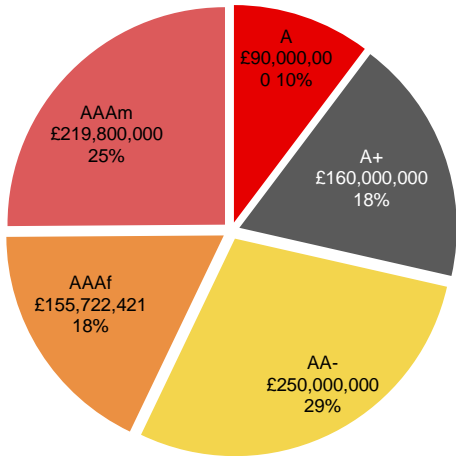
Investment Risk Vs. Rating Categories



Historic Risk of Default

Rating/Years	<1 year	1 to 2 yrs	2 to 3 yrs	3 to 4 yrs	4 to 5 yrs
AA	0.02%	0.04%	0.09%	0.15%	0.21%
A	0.05%	0.13%	0.23%	0.35%	0.49%
BBB	0.14%	0.37%	0.64%	0.95%	1.25%
Council	0.01%	0.06%	0.00%	0.00%	0.00%

Rating Exposure



### Historic Risk of Default

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

### Chart Relative Risk

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

### Rating Exposures

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

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

City Of London Corporation

Monthly Credit Rating Changes  
FITCH

Date	Update Number	Institution	Country	Rating Action
22/05/2025	2079	UBS AG	Switzerland	The Outlook on the Long Term Rating was changed to Positive from Stable.



City Of London Corporation

Monthly Credit Rating Changes  
S&P

Date	Update Number	Institution	Country	Rating Action
				No changes to report.

City Of London Corporation

Monthly Credit Rating Changes  
MOODY'S

Date	Update Number	Institution	Country	Rating Action
19/05/2025	2077	United States of America (Sovereign)	United States of America	The Sovereign Rating was downgraded to Aa1 from Aaa. The Outlook on the Sovereign Rating was changed to Stable from Negative.
20/05/2025	2078	JPMorgan Chase Bank N.A.	United States of America	The Long Term Rating was downgraded to Aa2 from Aa1. The Outlook on the Long Term Rating was changed to Positive from Negative.
20/05/2025	2078	Bank of America N.A.	United States of America	The Long Term Rating was downgraded to Aa2 from Aa1. The Outlook on the Long Term Rating was changed to Stable from Negative.
20/05/2025	2078	Wells Fargo Bank, NA	United States of America	The Long Term Rating was downgraded to Aa2 from Aa1. The Outlook on the Long Term Rating was changed to Stable from Negative.

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TREASURY MANAGEMENT COUNTERPARTIES 2025/26: ESG CHECKLIST

	Counterparty Name	UK (UK) or Foreign (f)	Net Zero Target Y/N	Date Net Zero Target	Interim Target	Signatory to PRI/TCFD	Which ones(s)?	Do they Publish ESG data? Y/N
	<b><u>UK Banks and their wholly owned subsidiaries</u></b>							
1	Barclays Bank PLC (NRFB)	UK	Y	2050	50% by 2030	Y	Both	Y
2	Barclays Bank UK PLC (RFB) - <b>Same as parent company above</b>							
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) - <b>Same as parent company above</b>							
7	Lloyds Bank Corporate Markets PLC (NRFB)	UK	Y	2050	50% by 2030	Y	TCFD	Y
8	Lloyds Bank PLC (RFB) - <b>Same as parent company above</b>							
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) - <b>Same as parent company above</b>							
12	The Royal Bank of Scotland PLC (RFB) - <b>Same as parent company above</b>							
13	Santander	UK	Y	2050	N/A	Y	Both	Y
14	Standard Chartered Bank	UK	Y	2050	Individual temperature-based interim targets for each of the highest emitting asset classes.	Y	TCFD	Y
	<b><u>Building Societies</u></b>							
15	Nationwide	UK	Y	2050	Separated by Scope	Y	TCFD	Y
16	Yorkshire	UK	Y	2050	Separated by Scope	Y	TCFD	Y
17	Coventry	UK	Y	2040	Separated by Scope	Y	TCFD	Y
18	Skipton	UK	Y	2050	Separated by Scope	Y	TCFD	Y
19	Leeds	UK	Y	2050	N/A	N	N/A	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? Y/N
	<b><u>Foreign Banks</u></b>							
20	Australia and New Zealand Banking Group	Foreign	Y	2050	N/A	Y	Both	Y
21	National Australia Bank Ltd	Foreign	Y	2050	N/A	Y	TCFD	Y
22	Bank of Montreal	Foreign	Y	2050	N/A	Y	TCFD	Y
23	Royal Bank of Canada	Foreign	Y	2050	N/A	Y	TCFD	Y
24	Toronto-Dominion Bank	Foreign	Y	2050	N/A	Y	TCFD	Y
25	Landesbank Hessen-Thueringen Girozentrale (Helaba)	Foreign	N	NA	N/A	N		N
26	Cooperatieve Rabobank U.A.	Foreign	N	NA	N/A	N		N
27	DBS Bank Ltd	Foreign	Y	2050	N/A	Y	TCFD	Y
28	United Overseas Bank Ltd.	Foreign	Y	2050	N/A	Y	TCFD	Y
29	Skandinaviska Enskilda Banken AB	Foreign	Y	2050	N/A	Y	TCFD	Y
30	Swedbank AB	Foreign	Y	2050	N/A	Y	TCFD	Y
31	Svenska Handelsbanken AB - Same a parent company (4)							
	<b><u>Money Market Funds - Parent Companies Used (MMFs don't have net-zero targets)</u></b>							
32	CCLA - Public Sector Deposit Fund	UK	N	2050	N/A	Y	PRI	N
33	Federated Hermes Short-Term Sterling Prime Fund*	Foreign	Y	2050	N/A	Y	Both	Y
34	Aberdeen Sterling Liquidity Fund	UK	Y	2050	N/A	Y	Both	Y
35	Invesco Liquidity Funds Plc - Sterling Liquidity Portfolio	Foreign	N	2050	N/A	Y	Both	Y
36	DWS Deutsche Global Liquidity Series Plc – Sterling Fund	Foreign	Y	2050	N/A	Y	Both	Y
	<b><u>Ultra Short Dates Bonds</u></b>							
37	Payden Sterling Reserve Fund	UK	Y	2050	Based on engagement and other factors	Y	Both	Y
38	Federated Hermes Sterling Cash Plus Fund* - Same as Parent company (33)							
39	Aberdeen Standard Investments Short Duration Managed Liquidity Fund** - Same as parent company (34)							
	<b><u>Short Dated Bond Funds</u></b>							
40	Legal and General Short Dated Sterling Corporate Bond Index Fund	UK	Y	2050	50% by 2030	Y	Both	Y
41	Royal London Investment Grade Short Dated Credit Fund	UK	Y	2050	50% by 2030	Y	Both	Y

## City of London Corporation Committee Report

<b>Committee(s)</b>	<b>Dated:</b>
Investment Committee – For information	21 July 2025
<b>Subject:</b> City Surveyor's Business Plan 2024-29 - Quarter 4 2024/25 Update	<b>Public report:</b> For information
<b>This proposal:</b> • <b>Delivers Corporate Plan 2024-29 outcomes</b>	Providing Excellent Services, Leading Sustainable Environment, Flourishing Public Spaces, Dynamic Economic Growth
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>No</b>
<b>If so, how much?</b>	<b>N/A</b>
<b>What is the source of Funding?</b>	<b>N/A</b>
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	<b>N/A</b>
<b>Report of:</b>	The City Surveyor (CS.146/25)
<b>Report author:</b>	John Galvin/ Faith Bowman City Surveyor's Department

### Summary

- This report provides Members of Investment Committee (IC) details of key performance indicators in the 2<sup>nd</sup> half of the year (October 2025 to March 2025) against the 2024-29 Business Plan. A similar report has been presented to Members of Resource Allocation Sub Committee (RASC) and the Markets Board.
- Overall, the department successfully delivered against its approved objectives set out in the Business Plan amidst a challenging environment. Of the twelve key performance indicators tracked by this committee, seven successfully achieved their targets, while two fell short:
  - KPI. 3. Achieve Rental Forecasts – Rent generated from commercial leases managed by the City Surveyors Department. Target for this year £102.5m. The outturn figure was £101.2m.
  - KPI.12 Property Contract Performance Compliance – this measures compliance with property contract performance, had a target of 80%. The actual performance recorded was 78%.
- At the time of writing this report three key performance indicators remain outstanding:
  - KPI.4 Minimise Arrears – There are issues with the management information due to outstanding credits that the Corporation has received and are

unallocated to tenant accounts. The City Surveyor's Department is working closely with Chamberlain's to address this issue.

- KPI. 6 Outperform MSCI – This will be included in the next update report to this committee.
- KPI. 11 Reduction of Energy Use Intensity across each portfolio – Due to insufficient information from our data provider it was not possible to finalise the figures for 2024/25. This will be assessed across the year in 2025/26.
- In 2024/25 some of key achievements for the department included:
  - Over 60% of outstanding rent certificates were completed, generating £6.8 million of additional rental income.
  - The capital realisation programme for the Investment Property Group continued successfully, with £118.5m achieved in 2024/25 across City Fund and City's Estate.
  - The final account for the Museum of London and Poultry Market project was settled. Notably the structural engineering firm Arup received an industry award for their work on the Poultry Market Roof.
- The City Surveyor's Department end of year outturn reveals that the department's budget was overspent by £261,000 at year end on its City Fund and City's Estate services, against a budget of £31.1m (0.8%). The City Surveyor's City Bridge Foundation services were £547,000 underspent. If this is considered, the overall position is an underspend of £286,000 against a total budget of £34.0m (-0.8%). This is before the additional £7.1m generated by the Corporate Property Group is considered.

### **Recommendation**

- That Members note the content of this report.

### **Main Report**

#### **Background**

1. In line with the City Corporation's performance management approach this is a twice-yearly report on the progress made during the second half of 2024-25 (October to March) against the 2024-29 Business Plan.
2. The department's business plan outlines seventeen Key Performance Indicators (KPIs). Investment Committee (IC) oversee the progress against twelve of these measures, whilst Resource and Allocations Sub Committee (RASC) oversee ten and Markets Board oversee two.
3. Performance is assessed on a traffic light basis (RAG), where red denotes a high risk of non-attainment, amber indicates some concern, whilst green denotes the measure being on/ahead of target.



## Current Position

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

## Key Data

### Financial Statement

6. The City Surveyor's end of year outturn reveals that the department was overspent by £261,000 at year end on its City Fund and City's Estate services, against a budget of £31.1m (0.8%). The City Surveyor's City Bridge Foundation services were £547,000 underspent. If this is considered, the overall position is an underspend of £286,000 against a total budget of £34.0m (-0.8%). It should be highlighted that Corporate Property Group generated additional income and receipts of £7.1m for central budgets which is not accounted for within the City Surveyor's budgets.
7. The full details of the variances are set out in Appendix A. The overspend on the City Surveyor's City Fund and City's Estate services is principally due to additional reactive repairs on the corporate facilities management contract and overspend at Smithfield Market, both resulting from the closure of the Poultry Market and the cap on the Smithfield Market service charges and recovery from tenants. These overspends are in part offset by savings on City's Estate reflecting better service charge recovery than anticipated, as well as savings on the corporate facilities management contract at the Guildhall complex. The underspend on City Bridge Foundation services is largely due to an underspend on professional fees and advertising, in addition to savings on the cyclical works programme arising from projects cancelled or deferred.

### Quarter 4 2024/25 update

8. The table below provides an 'at a glance' assessment of the department's performance.

Status <sup>1</sup>	Green	Amber	Red	TBC	N/A
Investment Committee	7	0	2	3	0
Overall (including non-IC measures)	10	0	5	2	0

9. Of the twelve measures presented to this Committee, seven successfully met their targets, indicated in green. However, two measures, KPI.3 Achieve rental estimates and KPI.12, property contract performance compliance fell short of their target. We are unable to report on three measures.

---

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

10. The red KPI's relevant to this committee are set out below.

**a. KPI.3 Achieve Rental Estimates**

Target: £102.5m  
Outturn: £101.2m

The objective of this KPI is to measure the rental income derived from commercial leases overseen by the City Surveyor's Department.

A separate report is being presented to this Investment Committee on Rental Estimates (City Fund and City's Estate). This item is covered in further detail in this non-public report.

**b. KP1.12 – Property Contract Performance Compliance**

This indicator provides an overall assessment of our suppliers' performance against their contract measures. This is across eight criteria spanning both operational performance and key City of London objectives.

Target – 80%  
Performance – 78% (Red)

The Department remains committed to rigorous contract performance monitoring across all lots and ensures contractors pay service credits when services fail to meet contractual standards. It is important to note that the Integrated Facilities Management (IFM) contracts have been operational for 24 months against a 5+5 year contract term, and performance is broadly in line with expectation for this stage in the tenure. The measure is red due to it slightly missing the target at the end-of-year assessment date.

Contracts continue to be managed robustly (both contractually and operationally), and we have seen continued improvement in operational performance and feedback from site teams. Whilst performance is solid, areas of improvement from suppliers is increased attention on innovation, continuous improvement and environmental, social and governance (ESG) initiatives.

11. Three indicators could not be presented in this updated:

**a. KPI.4 Minimise Arrears**

There are issues with the management information preventing the reporting of this metric. This has arisen due to credits that the Corporation has received but are unallocated to tenant accounts. The City Surveyor's Department is working closely with Chamberlain's to address this issue.

It should be further highlighted that, where relevant, the department is engaging with the City Solicitor to take action against any non-payment. Interest is charged on outstanding sums.

b. **KPI.11 Energy Use Intensity** (Kwh/m2 reduction per portfolio)

The company from which we were collecting energy data has recently been disconnected from their data provider, this has resulted in a 35% data deficit. Given this significant gap, it would be unwise for us to make any conclusions based on the limited information available for the year 2024/25.

c. **KPI.6 Outperform MSCI**

This measure is typically reported in arrears and will be communicated to the next meeting of Investment Committee.

## **Corporate & Strategic Implications**

### **Strategic implications**

12. The City Surveyor's Department is dedicated to advancing the objectives outlined in the Corporate Plan.
13. This department plays a crucial role in realising the City's vision by executing major construction initiatives, such as Salisbury Square, London Museum, and Barbican Renewal, while also preserving our heritage estate for the benefit of all Londoners and generating substantial revenue from both investment and operational property portfolios, which underpins all our activities.
14. The department actively collaborates with corporate leaders to ensure the effective implementation of our strategic priorities, particularly in relation to Destination City, the Climate Action Strategy, and the City's Corporate Property Asset Management Strategy for 2024-29.

### **Financial implications**

15. Financial information is contained in Appendix A and noted in the report.

### **Resource implications**

16. The department is diligently exploring various strategies to address the primary challenges it faces. It has identified potential avenues to improve revenue and capital inflows for the organisation and has developed business cases to progress these.

### **Legal implications**

17. None

### **Risk implications**

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

## **Equalities implications**

19. None.

## **Climate implications**

20. The department supports the delivery of the Climate Action Strategy targets (achieving EPC C by 2027 and EPC B by 2030 and Carbon Net Zero by 2040) related to our financial and property investments.

## **Security implications**

21. None

## **Conclusion**

22. Over 2024/25 the department has made good progress in achieving its key deliverables set out in the Business Plan. Whilst some measures did not achieve the target set the relevant teams are working diligently to ensure that programmes are delivered in line with expectations.

The department is working closely with Chamberlain's to address greater accuracy in management information and to reduce issues associated with unallocated credits in the system.

Whilst the department's local risk position is challenging, it continues to generate substantial income. The recent completion of outstanding rent certificates has led to an increase in rental revenue. Additionally, the department is successfully securing new income and capital receipts for the wider organisation.

## **Appendices**

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

## **Background Papers**

- The City Surveyor The City Surveyor's Business Plan 2024-29 (CS.329/24)
- The City Surveyor Business Plan 2024-29 – Quarter 2 2024/25 Update (CS.291/24)

Departmental Performance & Services  
City Surveyor's Department

# Budget Monitoring Statement Quarter 4 2024/25

# Appendix A Page 1 of 2

2024-25 (Period to 31 March 2025)

LOCAL RISK BUDGET Year to 31st March 2025	Final Approved Budget £000	Outturn 2024-25 £000	Under / (Over) Spend for Period £000	Note
<b>City Fund</b>				
City Fund Estate	(2,134)	(2,288)	(154)	1
Walbrook Wharf	(1,020)	(1,027)	(7)	
Mayor's & City of London Court	(39)	(40)	(1)	
Central Criminal Court	(479)	(559)	(80)	2
Lower Thames St Roman Bath	(9)	(12)	(3)	
Spitalfields Market	(229)	(236)	(7)	
Corporate FM R&M cleaning & security	(1,476)	(1,386)	90	3
	(5,386)	(5,548)	(162)	
<b>City's Estate</b>				
City's Estate	(2,918)	(2,651)	267	4
Departmental	(11,297)	(11,325)	(28)	
Mayoralty & Shrievalty	(48)	(51)	(3)	
Markets Directorate	(440)	(356)	84	5
Billingsgate Market	(310)	(270)	40	
Smithfield Market	(454)	(626)	(172)	6
Corporate FM R&M cleaning & security	(2,000)	(2,432)	(432)	7
	(17,467)	(17,711)	(244)	
<b>Guildhall Administration</b>				
Guildhall Complex	(8,296)	(8,151)	145	8
	(8,296)	(8,151)	145	
<b>Total City Surveyor Local Risk excluding CBF</b>	<b>(31,149)</b>	<b>(31,410)</b>	<b>(261)</b>	
<b>City Bridge Foundation</b>				
City Bridge Foundation	(2,873)	(2,326)	547	9
	(2,873)	(2,326)	547	
<b>Total City Surveyor Local Risk including CBF</b>	<b>(34,022)</b>	<b>(33,736)</b>	<b>286</b>	

1. Overspend largely relates to additional reactive repairs under the facilities management contract and increased energy costs, as well as higher security costs at Leadenhall Market partially offset by additional marketing income.
2. The overspend primarily relates to pressures on salary costs and energy costs that could not be recharged to HMCTS.
3. Underspend reflects a reduction in reactive call outs across the sites as well as rebate payments received from CBRE due to not meeting key performance indicators as part of the contract.
4. Reflects better service charge recovery than anticipated, in addition to an underspend on professional fees and security partly offset by an overspend on energy costs.

5. Reduction in supplies & services and recovery of a percentage of Markets' Director's salary from the Markets Co-location Project (MCP).
6. Overspend at Smithfield Market both resulting from the closure of the Poultry Market and the cap on Smithfield Market service charge.
7. Overspend due to additional reactive repairs and remedial works as well as additional costs for cleaning services provided across several sites.
8. Underspend due to a reduction in Managed Fund costs during the year for both repairs & maintenance and cleaning, partly offset by an overspend on employee costs. Recovery of income was also higher than anticipated.
9. Underspend on professional fees and advertising, in addition to savings on the cyclical works programme resulting from projects cancelled or deferred, offset in part by an overspend on employee costs.

# KPI Performance Table Quarter 4 2024/25

## Appendix B

Key Performance Indicators								
Ref	Title	Target	Group	Committee	Q3		Q4	
					Actual	RAG	Actual	RAG
KPI. 1	Capital Receipts & additional income	£4.68m (annual)	CPG	RASC	on target	green	£7.1m	green
KPI. 2 New	Adherence to Budgetary Spend Profile (Guildhall, Walbrook and CCC)	100% (annual) +/-2%	CPG/CCC	RASC	74.4%	green	98.3%	green
KPI. 3	Achieve Rental Forecasts*	£102.5m	IPG	IC	n/a	n/a	£101.2m	red
KPI. 4	Minimise Arrears (<2%March)*	<2% eoy	IPG	IC	n/a	n/a	tbc	tbc
KPI. 5	Minimise voids (*)	<5%	IPG	IC	n/a	n/a	3.8%	green
KPI. 6	Outperform MSCI**	exceed benchmark	IPG	IC	n/a	n/a	tbc	tbc
KPI. 7	Capital Projects - Project Risk Status	< 30%	PPG	I C; RASC	33.0%	amber	30.0%	green
KPI. 8	Capital Projects- Health & Safety*	80%	PPG	I C; RASC	n/a	n/a	86.0%	green
KPI. 9	Capital Projects - Site sustainability waste management	> 90%	PPG	I C; RASC	99.0%	green	99.0%	green
KPI. 10	Delivery of Climate Action Strategy Milestones - operational estate	<5%	OG	RASC	14.2%	red	21.0%	red
KPI. 11 New	Energy Use Intensity (EUI) Kwh/m2 reduction per portfolio *	4% reduction	OG/IPG	IC	n/a	n/a	tbc	tbc
KPI. 12	Property Contract Performance Compliance	> 80%	OG	I C; RASC	71.0%	amber	78.0%	red
KPI. 13 New	CWP Programme Adherence to Budgetary Spend Profile****	95% - 105%	OG	I C; RASC	46.0%	green	104.7%	green
KPI. 14 New	Adherence to Budgetary Spend Profiles (Projects)***	95% - 105%	All	I C; RASC	48.6%	green	96.7%	green
KPI. 15 New	Adherence to Budgetary Spend Profiles (Local Risk)	100% (annual)	All	I C; RASC	77.1%	green	102.3%	green
KPI. 16 New	Mkts- All Market's outstanding debt as a percentage of their total invoice income (excl 0-30 day inv)	<1.5%	MKT	MKT Board	6.5%	red	5.2%	red
KPI. 17 New	Mkts- Maintain a minimum 95% occupancy with the expectation to achieve 100%	95%	MKT	MKT Board	97.0%	green	100.0%	green
	KPI.10 reported quarterly in arrears							
	*reported bi annually							
	** reported annually							
	Investment Committee (IC) Resource Allocation Sub Committee (RASC)							
	Markets (MKTS) measures are also reported to Markets Board							

KPI 6 – Outperform MSCI – This has not yet been published. Achieved in 2023/24.

KPI 11 – Energy Use – There has been an issue with data accuracy with inclusion of missing metering data. An update will be reported when available

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## City of London Corporation Committee Report

<b>Committee:</b> Investment Committee – For decision	<b>Dated:</b> 21 July 2025
<b>Subject:</b> Risk Register Update for Investment Committee	<b>Public report:</b> For decision
<b>This proposal:</b> <ul style="list-style-type: none"> <li>delivers Corporate Plan 2024-29 outcomes</li> </ul>	Providing Excellent Services, Leading Sustainable Environment, Flourishing Public Spaces, Dynamic Economic Growth
<b>Does this proposal require extra revenue and/or capital spending?</b>	No
<b>If so, how much?</b>	N/A
<b>What is the source of Funding?</b>	N/A
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	N/A
<b>Report of:</b>	The City Surveyor / The Chamberlain (CS.152/25)
<b>Report author:</b>	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 May meeting, the following change has been made in relation to the Overarching Risk Register:

- IC 04 Cashflow Management** has decreased in likelihood reducing it from an 8 (Amber) to a 4 (Green) as cash flow modelling has now been developed and is monitored and updated regularly.

In relation to the CSD Risk Register, the following changes have been made:

- **SUR SMT 009 Recruitment and retention of property professionals** has been decreased from 16 (Red) to a 12 (Amber). This change reflects positive outcomes of recent recruitment efforts.
- **SUR SMT 016 Investment Property Group Staffing and Capacity** has also decreased in likelihood giving it a reduced rating from a 12 (Amber) to an 8 (Amber) and SUR. This reflects positive progress in recruiting to vacant positions.
- **SMT 010 Insurance – Investment and Corporate Estate** has reduced in scoring from an 8 (Amber) to a 4 (Green) reflecting the progression of the valuation process.

### **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 04 Cashflow Management** has decreased in likelihood reducing it from an 8 (Amber) to a 4 (Green). Cash flow modelling has now been developed and is monitored and updated regularly which has reduced the likelihood of this risk and has brought it in line with the target risk rating and score.

**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
IC 02	External Economic Risk	12		
IC 01	Investment Performance Strategy Risk	6		

IC 05	Sustainability and Impact	6		
IC 04	Cashflow Management	4		
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)

Despite a decrease in the high levels of material inflation previously experienced, the City has not yet observed a notable stabilisation in tender returns. While construction inflation is no longer escalating at the same pace, six contractors, both main and subcontractors, involved in City projects have entered administration. This indicates that the industry remains vulnerable to cost fluctuations, with much of the burden being transferred to commissioning parties. Increased provisions for Costed Risk Provision (CRP) and more thorough contractor credit assessments are being implemented; however, financial risks persist.

The risk status remains classified as Red due to ongoing market volatility and contractor insolvencies. The department will continue to monitor the risk status regularly and seek mitigation strategies whenever feasible.

b. SUR SMT 006

Construction Consultancy Management  
Current Risk Score 16 (Red)

The quality and expertise of external consultants on recent projects has led to gaps in design and cost increases.

To address this disparity, the department is collaborating closely with the Procurement team, the legal department, and the Construction Category Board. Additionally, the department is actively taking measures against consultants whose performance fails to meet established quality standards, as this can lead to delays in project timelines and additional cost. Officers are offering guidance to contractors regarding the new Building Act to enhance their understanding of the new safety regulations.

Early-stage errors, primarily due to a lack of skilled professionals in the industry, are contributing to delays and rising costs.

During the most recent SMT departmental risk review it was determined that this risk will maintain its current score

c. SUR SMT 011

Contractor failure  
Current Risk Score 16 (Red)

This risk involves the potential collapse of a primary contractor or a significant sub-contractor. Historically, the City Corporation has had limited influence over the choice of sub-contractors designated with carrying out work. A process addressing contractor failure has been established and communicated to the Construction Category Board.

Should a primary contractor or sub-contractor fail, it may lead to repercussions on warranties and hinder our ability to seek remedies for design flaws. Recent industry volatility has increased the likelihood of this risk, evidenced by six contractors (both main and sub) associated with City projects entering administration.

This risk remains classified as Red due to ongoing financial concerns, despite the implementation of mitigation strategies such as regular credit assessments. Contractor failure can lead to additional delivery costs, delays in project completion, as well as increased consultant and legal expenses.

d. SUR SMT 009

Recruitment and Retention of Property Professionals  
Current Risk Score 12 (Amber)

After a review by the department's Senior Management Team, it was agreed that the risk scoring on this item should be reduced from 16 (Red) to 12 (Amber). This scoring reflects recent successful recruitment, and feedback from the management teams. This risk continues to be recognised as a Corporate Risk (CR 39 Recruitment and Retention).

e. SUR SMT 016

Investment Property Group Staffing and Capacity  
Current Risk Score 8 (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 and recent successful recruitment has reduced the risk scored from a 12 (Amber) to an 8 (Amber).

f. SUR SMT 010 Insurance – Investment and Corporate Estate

Current risk Score 4 (Green)

This risk identifies the need of re-valuation of the City of London Estates – (Investment and Corporate) to ensure that the City meets its legal obligations under its insurance policies. The evaluation process is currently underway, and consequently the risk scoring on this item has reduced from an 8 (amber) to a 4 (Green).

**Table 2: Summary of CSD risks relevant to this Committee**











Risk code	Risk title	Current Risk Score	Current Risk Score Indicator	Trend Icon
SUR SMT 005	Construction and Service Contracts Price Inflation	16		
SUR SMT 006	Construction Consultancy Management	16		
SUR SMT 011	Contractor Failure	16		
SUR SMT 003	Investment Strategy Risk	12		
SUR SMT 009	Recruitment and Retention of Property Professionals	12		
SUR SMT 012	Adjudication & Disputes	8		
SUR SMT 016	Investment Property Group Staffing and Capacity	8		
SUR SMT 010	Insurance - Investment and Corporate Estates	4		

***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
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 the City Surveyor's Department to reduce the probability and/or consequences of identified risks.

There were three risks managed by the CSD which had their risk scoring reduced compared to prior periods.

## Appendices

- Appendix A Overarching Risk Register (for City Fund and City's Estate)
- Appendix B The City Surveyor's Departmental Risk Register relevant to Investment Committee
- Appendix C The Corporate Treasury Risk Register relevant to Investment 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)
- The City Surveyor and the Chamberlain Risk Register Update for Investment Committee 27 May 2025 (CS .093/25)

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


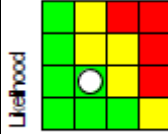

Report Author: Jenny Wong  
Generated on: 01 July 2025



Rows are sorted by Risk score

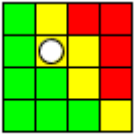
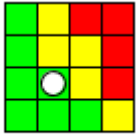


Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
<b>IC 02 External Economic risk</b>          03-May-2024 Caroline Al-Beyerty	<b>Cause:</b> Adverse global economic developments or unexpected geopolitical crisis (e.g. <del>Covid</del> , Russian invasion of Ukraine, <a href="#">global trade negotiations</a> etc.)  <b>Event:</b> Sharp rise in energy prices and inflation, collapse in sterling and/or downturn in property and financial markets leading to a reduction in purchasing power, decline in investment values and/or erosion of reserves  <b>Effect:</b> Failure to meet real return objectives and maintain the purchasing power of distributions – failure to match rising demands from the operational activities supported by the portfolio – reputational and organisational risk if budgets need to be cut as a result – balance sheet problems potentially created if the downturn in asset prices is sustained (e.g. inability to set up sinking fund for debt repayment)		12	Continuous monitoring of external developments across markets.  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.  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. <del>Volatility remains, and markets continue to react to evolving monetary policies, and on-going geo-political tensions.</del> <a href="#">Although markets have recovered moderately following further trade negotiations, sentiment remains fragile and on-going political tensions continue to impact volatility.</a>  <b>01 July 2025</b>		6	31-Mar-2026	
							Reduce	Constant

Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
IC 02a	Combined asset allocation risk  This action seeks to ensure that the overall asset allocation in the portfolio takes account of major economic and political risks.	The proposed ranges for property and financial assets reflect the portfolio's long term time horizon and return objective but shorter term economic and political developments are monitored by the Chamberlain's office to ensure appropriate action may be taken via the liquid financial portfolio before a major correction in markets.	Caroline Al-Beyerty	01-Jul-2025	31-Mar-2026
IC 02b	Financial Investment Strategy Risk  This action seeks to ensure that positions in the financial portfolio take account of major economic and political risks.	The financial portfolio is invested in a range of funds whose managers will take account of major economic and political developments in their stock and sector selection. The financial portfolio is also monitored on a regular basis by the investment consultant, Mercer, whose role is to report on performance and highlight key risks within the portfolio.	Kate Limna	01-Jul-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
<b>IC 01</b> <b>Investment performance: Strategy risk</b>  03-May-2024 Caroline Al-Beyerty	<b>Cause:</b> Inappropriate split of assets between property and financial assets and/or inappropriate asset allocation within the underlying property and financial portfolios.  <b>Event:</b> Poor assessment of market conditions and outlook for returns – failure to react to changes in market conditions leading to lower than expected returns/income, decline in capital or insufficient liquidity.  <b>Effect:</b> Failure to meet return targets and spending commitments – significant decline in capital – shortfall in income – inadequate liquidity – forced sales of assets at an inopportune moment in order to fund distribution requirements	 Likelihood Impact	<b>6</b>	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.  Performance monitored on a regular basis against targets to highlight any shortfall and potential action needed.  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.  <b>01 July 2025</b>	 Likelihood Impact	<b>4</b>	31-Mar-2026	  Constant
							Reduce	

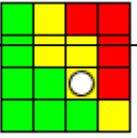
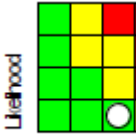

Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
IC 01a	Combined asset allocation risk  This action seeks to ensure an appropriate balance between property and financial assets in the combined portfolio in order to achieve the portfolio's real return objective over the long term with no more risk than necessary.	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.  <u>The portfolio split is currently outside the tolerance range due to unfavourable market conditions for property disposals however the rebalancing of the portfolio is ongoing, and officers will continue to monitor the environment.</u>	Caroline Al-Beyerty	01-Jul-2025	31-Mar- <del>2026</del> <u>2028</u>
IC 01b	Property Investment Strategy Risk  This action seeks to balance the organisation's ability to maximise its property returns for an	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.	Robert Murphy	01-Jul-2025	31-Mar-2026

	acceptable level of risk. This is covered in further detail in the City Surveyor's Departmental Risk SUR SMT 003.	<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 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>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.</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 2024 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>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.</p>	Caroline Al-Beyerty; Kate Limna	01-Jul-2025	31-Mar-2026

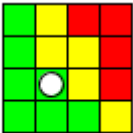
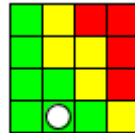

Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
<b>IC 05 Sustainability and impact</b>  03-May-2024 Caroline Al-Beyerty	<b>Cause:</b> Insufficient attention is paid to the City's sustainability goals and Climate Action Strategy in managing the investment portfolio  <b>Event:</b> Negative news stories create an adverse public perception of the City's approach to sustainable investment, reputational damage and potential loss of trust in the City's financial stewardship  <b>Effect:</b> The investment portfolio does not meet its sustainability goals and the targets set in the Climate Action Strategy – investment decisions based on financial factors without due consideration of their impact on sustainability could also create reputational risk and public relations efforts to repair the City's reputation would incur unnecessary costs – the lack of a clear impact measurement framework does not allow for an accurate assessment of performance and could delay achieving the sustainability goals	 Livelihood Impact	<b>6</b>	Regular monitoring and reporting of the portfolio against sustainability and climate change targets enabling the Investment Committee to challenge officers and staff on progress.  Selection of external managers who are able to manage their portfolios in line with the City's sustainable and climate action objectives – changing external managers when necessary.  Setting clear sustainability objectives for the internal property team and assessing their recommendations in light of those objectives.  <u><a href="#">Impact Investment training for Members was undertaken on 10 July 2025.</a></u>  <b>01 July 2025</b>	 Livelihood Impact	<b>4</b>	31-Mar-2026	 
							Reduce	Increasing Constant

Action no, Title,	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.	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.	Caroline Al-Beyerty	01-Jul-2025	31-Mar-2026
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	01-Jul-2025	31-Mar-2026
IC 05c	The Climate Action Team within I&G have reorganised with an Investment Board to oversee the delivery of the actions to meet the targets of the	The Board meets quarterly. The last meeting was held on the 17 March 2025.	Kate Limna; Robert	01-Jul-2025	31-Mar-2026

	Climate Action Strategy. Included within the Board are financial, investment property and goods and purchasing.		Murphy		
IC 05d	<p>Climate Action Strategy Delivery – Investment Property Portfolio</p> <p>The alignment of the organisation’s property portfolio with the future strategic needs of occupiers, particularly supporting their ESG (Environmental-Social-Governance) needs. Climate Action is principally managed through the Climate Action Strategy.</p>	<p>For the property assets, Climate Action is an area of focus for the entire real estate industry and commercial property occupiers including the City of London. It is imperative that the organisation progresses its property estates to support this growing area of demand.</p> <p>This is supported by the City’s Climate Action Strategy, which seeks to achieve net zero carbon emissions across our investments and supply chain by 2040.</p> <p>The delivery of Climate Action across the City’s investment portfolio is regularly reported through to Investment Committee through the Climate Action Dashboard and business planning.</p> <p>Asset Managers are receiving additional training to enhance their understanding of the subject and the application of appropriate management measures. A specialist surveyor has been appointed to work within IPG to support the AMs and ensure coherent plans will be evolved.</p>	Robert Murphy	01-Jul-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
<b>IC 04 Cash flow management</b>  03-May-2024 Kate Limna; Jenny Wong	<b>Cause:</b> Inaccurate cash flow modelling for Corporation as a whole.  <b>Event:</b> There is insufficient cash available to meet day to day obligations.  <b>Effect:</b> 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.	 Impact	<b>8</b>  <b>4</b>	Officers continue to maintain a cash flow model projecting the Corporation's cash flow requirements for the forthcoming year on an on-going basis. Cash flow is regularly monitored, and short-term cash balances are invested over appropriate time horizons.  <b>01 July 2025</b>	 Impact	<b>4</b>	31-Mar-2026	
							Reduce	Constant <u>Reducing</u>

Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
IC 04a	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 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. reflects	Kate Limna	01-Jul-2025	31-Mar-2026
IC 04b	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 <u>maintain</u> a medium-term cash flow forecast <u>on a monthly basis</u> based on City Fund and City's Estate projected balance sheet. This forecast is updated in line with the evolution of the medium-term financial plan, <u>including changes in revenue and capital assumptions.</u>	David Abbott; Sarah Port	01-Jul-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
<b>IC 03 Governance/ Compliance risk</b>  03-May-2024  Kate Limna; Jenny Wong	<b>Cause:</b> Inadequate understanding of regulations and investment practices among Members, officers and other staff involved in the investment portfolio etc.  <b>Event:</b> Committee Members and officers do not have appropriate skills or knowledge to discharge their responsibilities. Regulatory breach.  <b>Effect:</b> Inappropriate decisions are made leading to a financial impact, or a breach of legislation or service not provided in line with best practice and legal requirements. Potential regulatory fines.	 Lifehood Impact	<b>4</b>	Regular training of Members, officers and staff involved in the investment portfolio.  Appointment of external consultants to provide advice on asset allocation, manager selection and regulation.  <b>01 July 2025</b>	 Lifehood Impact	<b>2</b>	31-Mar-2026	  Constant
							Reduce	

Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
IC 03a	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>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>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.</p> <p>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.</p> <p>Impact Investment training is being arranged <u>for Members was undertaken on 10 July 2025.</u></p> <p><u>During Autumn 2025, the Treasury Management training sessions will be arranged to refresh Members of the Investment Committee and Finance Committee.</u></p>	Kate Limna	01-Jul-2025	31-Mar-2026
IC 03b	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	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	01-Jul-2025	31-Mar-2026



	Treasury Management Network plus the LAPFF, LPFA and PLSA – all providing access to training opportunities via courses, seminars and conferences.		Limna		
IC 03c	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	01-Jul-2025	31-Mar-2026
IC 03d	External professional advice sought where required.	The investment consultant attends each meeting of the Investment Committee providing advice on investment matters.	Kate Limna	01-Jul-2025	31-Mar-2026

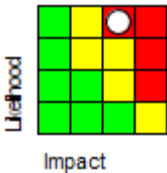
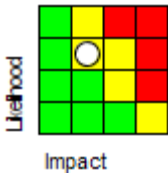

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SUR Departmental risks - DETAILED REPORT EXCLUDING COMPLETED ACTIONS for COMMITTEE

Report Author: Faith Bowman  
Generated on: 20 June 2025



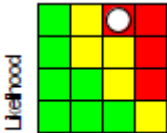
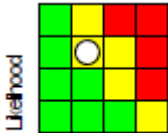

Rows are sorted by Risk Score

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
SUR SMT 005 Construction and Service Contracts Price Inflation beyond that which was anticipated or planned	<b>Cause:</b> Market conditions have led to input price inflation <b>Event:</b> Project and programme cost escalation <b>Impact:</b> Inability to delivery capital and revenue projects within budget		16	<p>This risk Material cost inflation and constrained labour availability continue to drive costs beyond what was anticipated or planned. This risk impacts the delivery of capital projects, facilities management (FM) services, reactive repairs, and revenue-funded works.</p> <p>Risk Status: Red – Risk remains high due to ongoing market instability and contractor insolvencies.</p> <p>The risk scoring was reviewed by the Department in May 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</p>		6	31-Mar-2026	

14-Oct-2021 Ola Obadara				<p>inflation is no longer rising at previous rates, six contractors (main 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>Market conditions remain dynamic and will be kept under review. As such the target date should be considered a review point.</p> <p>Additional mitigation: Early market engagement, supply chain resilience, project and controls.</p> <p><b>03 Jun 2025</b></p>			Reduce	Constant
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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> <p>Review/enhancement of costed risk provision to mitigate financial exposure, continued monitoring of market trends and contractor performance and adjust procurement strategies to reflect changing market dynamics.</p>	Ola Obadara	28-May-2025	31-Mar-2026

SUR SMT 005d	Contracts Exploring the potential to include different clauses into contracts such that work offered by the City remains attractive to suppliers.	The department and the Chamberlain’s Procurement team to have explored the inclusion of fluctuating provisions in our contracts. This has resulted in attracting a greater number of contractors to bid on projects, however the inflation risk has been transferred to the organisation. The value of this approach will be continually reviewed.	Ola Obadara	23-May-2025	31-Mar-2026
SUR SMT 005e	Contract Engagement  Expanding the amount of information available at an early stage of contract exploration. This will provide greater cost certainty.	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	23-May-2025	31-Mar-2026
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	23-May-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
<b>SUR SMT 006</b> <b>Construction Consultancy Management</b>  14-Oct-2021 Ola Obadara	<b>Cause:</b> Poor performance by consultants <b>Event:</b> Abortive work, delays, or non-performance. <b>Impact:</b> Additional costs, project delays		<b>16</b>	This relates to abortive design / development. The department continues to suffer the impacts of this risk, with action being taken against consultants when their performance does not meet expectations.  This issue is particularly pronounced in public sector projects, where budget constraints and procurement complexity often limit access to experienced personnel. In response, the department has initiated a Property Project Group Enhancement Plan to review and update all current consultant scopes of service.  <b>03 Jun 2025</b>		<b>6</b>	31-Mar-2026	
							Reduce	

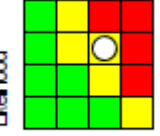
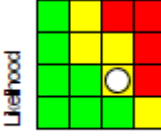
Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 006a	Commissioning stage  The department has commenced going to market at RIBA stage 3 rather than RIBA stage 4. This is designed to prevent abortive design and development.	Close work with the Procurement Team in Chamberlain's has resulted in deciding to change the stage at which the City is approaching the market. The impact will be tracked over the coming months.	Ola Obadara	23-May-2025	31-Mar-2026
SUR SMT 006b	Legal  The team is working closely with the legal department to ensure that procurement activity aligns with project objectives and the consultants meet quality requirements	Where performance has been poor action has been taken against consultants – these cases increase end-to-end timescales. Due to public sector contract constraints, our ability to seek immediate redress from construction consultancy contractors is limited so whilst action is taken, results take longer than would otherwise be possible in a commercial environment. The department is working with colleagues through the Construction Category Board on this item.	Ola Obadara	23-May-2025	31-Mar-2026

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>	PPG has an Enhancement Plan to review and update all current consultant scopes of service. This work is benchmarked against industry best practice to ensure clarity, reduce ambiguity, and improve efficiency. It also incorporates compliance with key legislative changes, including the Building Safety Act, the forthcoming Procurement Act, and future-proofing provisions such as AI clauses. Mitigation measures include clearer scope documentation, tighter performance management, early-stage quality assurance, and exploration of preferred supplier models to improve consistency and accountability across project teams	Ola Obadara	23-May-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>	Consultant underperformance and poor scoping continue to present a high risk to project delivery. Errors at early stages largely driven by a shortage of skilled professionals in the industry are causing delays, increased costs, and scope creep. This issue is particularly pronounced in public sector projects, where budget constraints and procurement complexity often limit access to experienced personnel. In response, the department has initiated a PPG Enhancement Plan to review and update all current consultant scopes of service. This work is benchmarked against industry best practice to ensure clarity, reduce ambiguity, and improve efficiency. It also incorporates compliance with key legislative changes, including the Building Safety Act, the forthcoming Procurement Act, and future-proofing provisions such as AI clauses. Mitigation measures include clearer scope documentation, tighter performance management, early-stage quality assurance, and exploration of preferred supplier models to improve consistency and accountability across project teams.	Ola Obadara	28-May-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	23-May-2025	31-Mar-2026





Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
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	23-May-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	23-May-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 <b>Investment Strategy Risk</b>	<p><b>Cause:</b> 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><b>Event:</b> Lower rental levels achieved, lower demand, increased turnover of tenancies, increased tenant failure</p> <p><b>Impact:</b> Inability to maximise property returns and income for an acceptable level of risk</p>	 <p>Likelihood</p> <p>Impact</p>	12	<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 &amp; 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>Likelihood</p> <p>Impact</p>	8	31-Mar-2026	<div style="width: 10px; height: 10px; background-color: blue;"></div>
17-May-2021 Robert Murphy				03 Jun 2025			Reduce	Constant

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Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 003a	<p>Macro-economic</p> <p>Within an overarching Investment Strategy the objective will be to maintain a diverse portfolio that reduces the impact of this risk. This includes:</p> <ol style="list-style-type: none"> <li>1. Use (office, retail, industrial)</li> <li>2. Location (City, Southwark, West End etc.)</li> <li>3. Tenancies (Long term Headlease geared, FRI, directly managed)</li> <li>4. Covenants (multinationals, SME)</li> <li>5. Asset management (lease renewals, voids, arrears, etc.)</li> <li>6. Monitoring retail habits in change of building use</li> </ol>	<p>An overarching investment strategy was approved by Members, agreeing the approach to our real estate investments.</p> <p>The delivery of this strategy will require 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	23-May-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>	<p>The overarching Investment Strategy defines the targets. Tactical implementation will be achieved through regular market scanning, and the integration of learning into the Corporation's approach.</p>	Robert Murphy	23-May-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>	<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.</p>	Robert Murphy	23-May-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	23-May-2025	31-Mar-2026

		<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	23-May-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	23-May-2025	31-Mar-2026

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	candidates, including those currently under-represented within our workforce.				
SUR SMT 009b	<p>Best Practice</p> <p>Including delivery of appraisals, regular one-to-ones, team and group meetings. This aims to improve communications at all levels, ensuring that CSD is a positive work environment and that issues/blockers can be raised and addressed. In some areas career graded roles have been instituted, and deployment can be further explored.</p>	CSD is supporting Corporate HR with embedding the on-line appraisal system which enables greater tracking of compliance with the performance management process.	Paul Wilkinson	23-May-2025	31-Mar-2026
SUR SMT 009c	<p>Communication</p> <p>Including delivery of appraisals, regular one-to-ones, team and group meetings. This aims to improve communications at all levels, ensuring that CSD is a positive work environment and that issues/blockers can be raised and addressed. In some areas career graded roles have been instituted, and deployment can be further explored.</p>	Managers across the service 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	23-May-2025	31-Mar-2026
SUR SMT 009d	<p>Engagement with HR</p> <p>Some of the items highlighted as the ‘causes’ of this risk are outside the control of CSD, and engagement with our Corporate partners will be critical to overcoming these items. This departmental risk directly supports the Corporate Risk on “Recruitment and Retention” (CR39).</p>	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	23-May-2025	31-Mar-2026
SUR SMT 009e	<p>Equity, Equalities, Diversity and Inclusion (EEDI)</p> <p>The department has an active ED&amp;I network, which regularly engages with the City Surveyor and the Senior Management Team. This is seeking to make the department/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.</p>	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	23-May-2025	31-Mar-2026
SUR SMT 009f	<p>Pay and Review Survey</p> <p>The Corporation is reviewing pay &amp; reward</p>	The department has highlighted that there are specific pressures within this department in relation to the withdrawal of the earlier reward scheme (where those on top-of-grading salaries could achieve performance related pay) prior to the review conclusions which has made our remuneration package less competitive than our peers. The department is engaging	Paul Wilkinson	23-May-2025	31-Mar-2026

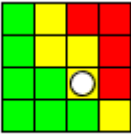
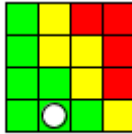

		<p>with the Ambition 25 team, who are reviewing several aspects including pay and reward. Local feedback has noted that there is some apprehension about the potential negative impact of Ambition 25 programme, and this item has been communicated to the project team.</p> <p>Overall, the department has noted that whilst recruitment is possible, the limited scope for (pay and professional) progression makes retention more challenging.</p>			
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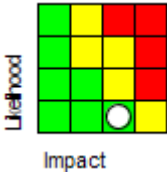
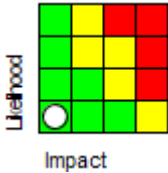

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Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 012a	<p>Project Review and Claims Consultant</p> <p>Claims consultant can advise the organisation where it can seek to recover money from suppliers (thereby reducing the impact).</p>	<p>The department is reviewing projects alongside the contracts to understand our position and have engaged an external Claims Consultants to ensure that risks are managed and the City's position is protected.. Whilst the Claims Consultant has been effective in seeking redress, unfortunately there is a volume of work that needs to be considered. The current risk scoring will be retained until this knot of projects has been delivered and considered.</p>	Ola Obadara	23-May-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
<b>SUR SMT 016</b> <b>Investment Property Group staffing and Capacity</b>  12-Jun-2024	<b>Cause:</b> Capacity and the existing skill set of the team is misaligned to deliver changing requirements. <b>Event:</b> Inability to undertake the management of the portfolio at the pace expected by the Market or by senior stakeholders and undertake new requirements as required by the City of London Corporation. <b>Impact:</b> Slow engagement with third parties, reduced capacity to optimise income/capital and ability to react to changes in market conditions at pace impacting on the delivery of the City Corporation's Medium Term Financial Plan, delays to major projects/organisational initiatives, negative impacts on customer/ employee satisfaction and the investment portfolio does not meet its CAS targets.	 <div> <div>Likelihood</div> <div>Impact</div> </div>	8	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 restructurings 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.  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  Recent IPG recruitment success: . specialist transactions surveyor (pool of candidates limited) . an asset manager providing maternity cover (limited pool of candidates) . Sustainability specialist  The risk score has been reduced to reflect recent recruitment.	 <div> <div>Likelihood</div> <div>Impact</div> </div>	2	31-Mar-2026	
				03 Jun 2025				

Robert Murphy						Reduce	Decreasing
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Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 016a	Funding Funding request to resource the extra capacity and capability required	The department presented the Real Estate Investment Strategy to Investment Committee in 2024. This document highlighted the pressures the function is facing, the changing demands of the market and of the organisation, and how this could be addressed. Included within this was the consideration of additional capacity and capability. This paper was supported at Investment Committee and Corporate Services Committee. The needs of the unit will be kept under review in light of evolving demands.  Approval to appointment of specialist consultant to drive forward Leadenhall Market strategy was considered by Investment Committee in May. Further, an additional Grade F Asset Manager in the process of being secured.	Robert Murphy	28-May-2025	31-Mar-2026
SUR SMT 016b	Training Training on new capabilities to be delivered to existing IPG staff.	Training on new capabilities to be delivered to existing IPG staff (FCA licence and regulatory qualifications, data, analytics, structuring JVs) where appropriate.	Robert Murphy	23-May-2025	31-Mar-2026
SUR SMT 016d	City Bridge Foundation Approval Seek City Bridge Foundation's approval to the cost consequences of enhanced capability.	Investment Property Group will seek City Bridge's Foundation (CBF) formal approval for changes in resourcing. The Group continues to work closely with CBF throughout.	Robert Murphy	23-May-2025	31-Mar-2026
SUR SMT 016e	Secondments To consider whether secondments within IPG would support the influx of corporate requests.	This will be considered as an on-going opportunity for staff to develop and achieve more senior organisational roles	Robert Murphy	23-May-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
<b>SUR SMT 010 Insurance - Investment and Corporate Estates</b>          26-May-2022 Robert Murphy	<b>Cause:</b> Revaluation of the City Corporation's estates (Investment and Corporate) does not happen in a timescale compliant with insurance policy requirements or the terms of leases. <b>Event:</b> The City fails to meet the provision under its insurance policies which typically require revaluations by a qualified person are undertaken at least every five years (Investment and Corporate). The City would be in breach of its legal obligations as a landlord under the terms of its leases to ensure that the full re-instatement value is insured. <b>Impact:</b> The insurance policy does not respond in full (Investment and Corporate)		4	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.  The scoring of this risk has been reduced to reflect the delivery in the evaluation process.  <b>03 Jun 2025</b>		1	31-Mar-2026	          Decreasing
							Reduce	

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 010a	Register of data  Ensuring the completeness of the organisation's data sets to ensure that assets are not 'lost' and accuracy of our risk scoring.	A property schedule exists, and this has been updated with the survey carried out on Special Sites (by RLF).	Robert Murphy	23-May-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	23-May-2025	31-Mar-2026
SUR SMT 010c	Delivery	The delivery of the valuations will be via an external valuer. Service delivery is either underway or in procurement.	Peter Collinson	23-May-2025	31-Mar-2026

	Delivery of the programme of valuation activity. As this progresses the risk score will reduce to target.				
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CHB IC Detailed risk register EXCLUDING COMPLETED ACTIONS

Report Author: Jenny Wong  
Generated on: 01 July 2025

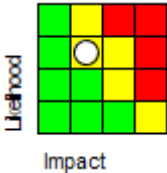
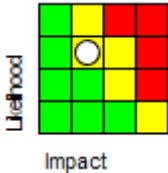


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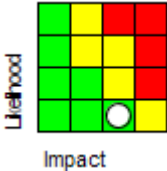
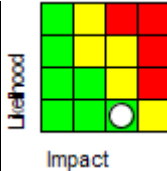

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
<b>CHB IC 01</b> <b>Insufficient assets - City's Estate</b>          08-Mar-2018 Kate Limna; Jenny Wong	<b>Cause:</b> The asset allocation of the City's Estate investment portfolio is unable to fund long term expenditure requirements due to market movements. <b>Event:</b> There are insufficient assets to meet expenditure requirements. <b>Effect:</b> Reduced income or lower than anticipated growth which could impact on the Corporation's medium term financial plans. City's Estate would be required to sell financial assets to fund expenditure requirements.	<div><div>Likelihood</div><div>Impact</div></div>	12	From 1 April 2024 the return target for City's Estate has been set at CPI+4% on a rolling 5-year basis.  <a href="#">An Investment Beliefs Survey has been circulated to Members to help the investment consultant to better understand the collective views of the Committee and to help guide City Estate's strategic asset allocation implementation.</a>  01 July 2025	<div><div>Likelihood</div><div>Impact</div></div>	8	31-Mar-2026	<div><div></div></div>          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 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) in February 2023. Their work was completed in February 2025 but they have been retained to produce the <a href="#">quarterly</a> performance dashboard.	Caroline Al-Beyerty; Kate Limna	01-Jul-2025	31-Mar-2026
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	01-Jul-2025	31-Mar-2026

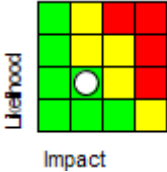
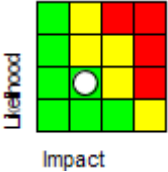



Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
<b>CHB IC 02 Targeted returns - City's Estate</b>          08-Mar-2018 Kate Limna; Jenny Wong	<b>Cause:</b> Fund managers fail to achieve the targeted investment returns because <ul style="list-style-type: none"> <li>the Committee appoints unsuitable fund managers,</li> <li>individual fund managers underperform against the benchmarks agreed by the Committee,</li> <li>aggregate fund manager performance fails to achieve the Committee's long-term targets</li> </ul> <b>Event:</b> Failure to be seen to manage the fund responsibly. <b>Effect:</b> Supervisory intervention over management of the funds.		6	The performance of fund managers and their aggregate performance is reported against target to each Investment Committee. The Committee sets a diversified investment strategy to mitigate volatility and as such it expects different parts of the strategy to outperform at different times.  Where relative returns are negative, Members and officers seek to understand why in order to determine whether there is continued conviction in the manager's strategy to recover performance.  <b>01 July 2025</b>		6	31-Mar-2026	Constant

Action no	Action description	Latest Note		Action owner	Latest Note Date	Due Date
CHB IC 02a	Investment managers' performance and their aggregate performance is measured against appropriate benchmarks and monitored by the Investment Committee throughout the year. It is supplemented by market insight from the Corporation's investment consultants which provides peer group comparisons; checks on movement of key officers; and reviews on the incorporation of ESG considerations in implementing their investment strategies. Fund managers are invited to meet with Officers and Members to account for their performance as and when the Committee deem this necessary/as required.	The latest performance for City's Estate Fund to <del>31 March 2025</del> <u>31 May 2025</u> is reported to the Investment Committee on <del>27 May 2025</del> <u>21 July 2025</u> .		Kate Limna	01-Jul-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
<b>CHB IC 03 Service provider failure</b>  08-Mar-2018  Kate Limna; Jenny Wong	<b>Cause:</b> Corporate, financial, economic or cybersecurity threats result in service provision withdrawal or liquidation of partner organisations. <b>Event:</b> Failure of fund manager, investment consultant or other service provider without notice. <b>Effect:</b> Asset valuations at risk or a period of time without service provision.		4	Officers meet regularly with fund managers, investment consultants and other service providers. Officers write to all counterparties requesting latest internal control report from fund managers and custodian ahead of the closure of accounts.  <b>01 July 2025</b>		4	31-Mar-2026	  Constant

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	01-Jul-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	01-Jul-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	01-Jul-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
<b>CHB IC 07</b> <b>Failure to discharge responsible investment duties</b>  20-Jun-2019 Jenny Wong	<b>Cause:</b> Insufficient attention is paid to the environmental, social and governance (ESG) dimensions of the Corporation's financial investments. <b>Event:</b> The Corporations' financial investments include an underappreciated exposure to negative ESG risks and the means to effectively manage such risks is not understood. <b>Effect:</b> The Corporation suffers reputational or financial damage.		4	The Investment Committee inherits an advanced approach to responsible investment and asset stewardship. The Corporation 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).  <b>01 July 2025</b>		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.	The PRI released results for 2024 in November 2024 and this was reported to the Investment Committee on 17 February 2025.  The PRI 2025 reporting period <del>opens</del> <b>opened</b> on 7 May 2025 and closes on 30 July 2025. The Corporation will be making its submission by this deadline.	Kate Limna	01-Jul-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	01-Jul-2025	31-Mar-2026
CHB IC 07e	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 done in conjunction with other	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	01-Jul-2025	31-Mar-2026

	committees which now have investment oversight responsibilities).				
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.	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.	Kate Limna	01-Jul-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
<b>CHB IC 04 Counterparty failure - Treasury Management</b>  08-Mar-2018  Kate Limna; Jenny Wong	<b>Cause:</b> External events, including cybersecurity incidents, threaten the solvency of counterparties the Corporation has lent to. <b>Event:</b> Failure of counterparty to fulfil obligation to the Corporation, i.e. default on repayments. <b>Effect:</b> Asset valuations at risk.		2	The current Treasury Management Strategy restricts lending to high-quality counterparties and remains fit for purpose. External credit ratings for existing counterparties are currently at acceptable levels.  <b>01 July 2025</b>		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. 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	01-Jul-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 2025/26 Treasury Management Strategy Statement & Annual Investment Strategy (relating to Treasury Management) (TMSS) as agreed by Court of Common Council (CoCoCo) on 6 March 2025. Additionally, officers have implemented financial metric-based criteria for determining the eligibility of local	Kate Limna	01-Jul-2025	31-Mar-2026

		authority borrowers. When onboarding new financial institutions, officers review banks' financial standing including standard financial reporting ratios for assessing capitalisation and liquidity.			
CHB IC 04c	Monitor markets regularly through credit rating updates and financial publications, plus seeking the advice of treasury investment advisors when appropriate	Officers continually monitor for credit rating updates as well as the financial press and industry publications in search of any news regarding the Corporation's counterparties. Treasury investment advisors provide rating agency credit watches and other market data including Credit Default Swap prices on money market participants.	Kate Limna	01-Jul-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		Impact			
	X	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)	<b>Service delivery/performance:</b> Minor impact on service, typically up to one day. <b>Financial:</b> financial loss up to 5% of budget. <b>Reputation:</b> Isolated service user/stakeholder complaints contained within business unit/division. <b>Legal/statutory:</b> Litigation claim or find less than £5000. <b>Safety/health:</b> Minor incident including injury to one or more individuals. <b>Objectives:</b> Failure to achieve team plan objectives.
Serious (2)	<b>Service delivery/performance:</b> Service disruption 2 to 5 days. <b>Financial:</b> Financial loss up to 10% of budget. <b>Reputation:</b> Adverse local media coverage/multiple service user/stakeholder complaints. <b>Legal/statutory:</b> Litigation claimable fine between £5000 and £50,000. <b>Safety/health:</b> Significant injury or illness causing short-term disability to one or more persons. <b>Objectives:</b> Failure to achieve one or more service plan objectives.
Major (4)	<b>Service delivery/performance:</b> Service disruption > 1 - 4 weeks. <b>Financial:</b> Financial loss up to 20% of budget. <b>Reputation:</b> Adverse national media coverage 1 to 3 days. <b>Legal/statutory:</b> Litigation claimable fine between £50,000 and £500,000. <b>Safety/health:</b> Major injury or illness/disease causing long-term disability to one or more people <b>objectives:</b> Failure to achieve a strategic plan objective.
Extreme (8)	<b>Service delivery/performance:</b> Service disruption > 4 weeks. <b>Financial:</b> Financial loss up to 35% of budget. <b>Reputation:</b> National publicity more than three days. Possible resignation leading member or chief officer. <b>Legal/statutory:</b> Multiple civil or criminal suits. Litigation claim or find in excess of £500,000. <b>Safety/health:</b> Fatality or life-threatening illness/disease (e.g. mesothelioma) to one or more persons. <b>Objectives:</b> Failure to achieve a major corporate objective.

### (D) Risk score definitions

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

Contact the Corporate Risk Manager for further information. Ext 1297

Version date: January 2020

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