



Investment Committee – Main Agenda

Date: MONDAY, 6 OCTOBER 2025
Time: 11.00 am
Venue: COMMITTEE ROOMS, 2ND FLOOR, WEST WING, GUILDHALL

Members:

Shahnan Bakth (Chair)	Deputy Christopher Hayward, Chairman of Policy & Resources Committee (Ex-Officio Member)
Deputy Madush Gupta (Deputy Chair)	Shravan Joshi MBE
Nicholas Bensted-Smith	Gerald Kaye (External Member)
Claudine Blamey (External Member)	Rebecca MacDonald (External Member)
David Brooks Wilson (External Member)	Andrew McCaffery (External Member)
Deputy Henry Colthurst	Deputy Andrien Meyers
Simon Duckworth OBE DL	Deputy Henry Pollard
Deputy Peter Dunphy	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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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 21 July 2025.

For Decision
(Pages 7 - 12)

4. **FORWARD PLAN**

Joint Report of the Chamberlain and the City Surveyor.

For Information
(Pages 13 - 14)

5. **TREASURY MANAGEMENT OUTTURN 2024-25**

Report of the Chamberlain.

For Information
(Pages 15 - 22)

6. **TREASURY MANAGEMENT UPDATE AS AT 31 AUGUST 2025**

Report of the Chamberlain.

For Information
(Pages 23 - 46)

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

Joint Report of the Chamberlain and the City Surveyor.

For Decision
(Pages 47 - 110)

8. **CLIMATE ACTION STRATEGY VERBAL UPDATE**

The City Surveyor to be heard.

For Information

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 21 July 2025.

For Decision
(Pages 111 - 116)

13. **PERFORMANCE MONITORING**

For Information

- a) Performance Monitoring to 31 July 2025: City's Estate (Pages 117 - 140)
Report of the Chamberlain.
- b) Quarterly Monitoring Report Q2 2025 (Pages 141 - 164)
Report of Mercer.

14. **CITY FUND & CITY'S ESTATE: PERFORMANCE MONITORING OF PROPERTY INVESTMENT PORTFOLIOS TO MARCH 2025**

Report of the City Surveyor.

For Information
(Pages 165 - 170)

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

Joint Report of the Chamberlain and the City Surveyor.

For Information

(Pages 171 - 180)

16. **CITY'S ESTATE DASHBOARD AS AT 30 JUNE 2025**

Report of the Chamberlain.

For Information
(Pages 181 - 188)

17. **CITY'S ESTATE INVESTMENT BUSINESS PLAN**

Report of the Chamberlain.

For Information
(Pages 189 - 200)

18. **CITY'S ESTATE - EXPLORING INVESTMENT OPPORTUNITIES**

Report of the Chamberlain.

For Information
(Pages 201 - 222)

19. **CITY ESTATE: 2-4 & 6-8 EASTCHEAP - LEASEHOLD SALE**

Report of the City Surveyor.

For Decision
(Pages 223 - 230)

20. **GW6: ORACLE PROPERTY MANAGER (OPN) REPLACEMENT (MRI HORIZON IMPLEMENTATION, PHASES 1 AND 2)**

Report of the City Surveyor.

For Decision
(Pages 231 - 240)

21. **DELEGATIONS REQUEST**

Report of the City Surveyor.

For Decision
(Pages 241 - 244)

22. **CITY FUND & CITY'S ESTATE: INVESTMENT PROPERTY MONITORING - CHIEF OFFICER DELEGATION**

Report of the City Surveyor.

For Information
(Pages 245 - 252)

23. **NON-PUBLIC APPENDIX TO ITEM 7 - (RISK REPORT)**

To be read in conjunction with Item 7 (Risk Report)

For Information
(Pages 253 - 254)

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

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

Part 3 - Confidential Agenda

26. **CITY SURVEYOR'S DEPARTMENT**

Report of the City Surveyor.

For Information

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INVESTMENT COMMITTEE Monday, 21 July 2025

Minutes of the meeting of the Investment Committee held at Committee Rooms, 2nd Floor, West Wing, Guildhall on Monday, 21 July 2025 at 11.00 am

Present

Members:

Shahnan Bakth (Chair)
Deputy Madush Gupta (Deputy Chair)
David Brooks Wilson (External Member)
Deputy Peter Dunphy
Alderman Alison Gowman CBE
Alderman Prem Goyal CBE
Deputy Christopher Hayward (Ex-Officio Member)
Shravan Joshi MBE

Officers:

Caroline Al-Beyerty	- Chamberlain
Paul Wilkinson	- City Surveyor
Sonia Virdee	- Financial Services Director
Kate Limna	- Corporate Treasurer
Robert Murphy	- Investment Property Director
Sarah Port	- Chamberlain's Department
Ola Obadara	- Property Projects Group Director
James Murray	- Assistant Director – Development, CSD
Kirpal Kaur	- Assistant City Solicitor
Stephen Clayton	- City Surveyor's Department
John Galvin	- City Surveyor's Department
John James	- Chamberlain's Department
Steve Turner	- Mercer
Maria Zahn	- Stanhope
James Horden	- Stanhope
John Cater	- Committee Clerk

1. APOLOGIES

In advance of the meeting, formal apologies for absence were received from Nicholas Bensted-Smith, Claudine Blamey, Deputy Henry Colthurst, Simon Duckworth OBE DL, Deputy Andrien Meyers, Gerald Kaye, Rebecca MacDonald, Andrew McCaffery, Deputy Henry Pollard, and Deputy James Thomson CBE.

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

There was one Declaration under the Code of Conduct.

Alderman Gowman declared an interest under Item 26, namely, the Delegations Requests Report. Alderman Gowman is a tenant at 160 Aldersgate Street.

3. **MINUTES**

RESOLVED: – that the public minutes and non-public summary of the meeting held on 27 May 2025 were approved as the correct record.

4. **FORWARD PLAN**

The Committee received a joint Report of the Town Clerk, the Chamberlain and the City Surveyor providing Members with the Forward Workplan for the Committee.

RESOLVED: - that the Committee noted the Report.

5. **INVESTMENT PROPERTY TRANSACTIONS - GOVERNANCE**

The Committee considered a Report of the City Surveyor concerning governance arrangements for the approval of Investment Property transactions.

RESOLVED: - that the Committee endorsed 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.

6. **TREASURY MANAGEMENT UPDATE AS AT 31 MAY 2025**

The Committee received a Report of the Chamberlain concerning the City Corporation's Treasury Management Portfolio as at 31 May 2025.

In response to a query, the Chamberlain confirmed that due to the slower than projected fall in interest rates since summer 2024, the City was sitting on a higher than forecast cashflow balance; this, allied to the slippage in some of the major capital works over the last 12 months are the major contributory factors to the increase in interest on average cash balances. Further details will be submitted as part of the Q1 Budget Update to the September Finance Committee.

RESOLVED: - That the Committee noted the Report.

7. **CSD BUSINESS PLAN – 4TH QUARTER PROGRESS**

The Committee received a Report of the City Surveyor concerning the Surveyor's Business Plan.

In response to a query, Members were assured that the issue highlighted under KP11 related to energy data had now been resolved and the relevant dashboard would be finalised and published the following week (w/c 28/07).

RESOLVED: - that the Committee noted the Report.

8. RISK REGISTER FOR INVESTMENT COMMITTEE

The Committee considered a joint Report of the Chamberlain and the City Surveyor concerning the Risk Register for the Committee.

In response to a query, the City Surveyor informed Members that the risk around recruitment and retention had diminished, this reflected wider changes in the employment market which was now providing the Corporation with decent size pools of good candidates for vacancies.

Separately, Members were informed that officers were working closely with colleagues in the Commercial and Governance teams in an effort to improve the organisation's approach to external consultants and getting best value, quick turnover of under-performing consultants posed a challenge due to the procurement regulations which the Corporation was obliged to comply with, however, there was scope to improve other areas such as streamlining Committee governance which could bring tangible benefit. It was also commented that the organisation had experienced a better service, on average, from SME consultancy firms due to having, on the whole, easier access to their senior leadership teams.

Responding to a query, the City Surveyor reflected that the high rate of construction price inflation that we had seen over the last three years had decelerated in recent months and it was anticipated that this would revert to normal levels going forward. In addition, it was also commented that the insolvency rate in the sector had also declined over recent months, however, guidelines were in place for officers when insolvencies did occur.

RESOLVED: - that the Committee:

- Considered the overarching risks and mitigations relating to the overall investment portfolio overseen by the Investment Committee (Appendix A).
- Noted 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

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

There were no public questions.

10. ANY OTHER BUSINESS THAT THE CHAIR CONSIDERS URGENT

There was no other urgent public business.

11. 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.

12. **NON-PUBLIC MINUTES**

RESOLVED: – that the non-public minutes of the meeting held on 27 May 2025 were approved as the correct record.

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

The Committee considered a Report of the City Surveyor concerning the metrics used in making major property decisions.

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

The Committee considered a joint Report of the Chamberlain and the City Surveyor concerning the cashflow for City Fund and City's Estate and Capital Realisation.

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

The Committee considered a Report of the Chamberlain concerning the Sir William Coxen Trust Fund.

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

The Committee considered a Report of the City Surveyor concerning the strip out works for Bastion House.

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

The Committee noted a verbal update of the Chamberlain and Mercer concerning the Investment Beliefs Survey results.

18. **IMPACT INVESTING - UPDATE**

The Committee received a Report of the Chamberlain concerning Impact Investing.

19. **PERFORMANCE MONITORING TO 31 MAY 2025: CITY'S ESTATE**

The Committee received a Report of the Chamberlain concerning the investment performance of the City's Estate financial investment portfolio.

20. **CITY FUND, CITY'S ESTATE AND STRATEGIC PROPERTY ESTATE - ANNUAL VALUATION**

The Committee received a Report of the City Surveyor concerning the annual valuation of the City's Estate and City Fund investment property portfolios undertaken by external valuers for the year ending 31st March 2025.

21. **CITY SURVEYOR REVENUE OUTTURN 2024-25**
The Committee received a joint Report of the City Surveyor and the Chamberlain concerning the City Surveyor's 2024-25 revenue outturn for the services overseen by the Investment Committee.
22. **CITY'S ESTATE AND CITY FUND RENTAL ESTIMATES MONITORING REPORT - JUNE FORECAST (HALF YEARLY REPORT)**
The Committee received a Report of the City Surveyor concerning the City Fund & City's Estate investment property portfolio.
23. **IPG - CLIMATE ACTION STRATEGY PRESENTATION - VERBAL UPDATE**
The Committee received a verbal update of the City Surveyor concerning the City Corporation's Climate Action Strategy.
24. **HAMPSTEAD HEATH TRUST INVESTMENT PERFORMANCE MONITORING TO 31 MARCH 2025**
The Committee received a Report of the Chamberlain concerning the investment performance monitoring for the Hampstead Heath Trust.
25. **CHARITIES POOL INVESTMENT PERFORMANCE MONITORING TO 31 MARCH 2025**
The Committee received a Report of the Chamberlain concerning the investment performance of the City of London Charities Pool.
26. **DELEGATIONS REQUEST**
The Committee considered a Report of the City Surveyor regarding requests for Delegated Authority to approve investment property transactions over the summer/September.
27. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
There were no non-public questions.
28. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**
There was one item of urgent non-public business.
29. **MARKET SITES REGENERATION PROGRAMME FURTHER INFORMATION**
The Committee considered a Report of the City Surveyor concerning the Markets Site Regeneration Programme.

The meeting ended at 12.15 pm

Chairman

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	6 October 2025	1 December 2025	9 February 2026
Overall Investment Portfolio (Chamberlains and City Surveyors)	<p>City Surveyor's & Corporate Treasury Risk Report</p> <p>City's Estate Dashboard (OCIO) – quarterly</p> <p>City Fund & City's Estate Cashflow position and capital realisation – monitoring</p>	<p>City Surveyor's & Corporate Treasury Risk Report</p> <p>City Fund & City's Estate Cashflow position and capital realisation – monitoring</p>	<p>City Surveyor's & Corporate Treasury Risk Report</p> <p>City's Estate Dashboard (OCIO) – quarterly</p> <p>City Fund & City's Estate Cashflow position and capital realisation – monitoring</p>
Investment Property	<p>City Fund and City's Estate: Delegated Authorities - Decisions Update report</p> <p>City's Estate & City Fund Estate: Performance Monitoring of Property Investment Portfolios to 31st March 2025</p>	<p>City Fund and City's Estate : Investment Property Monitoring 6 monthly report:</p> <ul style="list-style-type: none"> • Vacant Accommodation Update • Rent Reviews/Lease Renewals • Arrears 	<p>City Fund Estate : Annual Update Report</p> <p>City's Estate : Annual Update Report</p> <p>City's Estate and City Fund Rental Estimates Monitoring Report – December Forecast (6 monthly report)</p>
	<p>City's Estate : 2-8 Eastcheap Leasehold Sale</p> <p>Oracle Property Manager (OPN) Replacement, Gateway 6 Outcome report</p>	<p>City Surveyor Revenue Budgets (City Fund and City's Cash) – Latest Approved 2024/25 and Original Estimates 2025/26</p>	<p>Delegation Requests</p> <p>CSD Draft New Business Plan 2026 - 2031</p>
	<p>Delegation Request Report</p> <p>Presentation : Climate Action Update</p>	<p>City Fund & City's Estate Revenue Works Programme – 24/25 Progress Report (half yearly report)</p>	

		Business Plan – 2 nd Quarter Progress. Delegation Requests	
Financial Investments	Performance Monitoring report for City's Estate Financial Investments Quarterly Investment report from Mercer (Investment Consultant) City's Estate Financial Investment Portfolio – Investment Business Plan from Mercer (Investment Consultant) City's Estate Financial Investment Portfolio – Exploring investment opportunities from Mercer (Investment Consultant)	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)
Treasury Management	Treasury Management Update Treasury Management Outturn 2024-25	Treasury Management Update Mid-Year Treasury Review	Treasury Management Update Annual Treasury Management Strategy Statement
Town Clerk's Department		Annual Terms of Reference Review	

Committee(s): Investment Committee – For Information Audit and Risk Management – For Information	Dated: 06 October 2025 17 November 2025
Subject: Treasury Management Outturn 2024/25	Public report: For Information
This proposal: delivers Corporate Plan 2024-29 outcomes provides statutory duties provides business enabling functions	Diverse Engaged Communities; Dynamic Economic Growth; Leading Sustainable Environment; Vibrant Thriving Destination; Providing Excellent Services; and Flourishing Public Spaces
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	£N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain’s Department?	N/A
Report of:	The Chamberlain
Report author:	Adam Buckley, Senior Accountant - Treasury

Summary

The Treasury Management Strategy Statement and Annual Investment Strategy (relating to Treasury Management) for 2024/25 was approved by the Investment Committee and the Finance Committee in February 2024 and by the Court of Common Council on 7 March 2024.

Under CIPFA’s Code of Practice on Treasury Management, which was adopted by the Court of Common Council on 3 March 2010, there is a requirement to provide an end of year report. The main points to note are as follows:

- As at 31 March 2025, the City had treasury balances totalling some £956.6m. The majority of these balances are held for payment to third parties or are restricted reserves.
- Cash balances increased by £55.4m over the course of the year, which was principally due to income from the sale of property and financial investment drawdowns, offset by expenditure related to the Major Projects programme.
- Short term investment returns reduced throughout 2024/25, with the Bank of England cutting the base rate by 0.25% in August 2024, November 2024 and February 2025, bringing the headline rate down from 5.25% to 4.50% as at 31 March 2025. As at September 2025 the base rate stands at 4.00% following a

0.25% reduction in May and August 2025, with rates held steady at the September meeting.

- The investment of funds during the year conformed to the approved strategy and there were no liquidity difficulties or breaches of the approved creditworthiness policy. During the year, a new counterparty was onboarded, Standard Chartered Bank. The Treasury Management Strategy Statement and Annual Investment Strategy (relating to Treasury Management) remains appropriate in enabling the City to pursue its prime objectives of security and liquidity, followed by yield.

Recommendation

Members are asked to note the report.

Main Report

Introduction

1. The City of London Corporation (the City) is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and treasury indicators for 2024/25. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).
2. The Treasury Management Strategy Statement and Annual Investment Strategy relating to Treasury Management) [*referred to as the 'The Treasury Management Strategy Statement' or 'TMSS'*] for 2024/25 was approved by the Investment Committee (12 February 2024), Finance Committee (20 February 2024) and the Court of Common Council (7 March 2024). During 2024/25 the Investment Committee received investment analysis reports at each Committee meeting.

Overall Treasury Position as at 31 March 2025

3. The City's treasury position at the start and end of 2024/25 was as follows:

Table 1	31 March			
	Principal 2024	Rate of Return	Principal 2025	Rate of Return
	£m	%	£m	%
Fixed rate funding				
- PWLB	0		0	
- Market	0		0	
	0		0	
Variable rate funding				
- PWLB	0		0	
- Market	(450.0)		(450.0)	
	(450.0)		(450.0)	
Total debt	(450.0)		(450.0)	
Total investments	901.2	5.97 *	956.6	5.09 *
Net Investments	451.2		506.6	

* This rate of return includes the short-dated bond funds. The rate of return excluding the short-dated bond funds was 4.98% (2023/24: 5.64%). This was reported to Members at the May Committee.

Table 1 demonstrates that short term investments increased by £55.4m from £901.2m as at 31 March 2024 to £956.6m as at 31 March 2025, which is largely due to receipts received in 2024/25 from the sales of property, notably receipts related to the balance of the receipt due from the sale of South Molton Street estate (£54.5m), the sale of 59 ½ Southwark Street (£16.2m), and the sale of property on Charterhouse Street (£16.4m), as well as net income to the Treasury portfolio from drawdowns from financial investment portfolios (£113.4m), offset by expenditure on Major Projects throughout the financial year. The rate of return refers to the weighted average return of the portfolio as at the balance sheet date, rather than income earned in the period (which is discussed further at paragraph 21). The overall rate of return as at 31 March 2025 was lower than a year earlier, as interest rates decreased throughout 2024/25 due to the continued loosening of monetary policy from central banks.

4. Following the consultation undertaken by the Ministry of Housing, Communities and Local Government [MHCLG] on IFRS 9, the Government has extended the mandatory statutory override for local authorities to reverse out all unrealised fair value movements resulting from pooled investment funds to 31 March 2029, with the exception of any new pooled investments made from 1 April 2024 which must comply with IFRS 9. Therefore, any capital gains/losses on the existing short-dated bond funds will continue not to be taken through the City's General Fund (i.e. City Fund), and no new investments are planned. The City is required to disclose the net impact of the unrealised fair value movements in a separate unusable reserve throughout the duration of the override in order for the Government to keep the override under review and to maintain a form of transparency.
5. As City Fund is by far the largest participant in the TMSS in terms of investment balances, which are expected to endure for the foreseeable future, in order to ensure the TMSS is best aligned with each and every individual participants particular circumstances, during Autumn 2022 the Financial Investment Board (the Financial Investment Board has now been dissolved and replaced with the Investment Committee with effect from 19 May 2023), Finance Committee and Bridge House Estates Board (now City Bridge Foundation) all agreed to amend the TMSS with effect from 1 April 2022, and this was ratified by the Court of Common Council in December 2022. This amendment was to bifurcate the Annual Investment Strategy within the TMSS into two strategies: one for City Fund which includes exposure to the full range of investments (both *specified* and *non-specified*¹ i.e. including the short-dated bond funds) permitted in the current TMSS and a second strategy for others which restricts exposure to *specified investments* only (i.e. excluding the short-dated bond funds).

The Strategy for 2024/25

6. The first half of 2024/25 saw inflationary pressures ease as central banks began cutting interest rates, however, the second half of the year brought renewed volatility, as political developments, including the U.S. presidential election and the UK Labour government's Autumn budget, whilst initially lifting sentiment, resulted in faded optimism amid rising concerns over tariffs, inflation, and fiscal policy. Geopolitical tensions, including conflicts in Ukraine and the Middle East, further complicated the landscape. Despite this backdrop, investment returns remained robust throughout 2024/25 with Bank Rate reducing steadily, albeit more limited than previously expected, through the course of the financial year. At the end of

¹ **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments
Specified investments are those with a high level of credit quality and subject to a maturity limit of one year.

March 2025 the yield curve was still relatively flat, despite the expectation of further Bank Rate cuts during 2025/26.

7. The expectation within the Treasury Management Strategy Statement for 2024/25, based on the forecast from December 2023 when the Bank of England base rate was at 5.25%, was that the base rate had peaked and would remain at 5.25% until the second half of 2024, then incrementally decrease to 3.75% by March 2025. However, Bank Rate reductions of 0.25% occurred in August 2024, November 2024 and February 2025, bringing the headline rate down from 5.25% to 4.50% as at 31 March 2025. As at September 2025, there have been two cuts to the bank rate in May and August 2025 to 4.25% and 4.00% respectively, with rates held steady in September 2025, with markets pricing in just one further change to Bank Rate in 2025/26 to 3.75%, though sentiment is likely to remain volatile.
8. At the beginning of 2024/25, the Corporation was able to achieve returns in excess of 5% for all periods ranging from 1-12 months, though by March 2025 deposit rates were some 0.75% - 1.00% lower. Extending duration through the use of "laddered investments" allowed the Corporation to achieve higher returns for longer whilst maintaining sufficient liquidity, with the majority of deposits invested for 12 months or less. In May 2024, when Bank Rate was at the assumed peak of 5.25%, the Corporation placed a small amount of the investment portfolio (£20m) in a 2-year fixed term deposit with an approved counterparty, to take advantage of the favourable interest rates priced into the market, and to lock-in higher investment returns for longer while maintaining sufficient liquidity.
9. In Accordance with the 2024/25 TMSS, the City can place deposits up to a maximum of £25m with individual local authorities and an overall limit of £250m for outstanding lending to local authorities as a whole at any given time. In the latter part of 2023/24, the local authority to local authority market lacked any meaningful measure of depth, forcing short-term investment rates above those available in other markets. The Corporation placed 3 deposits totalling £50m with local authorities in this period. In 2024/25, the Corporation placed 16 deposits with local authorities, with the majority of these placed once again in the latter part of the year to benefit from the favourable short term investment rates in the local authority market. At the end of March 2025, the Corporation held deposits with 9 local authorities totalling £165m. Although the overall credit standing of the local authority sector is considered high, officers performed additional due diligence on individual prospective local authority borrowers prior to entering into any lending.
10. The Corporation's creditworthiness policy was designed to prioritise the security of the Corporation's assets whilst also enabling diversification of risk amongst a range of high-quality counterparties. The creditworthiness criteria set out in the original strategy was maintained throughout the year. During the year, a new counterparty was onboarded, Standard Chartered Bank, and has been added as an approved counterparty in the Treasury Management Strategy Statement for 2025/26. The inclusion of Standard Chartered Bank as an approved counterparty did not change the overall average credit rating of the short-term investment portfolio but allowed the Corporation to further diversify counterparty risk further and reduce reliance on existing counterparties.
11. The Corporation maintained sufficient liquidity through the selective use of highly liquid money market funds, cash flow forecasting, and active management of the portfolio's maturity profile.
12. The treasury management function complied with the parameters established in the 2024/25 TMSS for the entirety of the reporting period and the City's treasury

cash continues to be invested in a diversified balanced portfolio commensurate with proper and prioritised levels of security and liquidity.

13. The 2024/25 TMSS also included a number of prudential and treasury indicators for the year which are shown in Appendix 1. The City complied with all indicators in 2024/25.

The Borrowing Requirement and Debt

14. The Corporation did not anticipate (but did not rule out) undertaking any new external borrowing during 2024/25 and instead intended to temporarily use cash balances to support capital expenditure as an interim measure. This policy of internal borrowing was prudent as long-term borrowing costs are expected to fall back through 2025 and 2026 in the light of economic growth concerns and the eventual dampening of inflation .
15. The majority of local authority borrowing is undertaken via the Public Works Loan Board (PWLb), a government agency. The PWLB guidance was updated on 15 June 2023, in particular publishing a new Housing Revenue Account (HRA) rate, at 40 basis points above prevailing gilts, available from 15 June 2023 for 1 year, with its continuation subject to review. This rate is solely intended for use by HRA and primarily for new housing delivery. Furthermore, the guidance, in line with the Prudential Code, reinforced that local authorities will “...*only borrow the amount needed to finance capital expenditure and not borrow extra amounts purely to invest and make a financial return*” (previously noted purely for yield). Following the 2024 Autumn Statement, the availability of this rate has been extended to March 2026.
16. No external borrowing was undertaken by the City Fund during the 2024/25 financial year, and actual capital expenditure in that year (£300m) was lower than anticipated in the 2024/25 TMSS (£394m). The City Fund’s capital financing requirement is expected to increase in the next few years as a result of the planned capital expenditure, and it is likely that at least a portion of this borrowing need will be met through internal borrowing. This strategy remains prudent in the current interest rate environment given the City Fund’s cash balances. However, the Chamberlain will continue to monitor the outlook for interest rates to ensure the borrowing strategy remains appropriate.
17. City’s Cash did not issue any new debt during the year having obtained market debt of £450m in 2019/20.
18. City Bridge Foundation did not enter into any borrowing during the year.

Investment Outturn for 2024/25

19. The City’s investment policy is governed by MHCLG guidance on Local Government Investments and the CIPFA Treasury Management Code which has been implemented in the Annual Investment Strategy approved by the Court of Common Council on 7 March 2024. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.).
20. The amendment to bifurcate the Annual Investment Strategy within the TMSS into two strategies (see paragraph 6): one for City Fund which includes exposure to the full range of investments (both *specified* and *non-specified* i.e. including the short-dated bond funds) and a second strategy for others which restricts exposure to *specified investments* only (i.e. excluding the short-dated bond funds), has resulted in two income yields for 2024/25, one for City Fund and one for all other funds.

21. The income yield on short term investments for 2024/25 was 5.00% for City Fund and 4.38% for all other funds (2023/24: 4.82% for City Fund and 4.29% across all other funds). Investment returns remained robust throughout 2024/25, with the Bank of England reducing the Bank Rate steadily through the course of the financial year.
22. Aside from interest earned on deposits, the portfolio is also exposed to gains and losses on the market value of the Corporation's short-dated and ultra-short-dated bond funds, which are held at fair value. These investments, and in particular the short-dated bond funds which have the highest interest rate sensitivity, appreciated in value over the course of the year as interest rates decreased (bond prices have an inverse relationship with interest rates).
23. Bond Fund returns faced periods of volatility throughout 2024 primarily driven by geopolitical tensions, central bank decisions, and fluctuating interest rate expectations in the face of inflationary pressures. Following a tough end to 2024, with notable sell-offs in major government bond markets with various factors influencing investor sentiment across the globe, the first quarter of 2025 started off strongly as bond yields fell (meaning prices rose) reflecting lower interest rate expectations. However, this momentum was derailed by the announcement of tariffs, and credit spreads widened, reflecting increased risk aversion among investors, yet despite this, overall bonds were broadly positive in the first quarter of 2025 as investors sought a 'flight to safety' as they navigated economic and policy uncertainties. Despite this volatility, the capital value of the portfolio's short-dated bond fund investments produced a positive return of +0.16% for the year (2023/24 a positive return of +0.29%). As in 2023/24, these movements are debited as an unrealised gain on investments, which is in accordance with the IFRS9 current mandatory statutory override (paragraph 4), are reversed and not taken through City Fund.
24. Interest generated from short-dated bond funds is distributed periodically throughout the year. In the 12-month period ended 31 March 2025 the interest distributed from these funds totalled £6.1m.
25. The investment activity during the year conformed to the approved strategy, and the City of London had no liquidity difficulties.

Conclusion

26. Treasury management activities over the past financial year were carried out in accordance with the 2024/25 TMSS, which remained unchanged over the course of the year.
27. Money market investment returns, which are heavily determined by central bank activity, have decreased as the base rate fell from 5.25% to 4.50% during 2024/25. The Bank Rate is currently 4.00% following cuts in May and August 2025, with the rate held steady in September 2025, and is forecast to decrease further to 3.75% by the end of 2025/26.

Appendices

Appendix 1 – Treasury Indicators

Adam Buckley

Senior Accountant - Treasury

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Treasury Indicators

TABLE 1: TREASURY MANAGEMENT INDICATORS	2023/24	2024/25	2024/25
	Actual	Estimate	Actual
	£M	£M	£M
Authorised Limit for external debt (City Fund)-			
Borrowing	£0	£0	£0
other long-term liabilities	£12.7	£12.6	£12.6
TOTAL	£12.7	£12.6	£12.6
Operational Boundary for external debt (City Fund) -			
Borrowing	£0	£0	£0
other long-term liabilities	£12.7	£12.6	£12.6
TOTAL	£12.7	£12.6	£12.6
Actual external debt	£0	£0	£0
Upper limit for total principal sums invested for over 364 days (per maturity date)	£300.0	£300.0	£50.0

TABLE 2: Maturity structure of fixed rate borrowing during 2024/25	upper limit	lower limit
under 12 months	50%	0%
12 months and within 24 months	50%	0%
24 months and within 5 years	50%	0%
5 years and within 10 years	75%	0%
10 years and above	100%	0%

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City of London Corporation Committee Report

Committee(s): Investment Committee – For Information	Dated: 06 October 2025
Subject: Treasury Management Update as at 31 August 2025	Public report: For Information
This proposal: <ul style="list-style-type: none"> • delivers Corporate Plan 2024-29 outcomes • provides statutory duties • provides business enabling functions 	Diverse Engaged Communities; Dynamic Economic Growth; Leading Sustainable Environment; Vibrant Thriving Destination; Providing Excellent Services; and Flourishing Public Spaces
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	£N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain’s Department?	N/A
Report of:	The Chamberlain
Report author:	Adam Buckley, Senior Accountant - Treasury

Summary

This report provides a summary of the City of London Corporation’s treasury management portfolio (investments) as at 31 August 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, is included at Appendix 2.

The treasury position was last reviewed by the Investment Committee at the meeting on 21 July 2025, when they received a report outlining the treasury position as at 31 May 2025.

The treasury management investment portfolio had a market value of £1,020.8m as at 31 August 2025, which is a decrease of £16.1m from the balance previously reported as at as at 31 May 2025 (£1,036.9m).

The Consumer Prices Index (CPI) rose by 3.8% in the 12 months to August 2025, unchanged from July, though up from 3.6% in the 12 months to June 2025. The Bank of England’s Monetary Policy Committee (MPC) voted to maintain interest rates at its meeting in September, after previously voting to reduce interest rates by 25bps to 4.00% at the August MPC. The market expectation is for a further rate cut before March 2026, with the potential of a further cut in the first half of 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, continuing in the first half of 2025/26, and officers expect this to continue in the second half of 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 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 August 2025.

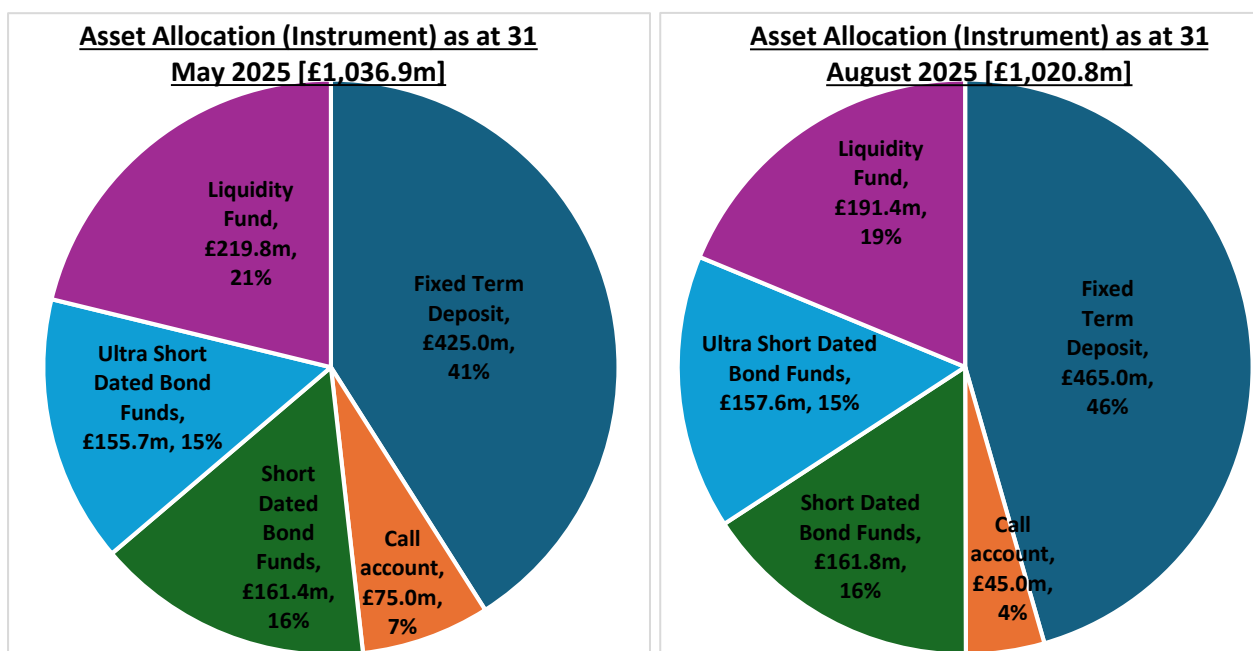
Current Position

2. The treasury management investment portfolio had a market value of £1,020.8m as at 31 August 2025, which is a decrease of £16.1m from the balance previously reported as at as at 31 May 2025 (£1,036.9m). This decrease is principally due the following significant transactions in the period:
 - business rates payments to central government of £327.8m;
 - expenditure on Major Projects of £44.9m; and
 - Museum of London drawdown payment totalling £30.0m; offset by
 - business rates income of £356m; and
 - property disposal receipts of £30.0m and £21.5m.

Asset Allocation

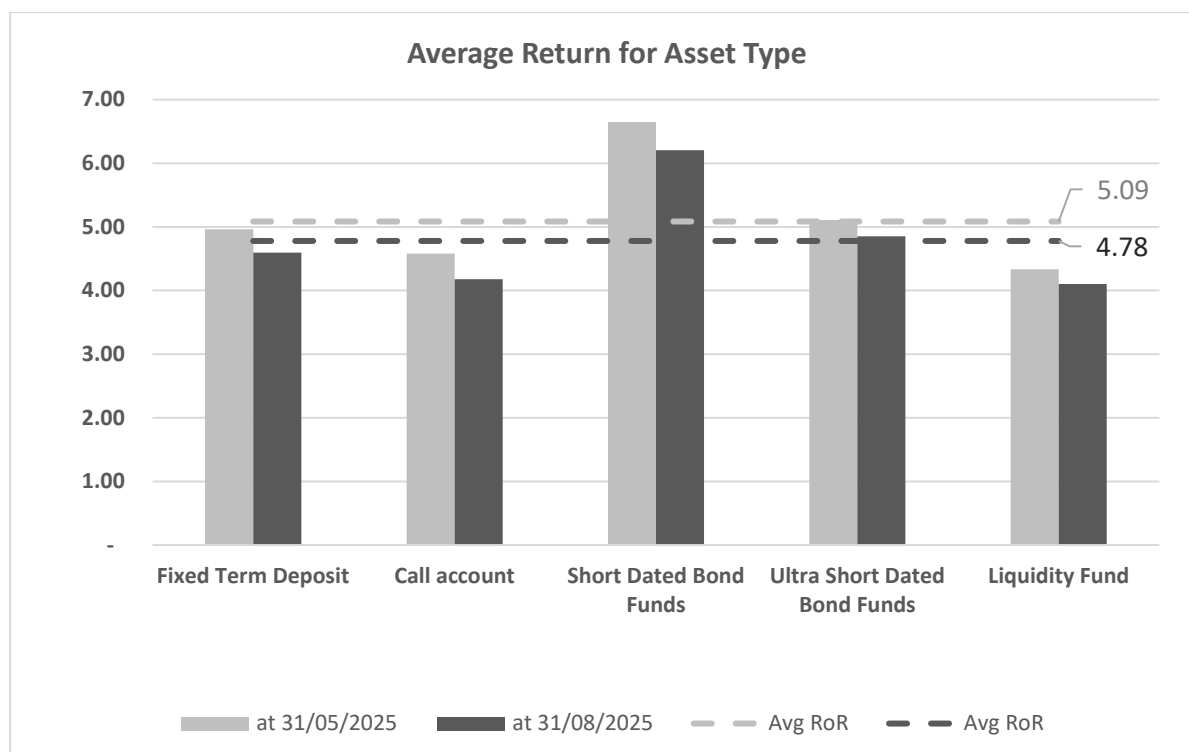
4. In accordance with the current Treasury Management Strategy Statement 2025/26, surplus cash is invested first and foremost with the aim of securing the Corporation's financial assets and secondly in line with the organisation's liquidity requirements (i.e. ensuring the cash is available when needed 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 May 2025 and 31 August 2025 is set out in Figure 1 below.

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



6. As at 31 August 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 (46%); an increase of £40m from the previous reporting date. Liquidity funds now make up around 19% of the portfolio; these balances are very liquid and can be accessed on the day. The amount of funds that are invested in notice accounts now make up 4% of the portfolio, a planned decrease of £30m from the previous reporting period.
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 May 2025 and 31 August 2025 is shown in Figure 2. Further analysis on the composition of the portfolio as at 31 August 2025 is provided in the Monthly Investment Report at Appendix 2, which demonstrates the average rate of return for the portfolio as at 31 August 2025 is 4.78% (31 May: 5.09%). 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 May 2025 and 31 August 2025



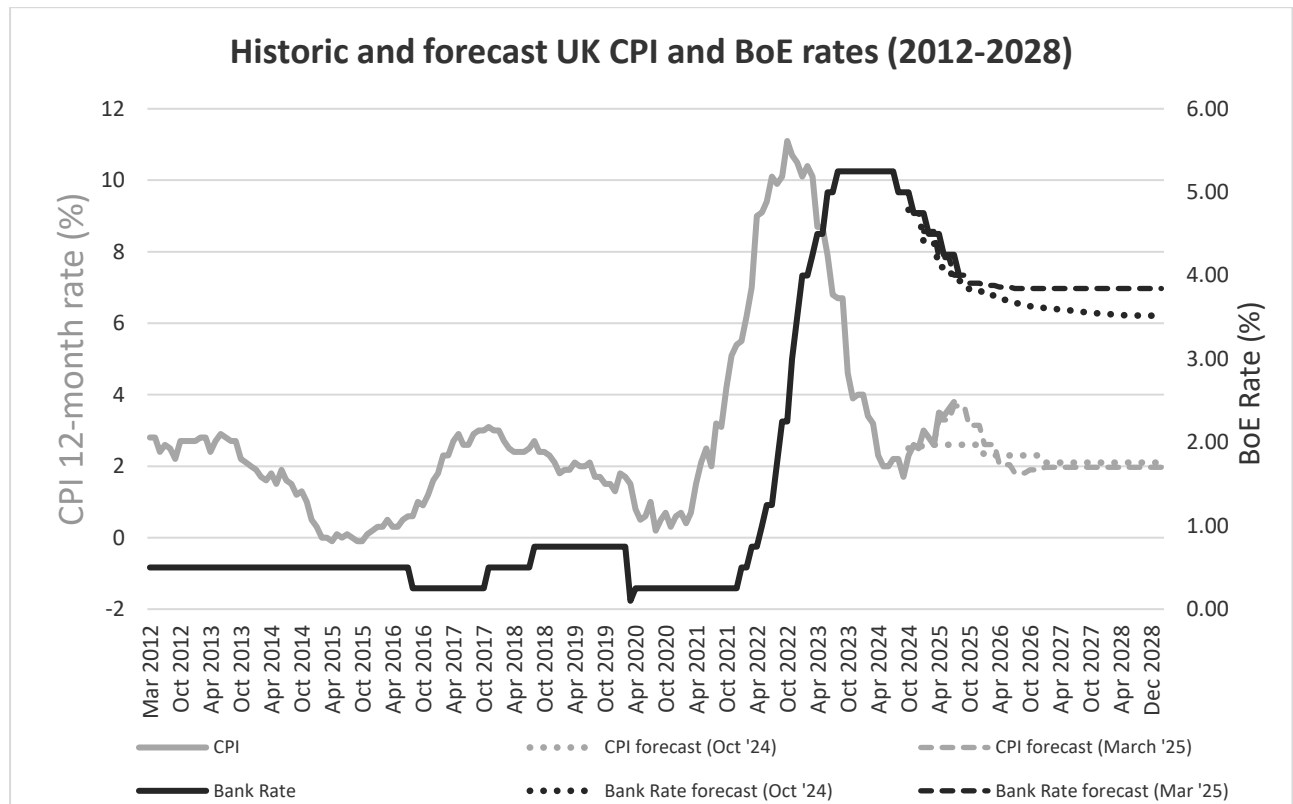
Performance

9. The Consumer Prices Index (CPI) rose by 3.8% in the 12 months to August 2025, unchanged from July, though up from 3.6% in the 12 months to June 2025, and from 3.4% in the 12 months to May 2025.
10. The Bank of England's Monetary Policy Committee (MPC) cut bank rate by 25bps from 4.25% to 4.00% at its August meeting. The decision was in line with market expectations, albeit the consensus had anticipated a 7-2 vote split, not the 5-4 member split in voting that occurred after the need for two rounds of voting, as 1 member initially voted to cut rates by 50bps, and then lowered this to a 25bps reduction to form a majority. Governor Bailey reiterated the need for a "*gradual and careful*" approach to reducing rates, calling the decision a "*finely balanced*" one after contending with sluggish economic growth and stubborn inflation.
11. More recently, the MPC kept bank rate unchanged at 4.00% at its September meeting. The decision was in line with market expectations, though two members voted to cut rates by a further 25bps. The accompanying policy statement mentions "*there appeared... to be less of an immediate risk that the labour market would loosen rapidly*" even whilst "*downside domestic and geopolitical risks around economic activity remain*". As in August, there remains an emphasis that "*a gradual and careful*" approach is still appropriate, whilst leaving the door open to continuing rate cuts in the future. However, this gives the impression there is a smaller scope for continued rate cuts in the near-to-medium term, but as ever the MPC will "*remain responsive to the accumulation of evidence*".
12. Post-meeting, markets continue to attach a probability of around 30% for one more rate cut by the end of the 2025. In addition, forecasting for the second cut is currently being anticipated for April's MPC meeting, consistent with market expectations prior to the decision.
13. MUFG Corporate Markets (previously called Link), our treasury management consultants, in light of the September MPC decision, are forecasting bank rate to remain at 4.00% by December 2025, and decrease to 3.75% by March 2026,

where it is forecast to remain until a further cut to 3.50% in the second half 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

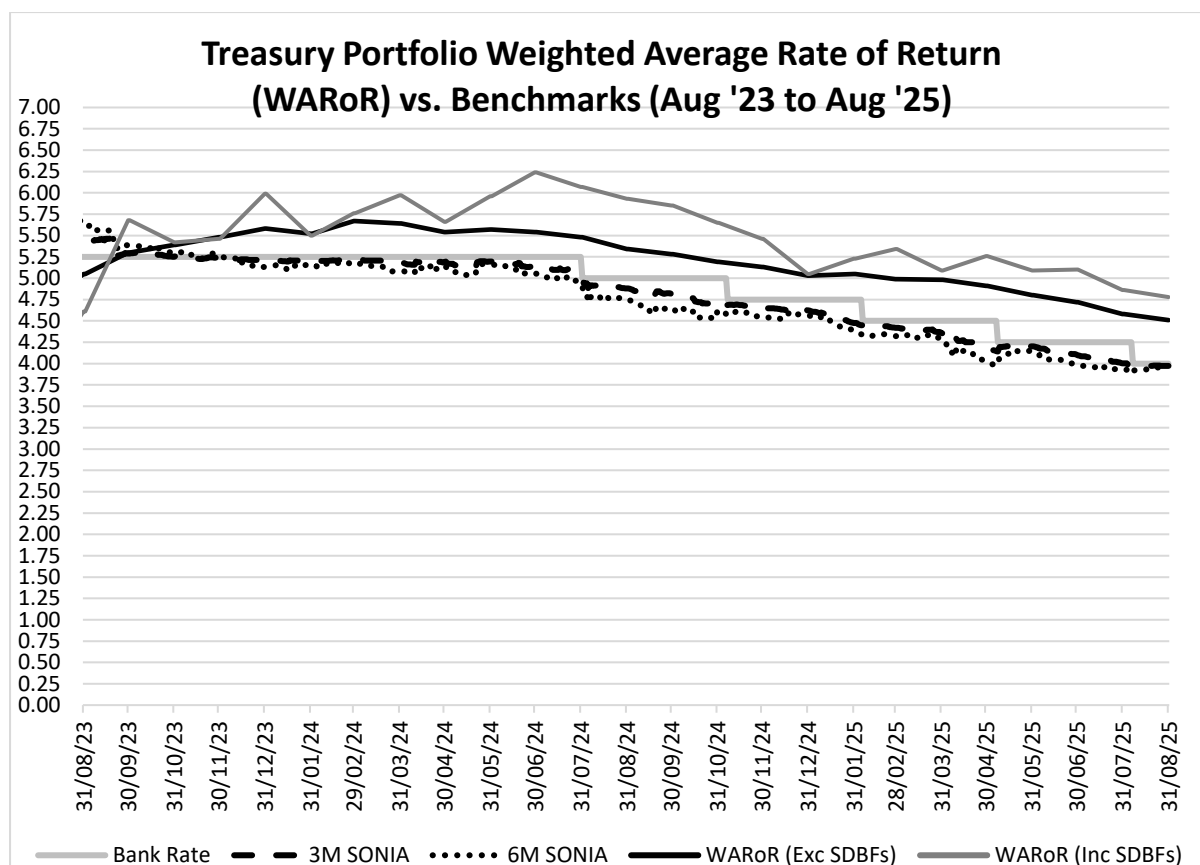


15. As the Bank Rate is the primary determinant of short-term interest rates in the UK, these changes impact the treasury investment portfolio, broadly in two ways:

- 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, a fourth cut to 4.25% in May 2025, and finally a fifth cut in August 2025 to 4.00% 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 August 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. The third quarter began with rising global bond yields due to fiscal concerns in advanced economies, however markets rebounded in August as inflation fears eased and central banks signalled potential rate cuts. Despite volatility, bond markets delivered steady returns, supported by improving sentiment and policy outlooks.

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 August 2025

Fund	1 Month Return (31/07/2025 to 31/08/2025)	3 Month Return (31/05/2025 to 31/08/2025)	12 Month Return (31/08/2024 to 31/08/2025)
Federated Hermes Sterling Cash Plus Fund	0.33%	1.12%	4.66%
Aberdeen Standard Liquidity Fund Ultra Short Duration Sterling	0.36%	1.14%	4.79%
Payden Sterling Reserve Fund	0.30%	1.34%	4.98%
L&G Short Dated Sterling Corporate Bond Index Fund	0.21%	1.91%	5.84%
Royal London Investment Grade Short Dated Credit Fund	0.28%	2.08%	6.57%

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 5.07% and 4.5% respectively as at the end of August 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 August 2025

	2025/26 Original Budget	2025/26 Forecast outturn	2025/26 Better / (Worse)
	£'000	£'000	£'000
City Fund	22,603	34,764	12,161
City's Estate	2,050	1,458	(592)
Total City Fund & City's Estate Interest on average cash Balances	24,653	36,222	11,569

28. Income from interest on *average cash balances* is currently forecast to exceed budget by £11.57m 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 August 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 May 2025, the Bank of England's Monetary Policy Committee (MPC) voted to maintain interest rates at 4.00% at its September meeting, having previously voted to reduce interest rates from 4.25% at its August meeting. The market expectation is for a further rate cut before March 2026 with the potential of further cuts in 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 and at the start of 2026/27.
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 August 2025
- Appendix 2: Monthly Investment Analysis Review August 2025
- Appendix 3: Treasury Management Counterparties 2025/26: Economic, Social & Governance (ESG) Checklist

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COUNTERPARTY EXPOSURE AS AT 31 AUGUST 2025

APPENDIX 1

	Counterparty Limit	Total Invested as at 31-August-25	Average Rate of Return
	£M	£M	%
<u>TOTAL INVESTED</u>		<u>1,020.8</u>	<u>4.78%</u>
<u>FIXED TERM DEPOSITS</u>			
<u>UK BANKS</u>			
Goldman Sachs	100.0	90.0	4.24%
NatWest	100.0	90.0	5.37%
Standard Chartered	100.0	20.0	4.54%
		<u>200.0</u>	
<u>FOREIGN BANKS</u>			
Australia & New Zealand	100.0	55.0	4.43%
DBS	100.0	10.0	4.11%
Helaba	100.0	40.0	4.34%
Toronto Dominion	100.0	10.0	4.53%
United Overseas Bank	100.0	90.0	4.25%
		<u>205.0</u>	
<u>LOCAL AUTHORITIES</u>			
Doncaster Council	25.0	20.0	5.20%
Lancashire CC	25.0	20.0	4.80%
Rochdale Council	25.0	10.0	4.75%
Walsall Council	25.0	10.0	4.75%
		<u>60.0</u>	
<u>LIQUIDITY FUNDS</u>			
Aberdeen SLI Liquidity Fund	100.0	23.5	4.08%
CCLA - Public Sector Deposit Fund	100.0	44.0	4.08%
Deutsche Global Liquidity Fund	100.0	43.0	4.09%
Federated Prime Liquidity Fund	100.0	40.0	4.12%
Invesco Sterling Liquidity Fund	100.0	40.9	4.13%
		<u>191.4</u>	
<u>ULTRA SHORT DATED BOND FUNDS</u>			
Payden Sterling Reserve Fund	100.0	70.1	4.98%
Aberdeen SLI Short Duration Fund	100.0	58.3	4.79%
Federated Sterling Cash Plus Fund	100.0	29.2	4.66%
		<u>157.6</u>	
<u>SHORT DATED BOND FUNDS</u>			
L&G	100.0	81.0	5.84%
Royal London	100.0	80.8	6.57%
		<u>161.8</u>	
<u>NOTICE ACCOUNTS</u>			
Australia and New Zealand 185 Days Account	100.0	45.0	4.18%
		<u>45.0</u>	
<u>TOTAL</u>		<u>1,020.8</u>	



City Of London Corporation

Client Designated MMF, SDBF & USDBF Rates

Monthly Investment Analysis Review

August 2025

City Of London Corporation

Monthly Economic Summary

General Economy

The UK Manufacturing PMI slipped to 47.3 in August 2025 from 48 in July, below expectations of 48.3. Output fell again, with firms citing weak new orders and intense competition, as global demand remained subdued amid US tariff uncertainty. Employment cuts deepened leading to the fastest decline in new work since April. Input costs rose at a quicker rate, with firms reporting freight delays and supply disruptions, leading to the sharpest drop in supplier performance since December 2024. Business optimism improved with manufacturers hopeful for a recovery in customer demand and a modest market rebound over the next year, though caution around global trade risks persisted. Meanwhile, the UK Services PMI climbed to 53.6 in August 2025 from 51.8 in July, topping market forecasts of 51.8 and beating it's one year high. Business activity rose for the fourth consecutive month, recording the fastest growth in a year, supported by a renewed increase in new orders. Service providers cited improving demand conditions both at home and abroad.

On the price front, inflationary pressures intensified with both input costs and output charges rising faster. Consequently, the UK Composite PMI rose to 53 in August of 2025 from 51.5 in the previous month, ahead of expectations that it would only just inch higher to 51.6, to set the sharpest growth rate in private-sector business activity in one year. The strong momentum for services drove new business volumes at the aggregate level to rise the most since October of last year, even though factories recorded the strongest decline in new work since April, pressured by economic headwinds of higher input costs and a global protectionist swing to goods trade. Input inflation was at the highest since May, with firms citing the burden of higher National Insurance payments and their impact in labour costs. Separately, the UK Construction PMI fell to 44.3 in July 2025 from 48.8 in June, marking the steepest contraction in activity since May 2020, tumbling well below the 50.0 threshold that separates growth from contraction.

The UK economy grew 0.4% m/m in June 2025, rebounding from a 0.1% contraction in the previous two months and surpassing expectations of a 0.1% rise. All three main sectors contributed to the growth, with services output providing the largest boost, increasing 0.3%. Production also rose 0.7%, mainly driven by manufacturing, which increased 0.5%. On a yearly basis, GDP expanded 1.4%, the fastest pace since February, up from 0.9% growth in May. Elsewhere, The UK's trade deficit widened to £5.01 billion in June 2025, up from a downwardly revised £4.55 billion in May, marking the largest deficit since February. Exports fell 2.6% m/m to a six-month low of £74.76 billion, while imports shrank 1.9% to a five-month low of £79.78 billion.

The UK recorded a 238k rise in employment in the three months to June 2025, following a 134k increase in the previous period. This marked the largest employment gain since September 2024, mainly driven by an increase in full-time employees. Compared to the same period a year earlier, employment surged by 725 thousand, largely due to gains among both employees and the self-employed, for both full-time and part-time workers. Meanwhile, average weekly earnings (including bonuses) rose 4.6% y/y to £724 per week in the three months to June 2025, the slowest pace in nine months, down from 5.0% in the previous period and slightly below market forecasts of 4.7%.

The Consumer Price Index rose 0.1% m/m in July 2025, defying forecasts of a 0.1% decline but slowing from June's 0.3% gain. The annual inflation rate in the UK jumped to 3.8% in July 2025, the highest since January 2024, up from 3.6% in June and above market expectations of 3.7%. The main upward pressure came from transport, where prices climbed 3.2% (vs. 1.7% in June), driven by a 30.2% surge in airfares, likely reflecting the timing of school summer holidays. Additional contributions came from higher motor fuel costs, sea fares, and roadside recovery services.

Meanwhile, the GfK Consumer Confidence Index climbed to -17 in August 2025 from -19 in July, the strongest reading in a year, supported by the Bank of England's recent interest rate cut. Still, worries over sticky inflation, rising unemployment, and potential tax hikes continued to cloud sentiment. Elsewhere, Public sector net borrowing, excluding public sector banks, in the UK decreased to £1.1 billion in July 2025 from £3.4 billion in the same month last year, below market expectations of £2.6 billion. This was the lowest level of borrowing in three years, with inflation having little impact on debt interest payable. Tax revenue increased by £14.1 billion, supported by the biannual influx in self-assessment income of £2.7 billion as well as a £2.6 billion increase in employer national insurance contributions. Total public sector spending decreased by £7.4 billion, largely due to a £9.6 billion y/y decline in net investment.

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	23,500,000	4.08%		MMF	AAAm		
MMF CCLA	44,000,000	4.08%		MMF	AAAm		
MMF Deutsche	43,000,000	4.09%		MMF	AAAm		
MMF Federated Investors (UK)	40,000,000	4.12%		MMF	AAAm		
MMF Invesco	40,900,000	4.13%		MMF	AAAm		
USDBF Aberdeen Standard Investments	58,338,314	4.79%		USDBF	AAAf		
USDBF Federated Sterling Cash Plus Fund	29,164,310	4.66%		USDBF	AAAf		
USDBF Payden Sterling Reserve Fund	70,124,078	4.98%		USDBF	AAAf		
Doncaster Metropolitan Borough Council	10,000,000	5.65%	03/03/2025	03/09/2025	AA-	0.000%	0
Lancashire County Council	20,000,000	4.80%	30/09/2024	30/09/2025	AA-	0.002%	0
Australia and New Zealand Banking Group Ltd	25,000,000	4.49%	29/04/2025	29/10/2025	AA-	0.004%	896
Standard Chartered Bank	20,000,000	4.54%	17/02/2025	17/11/2025	A+	0.010%	1972
Toronto Dominion Bank	10,000,000	4.53%	24/02/2025	24/11/2025	A+	0.011%	1075
Goldman Sachs International Bank	20,000,000	4.60%	21/02/2025	28/11/2025	A+	0.011%	2250
Rochdale Metropolitan Borough Council	10,000,000	4.75%	06/03/2025	08/12/2025	AA-	0.006%	0
Doncaster Metropolitan Borough Council	10,000,000	4.75%	14/03/2025	15/12/2025	AA-	0.006%	0
United Overseas Bank Ltd	20,000,000	4.28%	07/05/2025	07/01/2026	AA-	0.008%	1567
NatWest Markets Plc (NRFB)	20,000,000	4.79%	10/01/2025	12/01/2026	A	0.017%	3388
United Overseas Bank Ltd	20,000,000	4.25%	17/07/2025	19/01/2026	AA-	0.009%	1713
Australia and New Zealand Banking Group Ltd	20,000,000	4.37%	29/04/2025	29/01/2026	AA-	0.009%	1834
DBS Bank Ltd	10,000,000	4.11%	12/08/2025	12/02/2026	AA-	0.010%	1002
NatWest Markets Plc (NRFB)	20,000,000	4.47%	13/02/2025	12/02/2026	A	0.021%	4172
United Overseas Bank Ltd	20,000,000	4.30%	18/06/2025	18/02/2026	AA-	0.010%	2077
Goldman Sachs International Bank	20,000,000	4.15%	31/07/2025	27/02/2026	A+	0.023%	4551
United Overseas Bank Ltd	20,000,000	4.20%	28/07/2025	27/02/2026	AA-	0.011%	2186
Australia and New Zealand Banking Group Ltd	10,000,000	4.40%	03/06/2025	03/03/2026	AA-	0.011%	1118
Australia and New Zealand Banking Group Ltd	45,000,000	4.18%		Call185	AA-	0.011%	5056
Landesbank Hessen-Thueringen Girozentrale (Helaba)	20,000,000	4.37%	05/06/2025	05/03/2026	A+	0.024%	4703
United Overseas Bank Ltd	10,000,000	4.17%	12/08/2025	12/03/2026	AA-	0.012%	1172

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 (£)
Walsall Metropolitan Borough Council	10,000,000	4.75%	14/03/2025	13/03/2026	AA-	0.012%	0
Goldman Sachs International Bank	20,000,000	4.16%	04/07/2025	05/05/2026	A+	0.031%	6245
NatWest Markets Plc (NRFB)	20,000,000	5.30%	28/05/2024	28/05/2026	A	0.034%	6826
Landesbank Hessen-Thuringen Girozentrale (Helaba)	20,000,000	4.31%	09/06/2025	09/06/2026	A+	0.036%	7130
Goldman Sachs International Bank	15,000,000	4.11%	16/07/2025	15/07/2026	A+	0.040%	6030
Goldman Sachs International Bank	15,000,000	4.11%	16/07/2025	16/07/2026	A+	0.040%	6049
NatWest Markets Plc (NRFB)	30,000,000	6.40%	07/08/2023	07/08/2026	A	0.043%	12932
Borrower - Funds	Principal (£)	Interest Rate	Start Date	Maturity Date			
L&G	80,961,244	5.84%					
ROYAL LONDON	80,811,274	6.57%					
Total Investments	£1,020,799,220	4.78%					
Total Investments - excluding Funds	£859,026,702	4.51%				0.017%	£85,942
Total Investments - Funds Only	£161,772,519	6.20%					

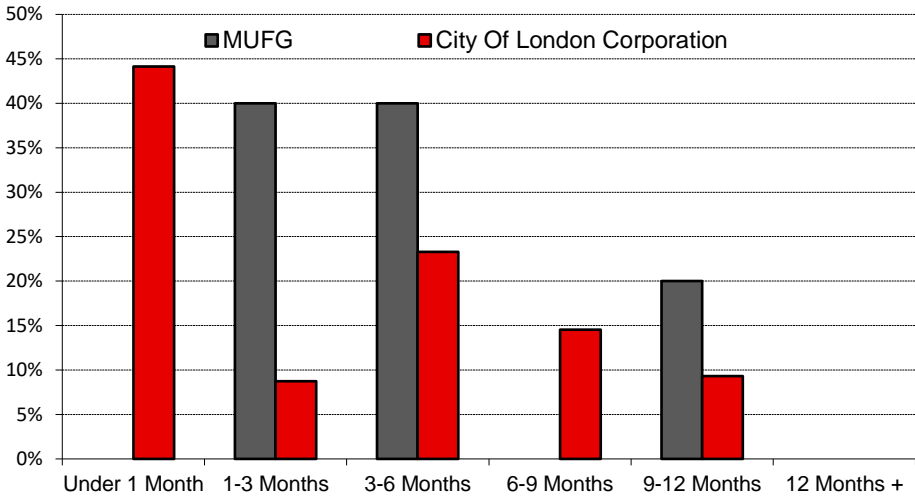
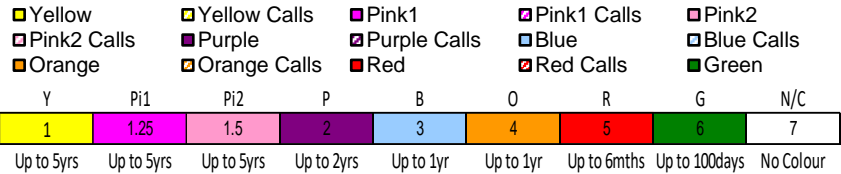
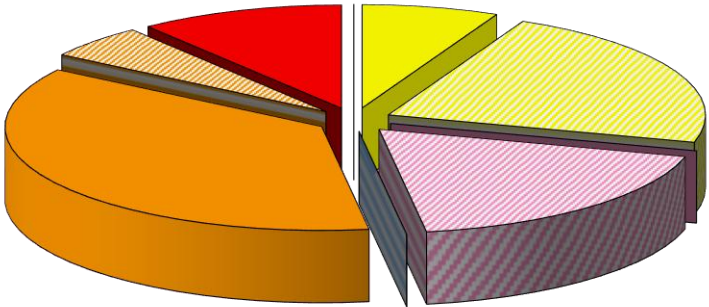
Note: An historic risk of default is only provided if a counterparty has a counterparty credit rating and is not provided for an MMF or USDBF, for which the rating agencies provide a fund rating. The portfolio's historic risk of default therefore measures the historic risk of default attached only to 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 June 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 = 2.77

WARoR = Weighted Average Rate of Return

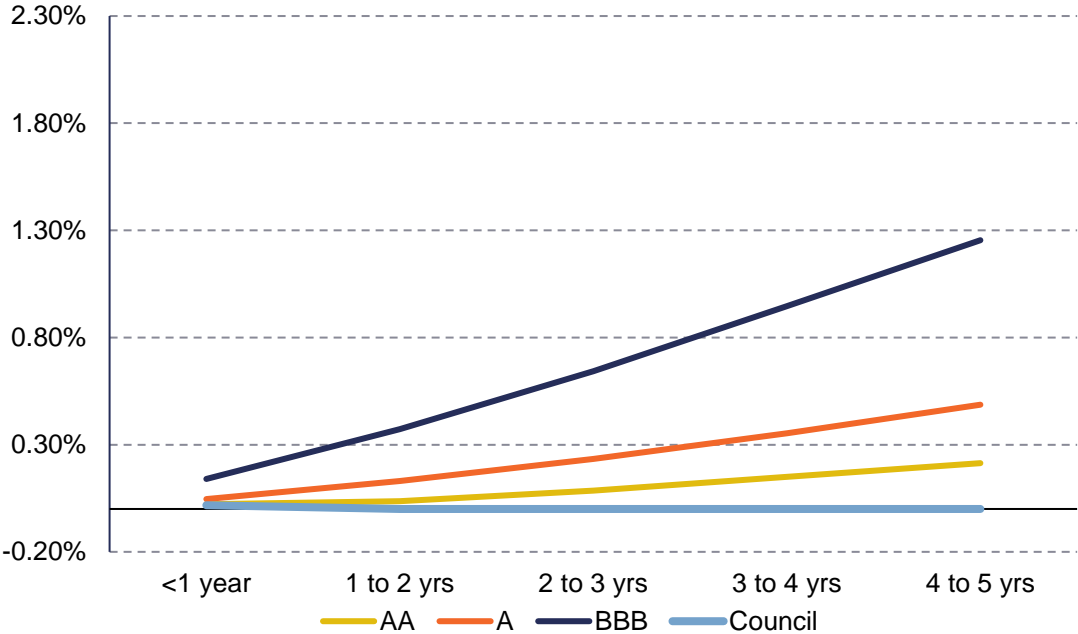
WAM = Weighted Average Time to Maturity

Excluding Calls/MMFs/USDBFs										
	% of Portfolio	Amount	% of Colour in Calls	Amount of Colour in Calls	% of Call in Portfolio	WARoR	WAM	WAM at Execution	WAM	WAM at Execution
Yellow	29.27%	£251,400,000	76.13%	£191,400,000	22.28%	4.30%	18	73	77	305
Pink1	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Pink2	18.35%	£157,626,702	100.00%	£157,626,702	18.35%	4.85%	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	41.91%	£360,000,000	12.50%	£45,000,000	5.24%	4.58%	178	350	177	373
Red	10.48%	£90,000,000	0.00%	£0	0.00%	4.24%	221	298	221	298
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%	£859,026,702	45.87%	£394,026,702	45.87%	4.51%	103	199	172	350

City Of London Corporation

Investment Risk and Rating Exposure

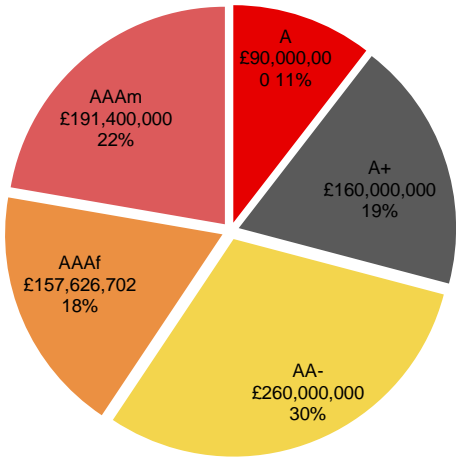
Investment Risk Vs. Rating Categories



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	0.02%	0.00%	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
07/08/2025	2090	Close Brothers Ltd	United Kingdom	The Long Term and Short Term Ratings were downgraded to 'BBB' from 'BBB+' and to 'F3' from 'F2' respectively. At the same time, the Viability Rating was downgraded to 'bbb' from 'bbb+', whilst the Negative Watch on all ratings was removed and the Long Term Rating was placed on Negative Outlook.
19/08/2025	2091	HSBC UK Bank Plc (RFB)	United Kingdom	The Viability Rating was upgraded to 'a+' from 'a'.

City Of London Corporation

Monthly Credit Rating Changes
S&P

Date	Update Number	Institution	Country	Rating Action
				There were no changes to report.

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Monthly Credit Rating Changes
MOODY'S

Date	Update Number	Institution	Country	Rating Action
26/08/2025	2092	Toronto-Dominion Bank	Canada	The Stable Outlook on the Long Term Rating was removed and the Long Term Rating was placed on Positive Watch.

City Of London Corporation

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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
	<u>UK Banks and their wholly owned subsidiaries</u>							
1	Barclays Bank PLC (NRFB)	UK	Y	2050	50% by 2030	Y	Both	Y
2	Barclays Bank UK PLC (RFB) - Same as parent company above							
3	Goldman Sachs International Bank	UK	Y	2050	N/A	Y	Both	Y
4	Handelsbanken PLC	Foreign	Y	2040	50% by 2030	Y	Both	Y
5	HSBC	UK	Y	2050	N/A	Y	Both	Y
6	HSBC Bank PLC (NRFB) - Same as parent company above							
7	Lloyds Bank Corporate Markets PLC (NRFB)	UK	Y	2050	50% by 2030	Y	TCFD	Y
8	Lloyds Bank PLC (RFB) - Same as parent company above							
9	Bank of Scotland	UK	Y	2050	50% by 2030	Y	TCFD	Y
10	NatWest Markets PLC (NRFB)	UK	Y	2050	50% by 2030	Y	TCFD	Y
11	National Westminster Bank PLC (RFB) - Same as parent company above							
12	The Royal Bank of Scotland PLC (RFB) - Same as parent company above							
13	Santander	UK	Y	2050	N/A	Y	Both	Y
14	Standard Chartered Bank	UK	Y	2050	Individual temperature-based interim targets for each of the highest emitting asset classes.	Y	TCFD	Y
	<u>Building Societies</u>							
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
	<u>Foreign Banks</u>							
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-Thüringen Girozentrale (Helaba)	Foreign	N	NA	N/A	N		N
26	Coöperatieve 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)							
	<u>Money Market Funds - Parent Companies Used (MMFs don't have net-zero targets)</u>							
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
	<u>Ultra Short Dates Bonds</u>							
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)							
	<u>Short Dated Bond Funds</u>							
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

Committee: Investment Committee – For decision	Dated: 6 th October 2025
Subject: Risk Register Update for Investment Committee	Public report: For decision
This proposal: <ul style="list-style-type: none"> delivers Corporate Plan 2024-29 outcomes 	Providing Excellent Services, Leading Sustainable Environment, Flourishing Public Spaces, Dynamic Economic Growth
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of:	The City Surveyor / The Chamberlain (CS.228/25)
Report author:	Sarah Port and Jenny Wong – Chamberlain's Department John Galvin, Faith Bowman – City Surveyor's Department

Summary

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

This report includes an update on three risk registers:

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

Since the risk registers were last reviewed at the May meeting, the following changes have been made to the CSD Risk Register:

- SUR SMT 011 Contractor failure** has decreased in risk score from 16 (Red) to a 12 (Amber). Contractor solvency remains a concern and will continue to be monitored closely. However, this risk has diminished from earlier periods and as such the risk likelihood has reduced.

- **SUR SMT 005 Construction and service Contracts Price Inflation beyond that which was anticipated or planned** has decreased in risk score from 16 (Red) to a 12 (Amber). There has been a reduction in materials price inflation seen in prior periods.
- **SUM SMT 016 Investment Property Group Staffing and Capacity** has decreased in likelihood reducing it from 8 (Amber) to 4 (Green) outstanding vacancies are now being addressed and filled.
- **SMT 010 Insurance – Investment and Corporate Estate** has been deactivated from the departmental risk register following the successful progression of mitigating actions.

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. 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.
6. 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. Members should note that the layout of the risk registers have been changed due to the introduction of new standardised reporting to ensure the consistency of information.

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. In relation to the **IC 05 ‘Sustainability and Impact’**, whilst no update has been made to the risk at this stage, Members should note that the Pensions Committee submitted a resolution to the Policy & Resources Committee on the measurement of climate data around an asset class. This resolution went to the Policy & Resources Committee on the 18 September 2025 and a verbal update will be provided at the meeting. The resolution is attached at Appendix E in the Non-Public agenda
11. 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.

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 006
Construction Consultancy Management
Current Risk Score 16 (Red)

The involvement of external consultants in recent projects has resulted in some design inconsistencies and increased costs. To mitigate these issues, the department is working closely with both Procurement and Legal teams, and the Construction Category Board.

The department is actively addressing the performance of consultants whose work fails to meet established quality standards, as these deficiencies can lead to project delays and increased costs. Additionally, officers are offering contractors support regarding the new Building Act to enhance their understanding of the revised safety regulations.

Early-stage mistakes, largely attributed to a shortage of skilled professionals in the field, are further exacerbating delays and costs. In the latest Senior Management Team risk review, it was concluded that this risk will retain its current assessment score.

- b. SUR SMT 005
Construction and Service Contracts Price inflation beyond that which was anticipated or planned
Current Risk Score 12 (Amber)

Inflation continues to impact construction and service contracts; however, the rate of increase has stabilised. Consequently, the risk scoring on this item has reduced. It should be flagged that the City continues to see adverse impacts on our tender returns.

Whilst construction inflation is no longer rising as rapidly, some main and subcontractors involved in City projects have gone into administration. This situation highlights the ongoing vulnerability of the industry to cost fluctuations,

with much of the financial strain being shifted to commissioning parties. In response, there has been an increase in provisions for Costed Risk Provision (CRP) and more comprehensive contractor credit assessments; however, financial risks remain, particularly concerning contractor solvency.

While the uncertainty that characterised the industry in previous periods seems to be diminishing, the risk associated with contractor solvency continues to be monitored closely. The City is committed to reviewing these risks regularly to ensure that appropriate measures are in place to mitigate potential impacts on ongoing and future projects.

The likelihood of this risk has decreased, as indicated by the change in its risk rating from red to amber.

c. SUR SMT 011
Contractor failure
Current Risk Score 12 (Amber)

This risk pertains to the potential failure of a primary contractor or a key sub-contractor. The City Corporation has historically had limited control over the selection of sub-contractors responsible for executing projects. A protocol for managing contractor failures has been established and communicated to the Construction Category Board.

The failure of a primary contractor or sub-contractor could have significant implications for warranties and may impede our ability to address design defects. As noted above under risk SUR SMT 005, contract solvency remains a concern and will continue to be monitored. However, this risk has diminished from earlier periods and, as such, the risk likelihood has reduced, and the risk is now monitored as an Amber 12.

The ongoing assessment of this risk will ensure that any potential issues are addressed promptly as the market evolves.






d. SUR SMT 016
Investment Property Group Staffing and Capacity
Current Risk Score 4(Green)

This risk relates to the need for enhanced skill sets and greater capacity within the Investment Property Group, influenced by changing corporate investment goals, organisational requirements, and market access. Ongoing recruitment efforts are underway, and recent successful recruitment have lowered the risk score from 8 (Amber) to 4 (Green).

e. SUR SMT 010 Insurance – Investment and Corporate Estate
Deactivated from Risk Register

This risk identified 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 mitigating actions for this risk has been successfully progressed, and the risk has now reduced to target. As such, the risk has been deactivated from the departmental risk register.

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 006	Construction Consultancy Management	16		
SUR SMT 003	Investment Strategy Risk	12		
SUR SMT 005	Construction and Service Contracts Price Inflation	12		
SUR SMT 009	Recruitment and Retention of Property Professionals	12		
SUR SMT 011	Contractor Failure	12		
SUR SMT 012	Adjudication & Disputes	8		
SUR SMT 016	Investment Property Group Staffing and Capacity	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 scores reduced compared to earlier periods. Additionally, one risk has been deactivated from the CSD risk register.

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
- Appendix E Pensions Committee Formal Resolution to the Policy & Resources Committee (NON PUBLIC)

Background Papers

- The City Surveyor Risk Register Update for Investment Committee 21 July and the Chamberlain 2025 (CS 152/25)

Jenny Wong

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

Report Type: Risks Report
Report Author: Jenny Wong
Generated on: 09 September 2025



Rows are sorted by Risk Score

Risk Level Description Service

Risk Code	CHB IC Overarching		Risk Title	IC 02 External Economic risk	
Description	<p>Cause: Adverse global economic developments or unexpected geopolitical crisis (e.g. Russian invasion of Ukraine, global trade negotiations etc.)</p> <p>Event: Sharp rise in energy prices and inflation, collapse in sterling and/or downturn in property and financial markets leading to a reduction in purchasing power, decline in investment values and/or erosion of reserves</p> <p>Effect: Failure to meet real return objectives and maintain the purchasing power of distributions – failure to match rising demands from the operational activities supported by the portfolio – reputational and organisational risk if budgets need to be cut as a result – balance sheet problems potentially created if the downturn in asset prices is sustained (e.g. inability to set up sinking fund for debt repayment)</p>				
Current Risk			Target Risk		
Risk Score	Likelihood	Impact	Risk Score	Likelihood	Impact
Original Risk			Risk Score	Likelihood	Impact

12	Possible	Major	6	Possible	Serious	12	Possible	Major
Amber	Trend	Constant	Amber	Target Date	31-Mar-2026	Amber	Creation Date	03-May-2024

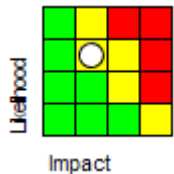
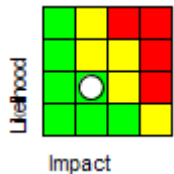
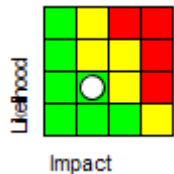
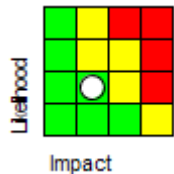
Latest Note	<p>Continuous monitoring of external developments across markets.</p> <p>Appointment of external managers for the financial portfolio with discretion to take appropriate action in the event adverse economic developments or a geopolitical crisis – advice also provided by external investment consultants.</p> <p>As of early April 2025, market sentiment has been heavily influenced by President Trump’s wide-ranging trade tariffs policy which triggered a major sell-off in global equity markets. Volatility remains, and markets continue to react to evolving monetary policies, and on-going geo-political tensions.</p> <p>Although markets have recovered moderately following further trade negotiations, sentiment remains fragile and on-going political tensions continue to impact volatility.</p> <p><u>As at July 2025, market sentiment continues to be dominated by the Trump Administration and the ongoing reciprocal tariff discussions. Despite the political turmoil, US markets reported strong growth over the quarter and EU and UK markets also showed cautious optimism, recovering from earlier volatility and rebounding despite weak growth and persistent inflation.</u></p> <p><u>The UK property market is being impacted by the prospect of political risks impacting UK fiscal policy. There is a consequential increasing risk associated with pricing of capital investments and liquidity.</u></p>	09-Sep-2025
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Risk Level	Service	Risk Approach	Reduce
Department	Chamberlain’s	Risk Owner	Caroline Al-Beyerty

Associated Actions

Ref No:	Description	Latest Note	Note Date	Owned By	Due Date
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IC 02a	<p>Combined asset allocation risk</p> <p>This action seeks to ensure that the overall asset allocation in the portfolio takes account of major economic and political risks.</p>	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.	09-Sep-2025	Caroline Al-Beyerty	31-Mar-2026
IC 02b	<p>Financial Investment Strategy Risk</p> <p>This action seeks to ensure that positions in the financial portfolio take account of major economic and political risks.</p>	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.	09-Sep-2025	Kate Limna	31-Mar-2026
<u>IC 02c</u>	<p><u>Property Investment Strategy Risk</u></p> <p><u>This action seeks to ensure that the capital realisation programme is managed to account for potential risks arising from potential decreasing investor appetite to invest in the UK property market.</u></p>	<u>The team is contingency planning, looking to bring forward alternative properties to be considered for realising capital. This is with the aim that the capital realisation programme will progress within the timeframe required. There are different challenges relating to City Fund and City's Estate, and differing approaches will result.</u>	<u>22-Sep-2025</u>	<u>Robert Murphy</u>	<u>31-Mar-2026</u>

Risk CodeCHB IC Overarching			Risk TitleIC 05 Sustainability and impact		
Description			<p>Cause: Insufficient attention is paid to the City’s sustainability goals and Climate Action Strategy in managing the investment portfolio</p> <p>Event: Negative news stories create an adverse public perception of the City’ approach to sustainable investment, reputational damage and potential loss of trust in the City’s financial stewardship</p> <p>Effect: The investment portfolio does not meet its sustainability goals and the targets set in the Climate Action Strategy – investment decisions based on financial factors without due consideration of their impact on sustainability could also create reputational risk and public relations efforts to repair the City’s reputation would incur unnecessary costs – the lack of a clear impact measurement framework does not allow for an accurate assessment of performance and could delay achieving the sustainability goals</p>		
Current Risk			Target Risk		
	Risk Score	LikelihoodImpact		Risk Score	LikelihoodImpact
	6	PossibleSerious		4	UnlikelySerious
	Amber	TrendConstant		Green	Target Date31-Mar-2026
Original Risk					
	Risk Score	LikelihoodImpact		Risk Score	LikelihoodImpact
	4	UnlikelySerious		4	UnlikelySerious
	Green	Creation Date03-May-2024			
Latest Note			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.		
			09-Sep-2025		

	Impact Investment training for Members was undertaken on 10 July 2025. A further impact investing session is being considered during 2025/26.	
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Risk Level	Service
Department	Chamberlain's

Risk Approach	Reduce
Risk Owner	Caroline Al-Beyerty

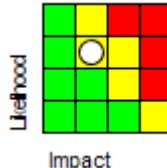
Associated Actions

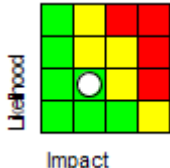
Ref No:	Description	Latest Note	Note Date	Owned By	Due Date
IC 05a	The Committee (along with other relevant Committees/Boards) has been assigned several key actions which will enable the Corporation to deliver its Climate Action Strategy. Key to this is achieving a clear plan on how to achieve Paris-alignment 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.	09-Sep-2025	Caroline Al-Beyerty	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.	09-Sep-2025	Caroline Al-Beyerty	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 Climate Action	The Board meets quarterly. The last meeting was held on the 17 March 10 July 2025. The next meeting is on 22 September 2025	09-Sep-2025	Kate Limna; Robert Murphy	31-Mar-2026


	Strategy. Included within the Board are financial, investment property and goods and purchasing.				
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>	09-Sep-2025	Robert Murphy	31-Mar-2026

Risk Code	CHB IC Overarching	Risk Title	<i>IC 01 Investment performance: Strategy risk</i>
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Description	<p>Cause: Inappropriate split of assets between property and financial assets and/or inappropriate asset allocation within the underlying property and financial portfolios.</p> <p>Event: Poor assessment of market conditions and outlook for returns – failure to react to changes in market conditions leading to lower than expected returns/income, decline in capital or insufficient liquidity.</p> <p>Effect: Failure to meet return targets and spending commitments – significant decline in capital – shortfall in income – inadequate liquidity – forced sales of assets at an inopportune moment in order to fund distribution requirements</p>
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Current Risk		
	Risk Score	Likelihood
	6	Possible
	Amber	Trend

Target Risk		
	Risk Score	Likelihood
	4	Unlikely
	Green	Target Date

Original Risk		
	Risk Score	Likelihood
	6	Possible
	Amber	Creation Date

Latest Note	<p>Top level and underlying portfolio Strategic Asset Allocation (SAA) reviewed formally every three years by the IC with annual updates with specialist advice provided by investment consultants.</p> <p>Performance monitored on a regular basis against targets to highlight any shortfall and potential action needed.</p> <p>Positions monitored on a regular basis to ensure that they remain appropriate in light of changing market conditions with specialist advice provided by investment consultants.</p>	09-Sep-2025
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Risk Level	Service
Department	Chamberlain's

Risk Approach	Reduce
Risk Owner	Caroline Al-Beyerty

Associated Actions

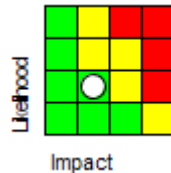
Ref No:	Description	Latest Note	Note Date	Owned By	Due Date
IC 01a	<p>Combined asset allocation risk</p> <p>This action seeks to ensure an appropriate balance between property and financial assets in the combined portfolio in order to achieve the portfolio's real return objective over the long term with no more risk than necessary.</p>	<p>The appropriate split between the property and financial portfolios was reviewed by the Investment Committee on advice from the OCIO team in December 2023 and formal long-term ranges have been proposed for property assets of 50-60% and financial assets 40-50%. The ranges reflect the diversification benefits which would accrue from an increase in the financial portfolio's share of the combined portfolio while taking into account the illiquid nature of the property portfolio. The intention is to bring the combined portfolio into line with the formal ranges gradually to avoid forced sale of properties in the current weak market conditions.</p> <p>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.</p>	09-Sep-2025	Caroline Al-Beyerty	31-Mar-2028
IC 01b	Property Investment Strategy Risk	The overall composition of the portfolio is shaped to take advantage of emerging	09-Sep-2025	Robert Murphy	31-Mar-2026

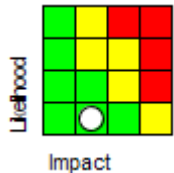
	<p>This action seeks to balance the organisation's ability to maximise its property returns for an acceptable level of risk. This is covered in further detail in the City Surveyor's Departmental Risk SUR SMT 003.</p>	<p>segments of growth, whilst managing exposure to property types which are showing reduced demand. This, in turn, is an additional driver to ensure that City assets meet the climate aspirations of our occupiers.</p> <p>The Real Estate Investment Strategy was approved by Investment Committee in July, and by Corporate Services Committee in September. This strategy seeks to further manage this risk and take advantage of emerging opportunities. Further, the strategy sought to ensure that the 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</p>	<p>The appropriate long-term strategy for the financial portfolio was reviewed by Mercer, the financial portfolio's investment adviser in July with a number of changes proposed to improve the balance of risk and return in the portfolio including the recommendation of a specific allocation to private credit and</p>	09-Sep-2025	Caroline Al-Beyerty; Kate Limna	31-Mar-2026

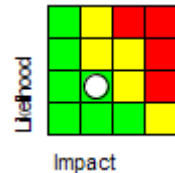
	<p>generate a sufficient return to meet the portfolio's objective without taking excessive risk</p>	<p>infrastructure funds. These were presented to the Investment Committee at its July meeting.</p> <p>Managers have been appointed for t <u>The Index-linked Gilts, Fixed Interest Gilts, and Investment Grade Corporate Bonds allocations and these are being funded were funded in May/June 2025.</u> 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> <p><u>There is a separate report on the agenda today covering Mercer's proposed Investment Business Plan for City's Estate, setting out next steps for financial investments.</u></p>			
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Risk Code	CHB IC Overarching	Risk Title	IC 03 Governance/ Compliance risk
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Description	<p>Cause: Inadequate understanding of regulations and investment practices among Members, officers and other staff involved in the investment portfolio etc.</p> <p>Event: Committee Members and officers do not have appropriate skills or knowledge to discharge their responsibilities. Regulatory breach.</p> <p>Effect: Inappropriate decisions are made leading to a financial impact, or a breach of legislation or service not provided in line with best practice and legal requirements. Potential regulatory fines.</p>
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Current Risk		
	Risk Score	
	Likelihood	Impact
	4	Unlikely
Green	Trend	Constant

Target Risk		
	Risk Score	
	Likelihood	Impact
	2	Rare
Green	Target Date	31-Mar-2026

Original Risk		
	Risk Score	
	Likelihood	Impact
	4	Unlikely
Green	Creation Date	03-May-2024

Latest Note	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.	09-Sep-2025
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Risk Level	Service	Risk Approach	Reduce
Department	Chamberlain's	Risk Owner	Kate Limna; Jenny Wong

Associated Actions

Ref No:	Description	Latest Note	Note Date	Owned By	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 for Members was undertaken on 10 July 2025 <u>and a further impact investing session is being considered</u></p>	09-Sep-2025	Kate Limna	31-Mar-2026

		<p><u>during 2025/26.</u></p> <p>During Autumn 2025, the Treasury Management training sessions will be arranged to refresh Members of the Investment Committee and Finance Committee.</p>			
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 Treasury Management Network plus the LAPFF, LPFA and PLSA – all providing access to training opportunities via courses, seminars and conferences.	Officers continue to attend training courses, seminars and conferences where deemed appropriate to enhance understanding of markets, financial instruments, regulatory and statutory reporting issues.	09-Sep-2025	Caroline Al-Beyerty; Kate Limna	31-Mar-2026
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.	09-Sep-2025	Caroline Al-Beyerty; Kate Limna	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.	09-Sep-2025	Kate Limna	31-Mar-2026

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.	09-Sep-2025	Kate Limna	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 maintain a medium-term cash flow forecast on a monthly basis 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, including changes in revenue and capital assumptions.	09-Sep-2025	Sarah Port; David Abbott	31-Mar-2026

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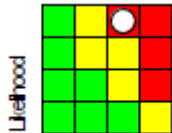
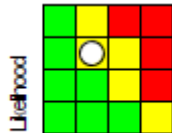

INVESTMENT COMMITTEE - SUR SMT - Detailed Report

Report Type: Risks Report
Report Author: Faith Bowman
Generated on: 01 September 2025



Rows are sorted by Risk Score

Risk Level Description Departmental

Risk Code	SUR SMT 006		Risk Title	Construction Consultancy Management				
Description	Cause: Poor performance by consultants Event: Abortive work, delays, or non-performance. Impact: Additional costs, project delays							
Current Risk			Target Risk			Original Risk		
Risk Score	Likelihood	Impact	Risk Score	Likelihood	Impact	Risk Score	Likelihood	Impact
16	Likely	Major	6	Possible	Serious	8	Unlikely	Major
Red	Trend	Constant	Amber	Target Date	31-Mar-2026	Amber	Creation Date	14-Oct-2021

Latest Note	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.	20-Aug-2025
	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.	

Risk Level	Departmental
Department	City Surveyor's

Risk Approach	Reduce
Risk Owner	Ola Obadara

Associated Actions

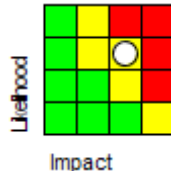
Ref No:	Description	Latest Note	Note Date	Owned By	Due Date
SUR SMT 006a Commissioning stage	Commissioning stage The department has commenced going to market at RIBA stage 3 rather than RIBA stage 4. This is designed to prevent abortive design and development.	Close work with the Procurement Team in 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.	20-Aug-2025	Ola Obadara	31-Mar-2026
SUR SMT 006b Legal	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	20-Aug-2025	Ola Obadara	31-Mar-2026

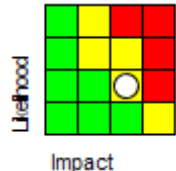
		through the Construction Category Board on this item.			
SUR SMT 006c Procurement	Procurement Working with Procurement to increasing due diligence, particularly in regard to the quality of contractor appointed (rebalancing the quality/cost equation). This is with the view that we will get better quality applications, and this risk may reduce.	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	20-Aug-2025	Ola Obadara	31-Mar-2026
SUR SMT 006d Scope of works	Scope of works 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	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	20-Aug-2025	Ola Obadara	31-Mar-2026


		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.			
SUR SMT 006e Review of appointment documents	<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.	20-Aug-2025	Ola Obadara	31-Mar-2026

Risk Code	SUR SMT 003	Risk Title	<i>Investment Strategy Risk</i>
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Description	<p>Cause: The business environment declines, or changes resulting in misalignment of the portfolio with growth, flexible working reduces central London demand, retail tenant failure, or demand moves away from City of London assets. Negative market sentiment amongst investors.</p> <p>Event: Lower rental levels achieved, lower demand, increased turnover of tenancies, increased tenant failure, reduced buyer confidence in the market.</p> <p>Impact: Inability to maximise property returns and income for an acceptable level of risk and inability to realise capital as required to meet corporations MTFP, or values achieved fails to meet expectations.</p>
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Current Risk		
	Risk Score	Likelihood
	12	Possible
	Amber	Trend

Target Risk		
	Risk Score	Likelihood
	8	Unlikely
	Amber	Target Date

Original Risk		
	Risk Score	Likelihood
	6	Possible
	Amber	Creation Date

Latest Note	<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. This includes the consideration of income, and asset valuation.</p> <p>The on-going mitigation of this risk is important for the organisation achieving its aspirations regarding Climate Action Strategy and Major Programmes, due to the income generated by the function.</p> <p>As the composition of the portfolio changes, new skills will be required by those working within the function. This links closely with the department's Recruitment & Retention risk (SUR SMT 009) and</p>	20-Aug-2025
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	<p>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>	
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Risk Level	Departmental
Department	City Surveyor’s

Risk Approach	Reduce
Risk Owner	Robert Murphy

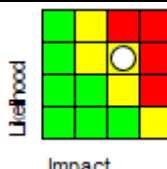
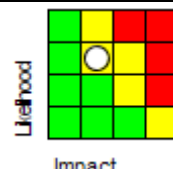
Associated Actions

Ref No:	Description	Latest Note	Note Date	Owned By	Due Date
SUR SMT 003a Macro-economic	<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> <p>1. Use (office, retail, industrial)</p> <p>2. Location (City, Southwark, West End etc.)</p> <p>3. Tenancies (Long term Headlease geared, FRI, directly managed)</p> <p>4. Covenants (multinationals, SME)</p> <p>5. Asset management (lease</p>	<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> <p>Macro-economic conditions also impact buyer</p>	23-May-2025	Robert Murphy	31-Mar-2026

	renewals, voids, arrears, etc. 6. Monitoring retail habits in change of building use	sentiment, which may make it more challenging to achieve targets for asset realisation. The department is moving proactively to address this element of the risk by bringing forward alternative options for divestment consideration.			
SUR SMT 003b Portfolio	<p>Portfolio</p> <p>Ensuring that the overall composition of the investment portfolio takes advantage of emerging segments of growth, whilst managing the exposure to property types which are showing reducing demand.</p> <p>Capital to reinvest in the portfolio must be sufficient to achieve the Investment Strategy objectives.</p>	The overarching Investment Strategy defines the targets. Tactical implementation will be achieved through regular market scanning, and the integration of learning into the Corporation's approach.	23-May-2025	Robert Murphy	31-Mar-2026
SUR SMT 003c Climate Action	<p>Climate Action</p> <p>The alignment of our portfolio with the future strategic needs of occupiers, particularly supporting their ESG (Environmental-Social-Governance) needs. Climate Action is principally managed through the Climate Action Strategy.</p>	Ensure that the investment portfolios are aligned with the emerging demands of both investors and occupiers as well as the Corporation's Climate Action strategy and Design Standards. which includes CNZ and Resilient Building protocols.	23-May-2025	Robert Murphy	31-Mar-2026
SUR SMT 003d Office	Office risk	The department is monitoring key market use through data supplied by partners (such as	23-May-2025	Robert Murphy	31-Mar-2026

risk	<p>Reviewing post-pandemic office use and demand.</p>	<p>footfall information), market research reports, and tenant feedback.</p> <p>The department continues to observe a ‘flight to quality’ – higher specified and higher quality spaces. Occupiers are increasingly considering their space as a tool in the ‘war for talent’. Whilst some occupiers are downsizing their space, others are looking to create a better environment for staff through lower densities / improved amenities. This learning informs the portfolio strategy (linked to action SUR SMT 003b).</p> <p>The team is working with Corporate colleagues in connection with the “Destination City” agenda, particularly in highlighting market trends to Members and key stakeholders.</p>			
SUR SMT 003e Retail	<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>	23-May-2025	Robert Murphy	31-Mar-2026
SUR SMT	Strategy	The Investment Strategy was approved by	23-May-2025	Robert Murphy	31-Mar-2026

003f Strategy	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	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. 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.			
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Risk Code			Risk Title		
SUR SMT 005			<i>Construction and Service Contracts Price Inflation beyond that which was anticipated or planned</i>		
Description					
Cause: Market conditions have led to input price inflation Event: Project and programme cost escalation Impact: Inability to delivery capital and revenue projects within budget					
Current Risk			Target Risk		
					
Risk Score			Risk Score		
12			6		
Likelihood			Likelihood		
Possible			Possible		
Impact			Impact		
Major			Serious		
Amber			Amber		
Trend			Target Date		
Decreasing			31-Mar-2026		

Risk Level	Departmental
Department	City Surveyor's

Risk Approach	Reduce
Risk Owner	Ola Obadara

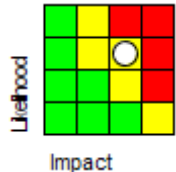
Associated Actions

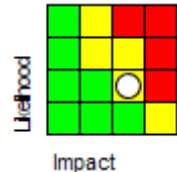
Ref No:	Description	Latest Note	Note Date	Owned By	Due Date
SUR SMT 005a Procurement Strategy	Procurement Strategy The department is working with legal and procurement to identify different buying options, thereby managing the risk to the department / organisation.	<p>This exploration included a review 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>	20-Aug-2025	Ola Obadara	31-Mar-2026
SUR SMT 005d Contracts	Contracts Exploring the potential to include different clauses into contracts	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	20-Aug-2025	Ola Obadara	31-Mar-2026

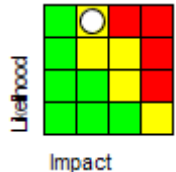
	such that work offered by the City remains attractive to suppliers.	greater number of contractors to bid on projects, however the inflation risk has been transferred to the organisation. The value of this approach will be continually reviewed.			
SUR SMT 005e Contractor Engagement	Contract Engagement 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.	20-Aug-2025	Ola Obadara	31-Mar-2026
SUR SMT 005f Specification and Materials	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.	20-Aug-2025	Ola Obadara	31-Mar-2026

Risk Code	SUR SMT 009	Risk Title	<i>Recruitment and retention of property professionals</i>
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Description	<p>Cause: Uncompetitive pay and benefits structures within some professional grades; poor quality work environments; lack of professional progression over recruitment freeze and restructuring period; increased employee focus on work-life balance</p> <p>Event: Increasingly difficult to recruit suitably skilled staff at the correct level for the grade being recruited for. Increasingly difficulty to keep staff who get better reward packages from other organisation (both commercial and public sector)</p> <p>Impact: Increased vacancies, objectives unachieved or delivered late (including project delivery and income generation), reduced customer satisfaction, less real estate activity, reduced employee wellbeing, demotivation of staff. Increased costs borne by the organisation though recruitment campaigns and training etc, or to the department through filling vacancies through comparatively expensive temporary contracts.</p>
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Current Risk		
Risk Score	Likelihood	Impact
12	Possible	Major
Amber	Trend	Constant

Target Risk		
Risk Score	Likelihood	Impact
8	Unlikely	Major
Amber	Target Date	31-Mar-2026

Original Risk		
Risk Score	Likelihood	Impact
8	Likely	Serious
Amber	Creation Date	21-Jan-2022

Latest Note	<p>This risk has been identified across several divisions of the City Surveyor’s Department especially within Investment Property, Surveying and Project Management.</p> <p>A reviewed conducted in May 2025 has reduced the likelihood of the risk score. The August review maintained the risk scoring at this lower level.</p> <p>The department has conveyed these challenges at a corporate level and is contributing to the organisational</p>	20-Aug-2025
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	review (Ambition 25). This item has also been recognised as a Corporate Risk (CR 39 Recruitment and Retention). The risk will be kept under review, with the target date reflecting this on-going review.	
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Risk Level	Departmental
Department	City Surveyor's

Risk Approach	Reduce
Risk Owner	Paul Wilkinson

Associated Actions

Ref No:	Description	Latest Note	Note Date	Owned By	Due Date
SUR SMT 009a Advertising	Advertising The department and the HR Business Partner has produced a recruitment best practice document, which includes ensuring that vacant posts are advertised in areas which will generate interest from suitably qualified candidates, including those currently under-represented within our workforce.	Recruitment campaigns have followed Corporate best practice recruitment document (i.e. diverse panels) which has been well received by staff.	21-Aug-2025	Paul Wilkinson	31-Mar-2026
SUR SMT 009b Best Practice	Best Practice Including delivery of appraisals, regular one-to-ones, team and group meetings. This aims to improve communications at all levels, ensuring that CSD is a positive work environment and	CSD is supporting Corporate HR with the new 'goals based' appraisal system as supported by the new IT system, SAP. Compliance within the department is positive, reflecting departmental alignment with organisational best practice.	20-Aug-2025	Paul Wilkinson	31-Mar-2026

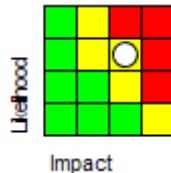
	that issues/blockers can be raised and addressed. In some areas career graded roles have been instituted, and deployment can be further explored.				
SUR SMT 009c Communication	Communication Including delivery of appraisals, regular one-to-ones, team and group meetings. This aims to improve communications at all levels, ensuring that CSD is a positive work environment and that issues/blockers can be raised and addressed. In some areas career graded roles have been instituted, and deployment can be further explored.	Managers across the service are ensuring that all end-of-year (2024/25) are complete and updated into our Corporate systems. Compliance has been positive within the department. As the organisation deploys its new ERP system, the department is supporting this through a network of change champions. This ensures on-going alignment with organisation-wide initiatives.	20-Aug-2025	Paul Wilkinson	31-Mar-2026
SUR SMT 009d Engagement with HR	Engagement with HR Some of the items highlighted as the 'causes' of this risk are outside the control of CSD, and engagement with our Corporate partners will be critical to overcoming these items. This departmental risk directly supports the Corporate Risk on "Recruitment and Retention" (CR39).	The CSD EDDI group continues to meet regularly and monitor, and track delivery of the EEDI Action Plan. The EEDI 2025 Action Plan is in delivery and has been shared with all CSD staff for knowledge, feedback, and input.	20-Aug-2025	Paul Wilkinson	31-Mar-2026
SUR SMT	Equity, Equalities, Diversity and	The CSD EDDI group continues to meet	20-Aug-2025	Ola Obadara	31-Mar-2026

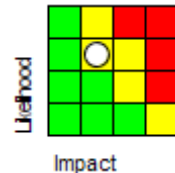
009e Equity, Equalities, Diversity and Inclusion (EEDI)	<p>Inclusion (EEDI)</p> <p>The department has an active ED&I network, which regularly engages with the City Surveyor and the Senior Management Team. This is seeking to make the department/profession a more attractive for under-represented groups and seek to retain and progress staff from all backgrounds. There is corporate HR representation on this departmentally led Group.</p>	regularly and monitor, and track delivery of the EEDI Action Plan. The EEDI 2025 Action Plan is in delivery.			
SUR SMT 009f Pay and Review Survey The Corporation is reviewing pay & reward through the Ambition 25 programme.	<p>Pay and Review Survey</p> <p>The Corporation is reviewing pay & reward through the Ambition 25 programme.</p>	The department continues to engage with Corporate colleagues on Ambition 25. Locally it has developed a network of local change champions such that key messages can be delivered locally. The department has actively supported the review of job roles, and updated all information on the legacy IT system in preparation for further A25 roll-out. 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. Where possible this element is being mitigated though the change champion network (ie, ensuring correct information is shared, and dispelling inaccuracies).	20-Aug-2025	Paul Wilkinson	31-Mar-2026

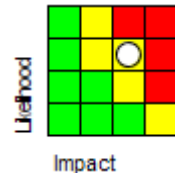
		Overall, the department has noted that whilst recruitment is possible, the limited scope for (pay and professional) progression makes retention more challenging.			
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Risk Code	SUR SMT 011	Risk Title	<i>Contractor Failure</i>
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Description	Cause: Market conditions Event: Failure of either a main contractor, or a substantial sub-contractor Impact: Delayed delivery of projects, or the delivery of projects at a higher cost
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Current Risk		
	Risk Score	Likelihood
	12	Possible
	Amber	Trend
	Decreasing	

Target Risk		
	Risk Score	Likelihood
	6	Possible
	Amber	Target Date
	31-Mar-2026	

Original Risk		
	Risk Score	Likelihood
	12	Possible
	Amber	Creation Date
	13-Feb-2023	

Latest Note	<p>This risk pertains to the potential failure of a primary contractor or a key sub-contractor. Notably, the City Corporation has traditionally lacked substantial control over the selection of entities assigned to perform work.</p> <p>Process for contractor failure in place and shared with the Construction Category Board.</p> <p>In the event of a failure by a primary contractor or sub-contractor, there could be consequential effects on warranties and our ability to pursue remedies for any design deficiencies. The uncertainty seen in the industry through prior periods appears to be abating and this risk will be kept under review.</p> <p>Risk Status: reduced to Amber – to accurately reflect the risk update.</p>	21-Aug-2025
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Risk Level	Departmental
Department	City Surveyor's

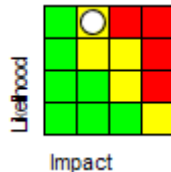
Risk Approach	Reduce
Risk Owner	Ola Obadara

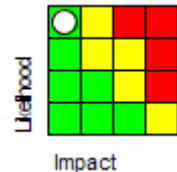
Associated Actions

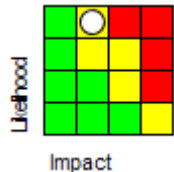
Ref No:	Description	Latest Note	Note Date	Owned By	Due Date
SUR SMT 011a Tendering	Tendering Seeking to have greater say over who a main contractor appoints as a sub-contractor. This will help reduce the likelihood of this risk occurring.	The department has commenced work with Procurement to ensure that our commissioning takes greater account of contractor and sub-contractor failure into consideration. We may need to have a greater say in who a main contractor identifies as an appropriate sub-Contractor. Further actions to follow this initial engagement.	20-Aug-2025	Ola Obadara	31-Mar-2026
SUR SMT 011b Review Process	Review Process Regular review of contractors and their sustainability will reduce the likelihood of the risk, and help us put in place measures to reduce the impact.	The department is instituting six-monthly reviews of contractor suitability. Historically this only happened at contract commencement. This will better prepare the organisation if the contractor (or significant sub-contractor) begins to experience difficulty.	20-Aug-2025	Ola Obadara	31-Mar-2026

Risk Code	SUR SMT 012	Risk Title	<i>Adjudication & Disputes</i>
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Description	<p>Cause: The impact of COVID-19 on project delivery.</p> <p>Event: Regulations restricted access to sites and resulted in more design work being undertaken remotely. Productivity at sites was adversely impacted.</p> <p>Impact: Increased likelihood that projects were designed correctly, and resulting legal and adjudication issues, reputational harm.</p>
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Current Risk		
	Risk Score	
	Likelihood	
	Impact	
8	Likely	Serious
Amber	Trend	Constant

Target Risk		
	Risk Score	
	Likelihood	
	Impact	
4	Likely	Minor
Green	Target Date	31-Mar-2026

Original Risk		
	Risk Score	
	Likelihood	
	Impact	
8	Likely	Serious
Amber	Creation Date	31-Aug-2023

Latest Note	<p>The COVID-19 pandemic resulted in 3 years of impact at project sites.</p> <p>Site productivity was limited (circa 60% productivity) and much design work was undertaken remotely, or with limited site access.</p> <p>This has created a situation where some sites were not designed correctly, or there are issues beyond that which would normally be expected on construction builds.</p> <p>We are now in a situation where we are engaged with legal discussions and adjudications with project suppliers in an effort to iron out issues with final products.</p>	20-Aug-2025
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	<p>The department's risk register has a separate risk relating to 'construction price inflation'. The inflation risk is wider as it also captures cost escalations due to other causes (Ukraine, energy, etc). This risk only focusses on adjudication & disputes.</p> <p>This risk may remain on the register until projects commenced prior to, or during, the COVID-19 pandemic, have been delivered and finalised. The risk scoring will be kept under review.</p>	
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Risk Level	Departmental
Department	City Surveyor's

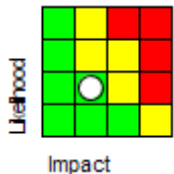
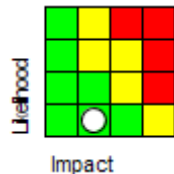

Risk Approach	Reduce
Risk Owner	Ola Obadara

Associated Actions

Ref No:	Description	Latest Note	Note Date	Owned By	Due Date
SUR SMT 012a Project Review and Claims Consultant	<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>	23-May-2025	Ola Obadara	31-Mar-2026

Risk Code	SUR SMT 016	Risk Title	<i>Investment Property Group staffing and Capacity</i>
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Description	<p>Cause: Capacity and the existing skill set of the team is misaligned to deliver changing requirements.</p> <p>Event: Inability to undertake the management of the portfolio at the pace expected by the Market or by senior stakeholders and undertake new requirements as required by the City of London Corporation.</p> <p>Impact: Slow engagement with third parties, reduced capacity to optimise income/capital and ability to react to changes in market conditions at pace impacting on the delivery of the City Corporation's Medium Term Financial Plan, delays to major projects/organisational initiatives, negative impacts on customer/ employee satisfaction and the investment portfolio does not meet its CAS targets.</p>
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Current Risk			Target Risk			Original Risk		
Risk Score	Likelihood	Impact	Risk Score	Likelihood	Impact	Risk Score	Likelihood	Impact
4	Unlikely	Serious	2	Rare	Serious	16	Likely	Major
Green	Trend	Decreasing	Green	Target Date	31-Mar-2026	Red	Creation Date	12-Jun-2024

Latest Note	<p>This risk identifies the significant volume and change in the nature of activities to be delivered by the team including: more demanding Investment Objectives, supporting delivery of major projects, increased lease 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.</p> <p>Recruitment efforts are currently in progress, and the risk has shifted to a resource success risk, with the evaluated target resources deemed adequate to fulfil demands. As noted in the Recruitment & Retention risk (SUR SMT 009), we are awaiting confirmation on whether the financial package and overall corporate offer will be</p>	27-Aug-2025
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	attractive enough to draw in the appropriate candidates	
	The risk score has been reduced to reflect recent recruitment.	

Risk Level	Departmental
Department	City Surveyor's

Risk Approach	Reduce
Risk Owner	Robert Murphy

Associated Actions

Ref No:	Description	Latest Note	Note Date	Owned By	Due Date
SUR SMT 016a Funding	Funding Funding request to resource the extra capacity and capability required	<p>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.</p> <p>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.</p>	28-May-2025	Robert Murphy	31-Mar-2026

SUR SMT 016b Training	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.	23-May-2025	Robert Murphy	31-Mar-2026
SUR SMT 016d City Bridge Foundation Approval	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.	23-May-2025	Robert Murphy	31-Mar-2026
SUR SMT 016e Secondments	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	23-May-2025	Robert Murphy	31-Mar-2026

INVESTMENT COMMITTEE - CHB Corporate Treasury Risk Register

Report Type: Risks Report
Report Author: Jenny Wong
Generated on: 09 September 2025

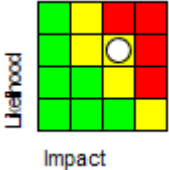


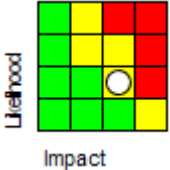
Rows are sorted by Risk Score

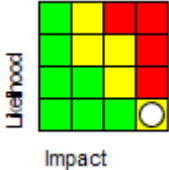
Risk Level Description Service

Risk Code	CHB IC 01	Risk Title	Insufficient assets - City's Estate
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Description	<p>Cause: The asset allocation of the City's Estate investment portfolio is unable to fund long term expenditure requirements due to market movements.</p> <p>Event: There are insufficient assets to meet expenditure requirements.</p> <p>Effect: Reduced income or lower than anticipated growth which could impact on the Corporation's medium term financial plans. City's Estate would be required to sell financial assets to fund expenditure requirements.</p>		
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Current Risk		
Risk Score	Likelihood	Impact
12	Possible	Major
Amber	Trend	Constant

Target Risk		
Risk Score	Likelihood	Impact
8	Unlikely	Major
Amber	Target Date	31-Mar-2026

Original Risk		
Risk Score	Likelihood	Impact
8	Rare	Extreme
Amber	Creation Date	08-Mar-2018

Latest Note	<p>From 1 April 2024 the return target for City's Estate has been set at CPI+4% on a rolling 5-year basis.</p> <p>An Investment Beliefs Survey has been was 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. <u>Results from the survey were presented at the July 2025 meeting and following this, there are two separate reports on the agenda today covering: an Investment Business Plan, setting out next steps for financial investments, and a report on Exploring Investment Opportunities.</u></p>	09-Sep-2025
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Risk Level	Service
Department	Chamberlain's

Risk Approach	Avoid
Risk Owner	Kate Limna; Jenny Wong

Associated Actions

Ref No:	Description	Latest Note	Note Date	Owned By	Due Date
CHB IC 01a Investment Strategy	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 quarterly performance dashboard.	09-Sep-2025	Caroline Al-Beyerty; Kate Limna	31-Mar-2026
CHB IC 01b Fund performance management	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	City's Estate investment performance will be brought to each meeting of the Investment Committee for consideration.	09-Sep-2025	Kate Limna	31-Mar-2026

	insight from the Corporation's investment consultants which will assist any strategic decisions required in between the three-year formal strategy reviews.				
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Risk Code	CHB IC 02	Risk Title	<i>Targeted returns - City's Estate</i>
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Description	<p>Cause: Fund managers fail to achieve the targeted investment returns because</p> <ul style="list-style-type: none">• the Committee appoints unsuitable fund managers,• individual fund managers underperform against the benchmarks agreed by the Committee,• aggregate fund manager performance fails to achieve the Committee's long-term targets <p>Event: Failure to be seen to manage the fund responsibly.</p> <p>Effect: Supervisory intervention over management of the funds.</p>
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Current Risk	<p>A 4x4 risk matrix with columns for Likelihood (Possible) and Impact (Serious). The matrix is color-coded: Green for Low, Yellow for Medium, and Red for High. A white circle is in the cell corresponding to Possible Likelihood and Serious Impact.</p>		
	Risk Score	Likelihood	Impact
	6	Possible	Serious
	Amber	Trend	Constant

Target Risk	<p>A 4x4 risk matrix with columns for Likelihood (Possible) and Impact (Serious). The matrix is color-coded: Green for Low, Yellow for Medium, and Red for High. A white circle is in the cell corresponding to Possible Likelihood and Serious Impact.</p>		
	Risk Score	Likelihood	Impact
	6	Possible	Serious
	Amber	Target Date	31-Mar-2026

Original Risk	<p>A 4x4 risk matrix with columns for Likelihood (Rare) and Impact (Extreme). The matrix is color-coded: Green for Low, Yellow for Medium, and Red for High. A white circle is in the cell corresponding to Rare Likelihood and Extreme Impact.</p>		
	Risk Score	Likelihood	Impact
	8	Rare	Extreme
	Amber	Creation Date	08-Mar-2018

Latest Note	<p>The performance of fund managers and their aggregate performance is reported against target to each Investment Committee. The Committee sets a diversified investment strategy to mitigate volatility and as such it expects different parts of the strategy to outperform at different times.</p> <p>Where relative returns are negative, Members and officers seek to understand why in order to determine whether there is continued conviction in the manager's strategy to recover performance.</p>	<i>09-Sep-2025</i>
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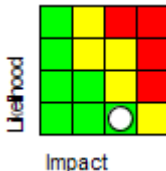
Risk Level	Service	Risk Approach	Reduce
Department	Chamberlain's	Risk Owner	Kate Limna; Jenny Wong

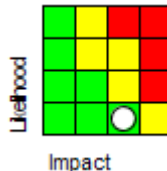
Associated Actions


Ref No:	Description	Latest Note	Note Date	Owned By	Due Date
CHB IC 02a IC Monitoring	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 31 May 2025 <u>31 July 2025</u> is reported to the Investment Committee on 21 July 2025 <u>6 October 2025</u> .	09-Sep-2025	Kate Limna	31-Mar-2026

Risk Code	CHB IC 03	Risk Title	Service provider failure
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Description	Cause: Corporate, financial, economic or cybersecurity threats result in service provision withdrawal or liquidation of partner organisations. Event: Failure of fund manager, investment consultant or other service provider without notice. Effect: Asset valuations at risk or a period of time without service provision.
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Current Risk		
	Risk Score	
	4	
	Green	

Target Risk		
	Risk Score	
	4	
	Green	

Original Risk		
	Risk Score	
	8	
	Amber	

	Likelihood	Impact
	Rare	Major
Trend	Constant	

	Likelihood	Impact
	Rare	Major
Target Date	31-Mar-2026	

	Likelihood	Impact
	Rare	Extreme
Creation Date	08-Mar-2018	

Latest Note	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.	09-Sep-2025
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Risk Level	Service	Risk Approach	Avoid
Department	Chamberlain's	Risk Owner	Kate Limna; Jenny Wong

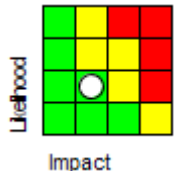
Associated Actions

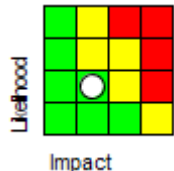
Ref No:	Description	Latest Note	Note Date	Owned By	Due Date
CHB IC 03a Due Diligence Checks	Detailed due diligence is carried out when new fund managers, investment consultant or other service provider are appointed.	New manager due diligence undertaken in consultation with investment consultant. The current investment consultant contract was re-rendered via the National LGPS procurement framework. Following a rigorous and competitive exercise Mercer were appointed to the role in October 2021.	09-Sep-2025	Kate Limna	31-Mar-2026
CHB IC 03b Internal control report	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.	09-Sep-2025	Kate Limna	31-Mar-2026
CHB IC 03c Market monitoring	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.	09-Sep-2025	Kate Limna	31-Mar-2026

Risk Code	CHB IC 07	Risk Title	<i>Failure to discharge responsible investment duties</i>
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Description	<p>Cause: Insufficient attention is paid to the environmental, social and governance (ESG) dimensions of the Corporation's financial investments.</p> <p>Event: The Corporations' financial investments include an underappreciated exposure to negative ESG risks and the means to effectively manage such risks is not understood.</p> <p>Effect: The Corporation suffers reputational or financial damage.</p>
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Current Risk			
	Risk Score	Likelihood	Impact
	4	Unlikely	Serious
	Green	Trend	Constant

Target Risk			
	Risk Score	Likelihood	Impact
	4	Unlikely	Serious
	Green	Target Date	31-Mar-2026

Original Risk			
	Risk Score	Likelihood	Impact
	4	Unlikely	Serious
	Green	Creation Date	20-Jun-2019

Latest Note	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).	09-Sep-2025
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Risk Level	Service	Risk Approach	Reduce
Department	Chamberlain's	Risk Owner	Jenny Wong

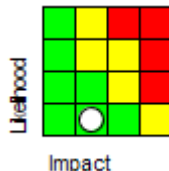
Associated Actions

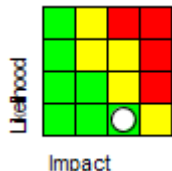
Ref No:	Description	Latest Note	Note Date	Owned By	Due Date
CHB IC 07a PRI Reporting	Reporting on responsible investment activities to the Principles for Responsible Investment is completed on an annual basis. The Committee (along with other relevant Committees/Boards) receives an annual Transparency Report from the PRI from which it can evaluate progress against responsible investment goals.	<p>The PRI released results for 2024 in November 2024 and this was reported to the Investment Committee on 17 February 2025.</p> <p>The PRI 2025 reporting period opened on 7 May 2025 and closes <u>closed</u> on 30 July 2025. The Corporation will be making <u>made</u> its submission by this deadline. <u>The PRI have not commented on when the results will be published.</u></p> <p><u>The PRI have stated that the reporting period for 2026 is expected to be broadly aligned with that of the 2025 assessment (May to July).</u></p>	09-Sep-2025	Kate Limna	31-Mar-2026
CHB IC 07c Manager engagement	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.	09-Sep-2025	Kate Limna	31-Mar-2026
CHB IC 07e Asset stewardship	The Board has committed to meeting the standards of the new 2020 UK Stewardship Code and	City's Estate's UK-based pooled fund managers (i.e. excluding the alternative assets portfolio) are signatories to the UK	09-Sep-2025	Kate Limna	31-Mar-2026

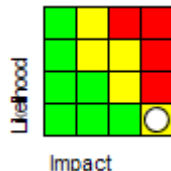
	needs to ensure compliance is developed. The Board reviews asset stewardship across its investment mandates on an annual basis and uses the exercise encourage better ESG outcomes amongst its existing managers (this will need to be done in conjunction with other committees which now have investment oversight responsibilities).	Stewardship Code.			
CHB IC 07f Climate action strategy	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.	09-Sep-2025	Kate Limna	31-Mar-2026

Risk Code	CHB IC 04	Risk Title	<i>Counterparty failure - Treasury Management</i>
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Description	Cause: External events, including cybersecurity incidents, threaten the solvency of counterparties the Corporation has lent to. Event: Failure of counterparty to fulfil obligation to the Corporation, i.e. default on repayments. Effect: Asset valuations at risk.
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Current Risk			
	Risk Score	Likelihood	Impact
	2	Rare	Serious
	Green	Trend	Constant

Target Risk			
	Risk Score	Likelihood	Impact
	4	Rare	Major
	Green	Target Date	31-Mar-2026

Original Risk			
	Risk Score	Likelihood	Impact
	8	Rare	Extreme
	Amber	Creation Date	08-Mar-2018

Latest Note	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.	09-Sep-2025
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Risk Level	Service	Risk Approach	Reduce
Department	Chamberlain's	Risk Owner	Kate Limna; Jenny Wong

Associated Actions

Ref No:	Description	Latest Note	Note Date	Owned By	Due Date
CHB IC 04a Counterparty due diligence	Detailed due diligence is carried out when new counterparties are onboarded.	Independent analysis and consultation with treasury investment advisor when adding additional counterparties.	09-Sep-2025	Kate Limna	31-Mar-2026

		<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>			
CHB IC 04b Minimum credit criteria	When lending directly to counterparties, ensure they meet the minimum credit criteria as set out in the most recent Treasury Management Strategy Statement.	<p>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</p>	09-Sep-2025	Kate Limna	31-Mar-2026

		the eligibility of local authority borrowers. When onboarding new financial institutions, officers review banks' financial standing including standard financial reporting ratios for assessing capitalisation and liquidity.			
CHB IC 04c Monitor markets	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.	09-Sep-2025	Kate Limna	31-Mar-2026

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

(D) Risk score definitions

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

Contact the Corporate Risk Manager for further information. Ext 1297

Version date: January 2020

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