



## Investment Committee – Main Agenda Pack

**Date:** MONDAY, 1 DECEMBER 2025

**Time:** 11.00 am

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

**Members:**

Shahnan Bakth (Chair)	Deputy Christopher Hayward (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 6<sup>th</sup> October 2025.

**For Decision**  
(Pages 7 - 12)

4. **INVESTMENT COMMITTEE'S FORWARD WORK PLAN**

Joint Report of the Town Clerk, the Chamberlain, and the City Surveyor.

**For Information**  
(Pages 13 - 14)

5. **TREASURY MANAGEMENT MID YEAR REVIEW AS AT 30 SEPTEMBER 2025**

Report of the Chamberlain.

**For Information**  
(Pages 15 - 22)

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

Report of the Chamberlain.

**For Information**  
(Pages 23 - 46)

7. **CITY SURVEYOR'S BUSINESS PLAN 2025-30 - QUARTER 2 2025/26 UPDATE**

Report of the City Surveyor.

**For Information**  
(Pages 47 - 56)

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

Joint Report of the Chamberlain and the City Surveyor.

**For Decision**  
(Pages 57 - 108)

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 6<sup>th</sup> October 2025.

**For Decision**  
(Pages 109 - 114)

13. **PERFORMANCE MONITORING**

**For Information**

a) Quarterly Report to 30 September 2025 (Pages 115 - 136)  
Report of Mercer.

b) Performance Monitoring to 30 September 2025: City's Estate (Pages 137 - 162)  
Report of the Chamberlain.

14. **CITY'S ESTATE DASHBOARD AS AT 30 SEPTEMBER 2025**

Report of the Chamberlain.

**For Information**  
(Pages 163 - 172)

15. **SIR WILLIAM COXEN TRUST FUND PERFORMANCE MONITORING TO 30 SEPTEMBER 2025**

Report of the Chamberlain.

**For Decision**  
(Pages 173 - 178)

16. **HAMPSTEAD HEATH TRUST INVESTMENT PERFORMANCE MONITORING TO 30 SEPTEMBER 2025**  
Report of the Chamberlain.  
**For Information**  
(Pages 179 - 184)
17. **CHARITIES POOL INVESTMENT PERFORMANCE MONITORING TO 30 SEPTEMBER 2025**  
Report of the Chamberlain.  
**For Information**  
(Pages 185 - 192)
18. **CITY FUND AND CITY'S ESTATE CASHFLOW AND CAPITAL REALISATION - QUARTERLY UPDATE**  
Joint Report of the Chamberlain and the City Surveyor.  
**For Information**  
(Pages 193 - 200)
19. **CITY SURVEYOR REVENUE BUDGETS (CITY FUND AND CITY'S ESTATE) - BUDGET ESTIMATES 2026/27**  
Joint Report of the Chamberlain and the City Surveyor.  
**For Decision**  
(Pages 201 - 206)
20. **CITY FUND & CITY'S ESTATE: INVESTMENT PROPERTY MONITORING - RENT REVIEW / LEASE RENEWALS, VOIDS, AND ARREARS**  
Report of the City Surveyor.  
**For Information**  
(Pages 207 - 212)
21. **PUDDLE DOCK AREA - POTENTIAL DEVELOPMENT SITE UPDATE**  
Report of the City Surveyor.  
**For Information**  
(Pages 213 - 220)
22. **(CITY'S ESTATE DESIGNATED SALES POOL) - 10-12 BREWERY ROAD -MAJOR REFURBISHMENT**  
Report of the City Surveyor.  
**For Decision**  
(Pages 221 - 228)
23. **DELEGATIONS REQUEST**  
Report of the City Surveyor.  
**For Decision**  
(Pages 229 - 230)

24. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
25. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**



## INVESTMENT COMMITTEE

Monday, 6 October 2025

Minutes of the meeting of the Investment Committee held at Committee Rooms, 2nd Floor, West Wing, Guildhall on Monday, 6 October 2025 at 11.00 am

### Present

#### Members:

Shahnan Bakth (Chair)  
Deputy Madush Gupta (Deputy Chair)  
Claudine Blamey (External Member)  
David Brooks Wilson (External Member)  
Alderman Alison Gowman CBE  
Alderman Prem Goyal CBE  
Gerald Kaye (External Member)  
Rebecca MacDonald (External Member)  
Andrew McCaffery (External Member)  
Deputy Andrien Meyers  
Deputy Henry Pollard

#### Observer

Simon Duckworth OBE DL

Steve Turner  
Charles Franklin  
Maria Zahn

Mercer  
Stanhope  
Stanhope

#### Officers:

Caroline Al-Beyerty  
Paul Wilkinson  
Robert Murphy  
David Abbott  
Adam Buckley  
John James  
Sarah Port  
Jenny Wong  
Stephen Clayton  
Andrew Cross  
John Galvin  
Sam Gibson  
James Murray  
Neil Robbie  
Kirpal Kaur

John Cater

- Chamberlain
- City Surveyor
- Investment Property Director
- Chamberlain's Department
- Chamberlain's Department
- Chamberlain's Department
- Chamberlain's Department
- Chamberlain's Department
- City Surveyor's Department
- City Surveyor's Department
- City Surveyor's Department
- City Surveyor's Department
- City Surveyor's Department
- City Surveyor's Department
- City Surveyor's Department
- Comptroller & City Solicitor's Department
- Committee Clerk

1. **APOLOGIES**

Apologies for absence were received from Deputy Henry Colthurst, Deputy Peter Dunphy, Deputy Christopher Hayward, Shravan Joshi, Deputy James Thomson, and Philip Woodhouse.

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 21, 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 Investment Committee meeting held on 21 July 2025 were approved as an accurate record, subject to one amendment, namely, the inclusion of the Chief Commoner, Deputy Henry Colthurst as an attendee at the meeting.

4. **FORWARD PLAN**

The Committee received a joint Report of the Chamberlain and the City Surveyor concerning the Committee's Forward Work Plan.

**RESOLVED:** - that the Committee noted the Report.

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

The Committee received a Report of the Chamberlain concerning the end of year report for the Treasury Management Strategy Statement and Annual Investment Strategy (relating to Treasury Management) for 2024/25.

**RESOLVED:** - that the Committee noted the Report.

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

The Committee received a Report of the Chamberlain concerning the City of London Corporation's Treasury Management Portfolio (investments) as at 31 August 2025.

A Member asked that a section of paragraph 15 be amended by correcting the sentence; "when interest rates increase, bond prices increase" to "when interest rates decrease, bond prices increase".

**RESOLVED:** - that the Committee noted the Report.

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

The Committee considered a joint Report of the Chamberlain and the City Surveyor concerning the management of risks relevant to the Investment Committee.

The City Surveyor emphasised that officers were working hard to drive improvements in the performance of the Corporation's external construction consultants, including, on occasion, terminating contracts early. It had been clear



that in some cases, the lack of capability and/or capacity had had a detrimental impact on the City's Major Projects, in particular, but it was also a trend across the wider construction project portfolio.

A Member expressed his anxiety about the likelihood of a looming financial crisis and the City's consequent vulnerabilities and mitigation strategy. Noting the recent commentary, the Chamberlain emphasised that the content of the Chancellor's November Budget was still to be determined, with several ideas being floated, either the absence or presence of which, may end up settling the markets. It was also apparent that the indicators in the construction sector had been showing recent signs of positivity, including costs coming down, less insolvencies, and the rate-of-return for developers tacking upwards.

**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 reviewed the existing risks and actions on the IC Financial Investments risk register (Appendix C) and confirmed that appropriate control measures are in place.

#### 8. **CLIMATE ACTION STRATEGY VERBAL UPDATE**

The Committee received a verbal update of the City Surveyor concerning the City Corporation's Climate Action Strategy.

Whilst speaking to a set of slides, the City Surveyor responded to several queries, as follows:

The Surveyor confirmed that the 2.3% floor area being rated EPC 'B' or above is the Corporation's directly managed portfolio, i.e., not the City's properties which are held by others under long-leaseholds), with regards the latter, the City had a retrofit programme that contains metrics to a) reduce carbon emissions, through Carbon Risk Real Estate Monitor (CRREM) pathways for each site and b) ensure sites were Minimum Energy Efficiency Standards (MEES) compliant, which meant they had to have an EPC rating of 'B' or above by 2030. The City Surveyor added that by the time the City had concluded this year's Capital Realisation Programme, 95% of City Fund's properties will be held under long leaseholds, consequently, there will be a very small floor area across the portfolio left for directly managed property, and by far the greatest element of that will comprise Leadenhall Market.

In terms of the profile of works being undertaken under the Retrofit Programme, this included the removal of gas heating systems for electric, e.g. air sourced heat pumps or electric powered boilers.

It was noted that the City Corporation's Annual Climate Action Strategy Progress Report would be published on 20<sup>th</sup> October and Members would have an early sight at the Policy & Resources Committee meeting on 16<sup>th</sup> October; one of the key highlights was that emissions across City Fund and City Estate had reduced drastically by 62%; this was in no small part due to significantly improve data capture and analysis which has, in turn, provided the organisation with a set of fundamental insights to drive its net zero ambitions to 2040. Members were keen to ensure that with this new data now in place, the question of whether and when a re-baselining exercise takes place is considered. The Chamberlain noted that specific discussion would need to be led in the first instance by the Policy & Resources Committee, but input would be sought from other key Committees and Departments in due course.

Noting the Corporation's continued efforts to embed Green Clauses in its Ground Leases (with 11 live restructures and an additional 34 in the pipeline) the Surveyor informed the Committee that the typical timeframe to get through the pipeline was around 6 to 12 months.

Noting the quarterly frequency for these updates, a Member asked that consideration be given for officers to include a short covering narrative Report with dashboards that could frame these presentations. The City Surveyor highlighted that the Reporting schedule for the Climate Action Strategy Investment Programme Board was being finalised, and he wanted to ensure that, in the interests of efficiency, any Report for Investment Committee should be aligned with that schedule, in order to avoid duplication and retain consistency.

**RESOLVED:** - that the Committee noted the Report.

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 Investment Committee meeting held on 21 July 2025 were approved as an accurate record.

One issue was raised under matters arising.

### **13. PERFORMANCE MONITORING**

#### **13.1 Performance Monitoring to 31 July 2025: City's Estate**

The Committee received a Report of the Chamberlain concerning the investment performance of the City's Estate financial investment portfolio and of the various investment managers as of 31 July 2025.

#### **13.2 Quarterly Monitoring Report Q2 2025**

The Committee received Mercer's Quarterly Monitoring Report for Q2 2025.

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

The Committee received a Report of the City Surveyor concerning results from MSCI of the performance of the City Fund Estate and City's Estate Property Investment Portfolios for the year ending 31 March 2025.

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

The Committee received a joint Report of the Chamberlain and the City Surveyor providing a quarterly update on the cashflow and capital realisation strategy within City's Estate and City Fund.

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

The Committee received a Report of the Chamberlain providing a quarterly summary dashboard for the City's Estate combined portfolio covering asset allocation, risk and performance prepared by the outsourced CIO team, Stanhope Capital as at 30 June 2025.

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

The Committee received a Report of the Chamberlain concerning the City's Estate Investment Business Plan.

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

The Committee received a Report of the Chamberlain concerning the exploration of investment opportunities for City's Estate.

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

The Committee considered a Report of the City Surveyor concerning 2-4 and 6-8 Eastcheap.

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

The Committee considered a Report of the City Surveyor concerning the replacement software (MRI Horizon) for the Oracle Property Management System.

**21. DELEGATIONS REQUEST**

The Committee considered a Report of the City Surveyor concerning a series of requests for the Committee to delegate authority to the Town Clerk, in consultation with the Chair and Deputy Chair as under Standing Order 41b, to approve investment property transactions over the coming period.

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

The Committee received a Report of the City Surveyor concerning Transactions approved under the City Surveyor's Delegated Authority between 1st November 2024 to 31st August 2025.

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

This was considered in conjunction with Item 7 (Risk Report).

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

There were no non-public questions.

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

There was one item of urgent non-public business.

**26. CITY SURVEYOR'S DEPARTMENT**

The Committee considered a Report of the City Surveyor concerning staffing in the City Surveyor's Department.

**The meeting ended at 1.00 pm**

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Chairman

**Contact Officer: John Cater**  
**john.cater@cityoflondon.gov.uk**

	1 December 2025	9 February 2026	18 May 2026	20 July 2026
<b>Overall Investment Portfolio (Chamberlains and City Surveyors)</b>	City Surveyor's & Corporate Treasury Risk Report  City Fund & City's Estate Cashflow position and capital realisation – monitoring	City Surveyor's & Corporate Treasury Risk Report  City's Estate Dashboard (OCIO) – quarterly  City Fund & City's Estate Cashflow position and capital realisation – monitoring	City Surveyor's & Corporate Treasury Risk Report  City's Estate Dashboard (OCIO) – quarterly  City Fund & City's Estate Cashflow position and capital realisation – monitoring	City Surveyor's & Corporate Treasury Risk Report  City's Estate Dashboard (OCIO) – quarterly  City Fund & City's Estate Cashflow position and capital realisation – monitoring
<b>Investment Property</b>	City Fund and City's Estate : Investment Property Monitoring 6 monthly report: <ul style="list-style-type: none"> <li>Vacant Accommodation Update</li> <li>Rent Reviews/Lease Renewals Arrears</li> </ul>	City Fund Estate: Annual Update Report  City's Estate: Annual Update Report  City's Estate and City Fund Rental Estimates Monitoring Report – December Forecast (6 monthly report)	City Fund and City's Estate: Investment Property Monitoring 6 monthly report <ul style="list-style-type: none"> <li>Vacant Accommodation Update</li> <li>Rent Reviews/Lease Renewals Arrears</li> </ul>	City Fund, City's Estate and Strategic Property Estate – Annual Valuation Report  City Fund & City's Estate: Performance Monitoring of Property Investment Portfolios to March 2026 (MSCI report)  City's Estate and City Fund Rental Estimates Monitoring Report – June Forecast (6 monthly report)
	City Surveyor Revenue Budgets (City Fund and City's Estate) – Budget Estimates 2026/27	CSD Draft New Business Plan 2026 – 2031  City Fund & City's Estate Revenue Works Programme – 24/25 Progress Report (half yearly report)		City Surveyor Revenue Outturn 2025/26 Appendix: Revenue Works Programme 25/26 Progress
	<u>The City Surveyor's Business Plan 2025 – 30, Quarter 2 2025-26 Update</u>	Climate Action Update		All Estates – Review of Metrics Used in Making Major Decisions – Annual Review
	<u>10-12 Brewery Road – Gateway 6 Outcome report</u>	Delegation Requests	Delegation Requests	Business Plan – 4 <sup>th</sup> Quarter Progress.  Climate Action Update Delegation Requests

	Puddle Dock Area – Potential Development Site Update  Delegation Requests			
<b>Financial Investments</b>	Performance Monitoring report for City’s Estate Financial Investments  Quarterly Investment report from Mercer (Investment Consultant)  Hampstead Heath Trust Investment Performance Monitoring to 30 September 2025  Charities Pool Investment Performance Monitoring to 30 September 2025  Sir William Coxen Trust Fund Performance Monitoring to 30 September 2025	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)	Performance Monitoring report for City’s Estate Financial Investments  Quarterly Investment report from Mercer (Investment Consultant)
<b>Treasury Management</b>	Treasury Management Update  Mid-Year Treasury Review	Treasury Management Update  Annual Treasury Management Strategy Statement	Treasury Management Update	Treasury Management Update  Treasury Management Outturn 2025-26
<b>Town Clerk’s Department</b>		Annual Terms of Reference Review		

## City of London Corporation Committee Report

<b>Committee(s):</b> Investment Committee – For Information Audit and Risk Management Committee – For Information	<b>Dated:</b> 1 December 2025 12 January 2026
<b>Subject:</b> Mid-Year Treasury Management Review 2025/26	<b>Public report:</b> For Information
<b>This proposal:</b> <ul style="list-style-type: none"> <li>• <b>delivers Corporate Plan 2024-29 outcomes</b></li> <li>• <b>provides statutory duties</b></li> <li>• <b>provides business enabling functions</b></li> </ul>	Diverse Engaged Communities; Dynamic Economic Growth; Leading Sustainable Environment; Vibrant Thriving Destination; Providing Excellent Services; and Flourishing Public Spaces
<b>Does this proposal require extra revenue and/or capital spending?</b>	No
<b>If so, how much?</b>	£N/A
<b>What is the source of Funding?</b>	N/A
<b>Has this Funding Source been agreed with the Chamberlain’s Department?</b>	N/A
<b>Report of:</b>	The Chamberlain
<b>Report author:</b>	Adam Buckley, Senior Accountant - Treasury

### Summary

The Treasury Management Strategy Statement (TMSS) and Annual Investment Strategy for 2025/26 was approved by the Investment Committee and the Finance Committee in February 2025 and by the Court of Common Council on 6 March 2025 and came into effect on 1 April 2025.

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 a mid-year review. The main points to note are as follows:

- The strategy has been reviewed to take account of economic and market developments over the first half of the year, particularly with regard to changes in interest rate expectations.
- The annual Consumer Prices Index (CPI) was 3.5% in April 2025, falling to 3.4% in May, however inflationary pressures have since resurfaced with CPI inflation hitting 3.8% in July where it remained in both August and September. The Bank of England’s Monetary Policy Committee (MPC) cut Bank Rate from 4.50% to 4.25% at their May meeting, and implemented a further cut to 4.00% at their meeting in August. The Bank rate remained unchanged at the September and

November MPC meetings, with the accompanying statement to the November meeting commenting that further reductions to Bank Rate would depend on the evolution of the outlook for inflation. The revised path for interest rates over the medium term provided by our Treasury advisors, MUFG Corporate Markets, is for the Bank Rate to decline to 3.75% by March 2026, with a further cut to 3.50% by September 2026, where it will plateau.

- Under this scenario of falling interest rates, investment returns as a whole are expected to decrease over the rest of the financial year and the medium term, as maturing investments are reinvested at reduced rates. However, as yields decrease, the capital value of the Corporation's (City Fund) bond fund investments increase as bond prices have an inverse relationship with interest rates (i.e. when interest rates decrease, bond prices increase and vice versa).
- As at 30 September 2025, the City had cash balances totalling £1,038.7m. Most of the balances are held for payment to third parties or are restricted reserves. Cash balances are expected to reduce meaningfully over the medium term as spending on the capital programme increases.
- In light of the above, the Corporation's priorities remain as security and liquidity (ahead of yield). Given the current risk environment, officers do not recommend that the Corporation relaxes its risk appetite for the remainder of the year.
- No approved counterparty limits were breached during the first half of 2025/26, and the City has experienced no liquidity concerns.
- No external borrowing has been entered into by City Fund, and it is not anticipated that City Fund will require any external borrowing during the remainder of the financial year.

### **Recommendation(s)**

Members are asked to note the report.

## **Main Report**

### **Background**

1. The City of London Corporation (the City) is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low-risk counterparties or instruments commensurate with the City's low risk appetite, providing adequate liquidity initially before considering investment return.
2. The second main function of the treasury management service is the funding of capital expenditure plans. In September 2019 the City issued fixed rate market debt on behalf of City's Cash via a private placement, which will support that entity's long term capital financing plans. The first tranche of borrowing proceeds of £250M were received in September 2019. The second tranche of borrowing proceeds of £200M were received in July 2021. The City has not undertaken any new borrowing in the first half of this year and does not at this stage anticipate any external borrowing in the remainder of 2025/26.



3. The City's treasury management activities are undertaken in accordance with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2021) which was adopted by the Court of Common Council on 3 March 2010.
4. The City defines its treasury management activities as:  
*The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.*
5. The Chartered Institute of Public Finance and Accountancy is currently consulting local authorities in respect of potential changes to the Codes. At this juncture, the focus seems to primarily be on the Non-Treasury investment aspects of local authority activity. Officers will provide an update on any material developments/changes in due course.

## **Economic Update**

6. According to the Office for National Statistics (ONS) Gross Domestic Product (GDP) grew by 0.3% in the quarter April to June 2025 following a 0.7% expansion in the first three months of the year. However, the financial year got off to a bumpy start with a 0.3% fall in real GDP in April as front-running of US tariffs in Q1 weighed on activity. Despite the underlying reasons for the drop, it was still the first fall since October 2024 and the largest fall since October 2023. Despite the subsequent upside in May and June, the economy stagnated in July with no growth, with the hike in taxes for businesses which took place in April likely playing a part in restraining growth.
7. UK headline consumer prices inflation (CPI) fell slightly from an annual rate of 3.5% in April 2025 to 3.4% in May 2025, however inflationary pressures have since resurfaced with CPI inflation hitting 3.8% in July where it has remained in both August and September. With food inflation rising to an 18-month high of 5.1% and households' expectations for inflation standing at a six year high, a further loosening in the labour market and weaker wage growth may be necessary for UK inflation to return to 2.0% by the Bank of England's anticipated timeline of early 2027.
8. The Monetary Policy Committee (MPC) cut Bank Rate from 4.50% to 4.25% at their May meeting, and implemented a further cut to 4.00% at their meeting in August. Governor Bailey was the casting vote in a 5-4 split, with the accompanying commentary noting the decision was "finely balanced" and reiterating that future rate cuts would be undertaken "gradually and carefully". As expected, the September MPC meeting saw rates remain unchanged, with the two dissenting voters in a 7-2 split voting for a further 25bps reduction.
9. More recently, rates again remained unchanged at the November meeting, though there was a surprise 5-4 split with Governor Bailey once more casting the deciding vote. The accompanying statement said that "...the extent of further reductions would therefore depend on the evolution of the outlook for inflation" and Governor Bailey's commented that "Upside risks to inflation have become less pressing since August, and I see further policy easing to come if disinflation becomes more clearly established in the period ahead". This could come from two more rounds

of inflation and jobs data between the November MPC and the next meeting in December, a period which will also include the Autumn Budget on 26 November.

10. Over the period (1 April to 31 September), the UK 10-year gilt yield fluctuated between 4.4% and 4.8%, ending the half year at 4.70%. The yield rose in April following wider global bond market volatility stemming from US Tariffs, easing back as trade tensions began to de-escalate, then in May as concerns about stickier inflation and shifting expectations about the path for interest rates led to another rise, though reduced again as trade tensions continued to ease and markets increasingly began to price in looser monetary policy. More recently, there was a short lived spike in yield in July as rolled-back spending cuts and uncertainty over Chancellor Reeves' future raised fiscal concern, highlighting the UK's fragile fiscal position, and that in an era of high-debt, high interest rates and low GDP growth, the markets are now more sensitive to fiscal risks than before the pandemic.
11. During August, long-dated gilts underwent a particularly pronounced sell-off, climbing 22 basis points and reaching a 27-year high of 5.6% by the end of the month. While yields have since eased back, the market sell-off was driven by investor concerns over growing supply-demand imbalances, stemming from unease over the lack of fiscal consolidation and reduced demand from traditional long-dated bond purchasers like pension funds. For 10-year gilts, by late September, sticky inflation, resilient activity data and a hawkish Bank of England have kept yields elevated at over 4.70%.
12. Looking ahead, ongoing speculation about further tax rises in the Autumn Budget on 26 November will remain a drag on GDP growth for a while yet. With the November Budget edging nearer, the UK public finances position looks weak. Public net sector borrowing of £18.0bn in August means that after five months of the financial year, borrowing is already £11.4bn higher than the OBR forecast at the Spring Statement in March. Therefore, what matters now is the OBR forecasts and their impact on the current budget in 2029/30, which is when the government's current fiscal rules have set out for day-to-day costs to be met by revenues and therefore at which point the government should only be borrowing to invest.

### **Treasury Management Strategy Statement and Annual Investment Strategy Update**

13. The Treasury Management Strategy Statement and Annual Investment Strategy for 2024/25 was approved by the Investment Committee (17 February 2025), the Finance Committee (18 February 2025) and the Court of Common Council (6 March 2025).
14. Having considered the strategy, officers believe that it remains appropriate for the second half of 2025/26 and do not recommend any fundamental changes are made.

#### Investment Strategy

15. The Corporation held £1,038.7m of investments as at 30 September 2025 (£956.6m at 31 March 2025). Most of the balances are held for payment to third parties or are restricted reserves; they also include debt issued by City's Cash in 2019/20 and in the first half of 2021/22. As the Corporation's capital programme progresses, cash balances are projected to decline as internal borrowing

increases (see paragraph 26 below). The weighted average rate of return on the City's treasury management portfolio at the end of September was 4.71%.

16. The weighted average rate of return was boosted by the short-dated bonds (i.e. non-specified investments) as their 12 month-trailing returns reached over 6% at the end of September 2025 (the weighted average rate of return excluding short-dated bonds funds was 4.46%). Bond prices have an inverse relationship with interest rates (i.e. when interest rates increase, bond prices decrease and vice versa), and hence there has been a corresponding increase in short-dated bond fund returns over the first half of 2025/26, with appreciation of capital value as interest rates have fallen, whilst yield has remained high.
17. As non-specified investments, only the City Fund will have exposure to the short-dated bond funds (as ratified by the Court of Common Council in December 2022), and as the IFRS9 override has been extended for existing pooled fund investments held as of 1 April 2024 ('legacy investments') until 31 March 2029, any capital gains/losses will continue not to be taken through the General Fund. 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.
18. In accordance with the CIPFA Treasury Management Code of Practice, the Corporation's investment priorities are:
  - Security of capital
  - Liquidity
  - Yield
19. The Corporation aims to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Corporation's risk appetite. In the current economic climate, it is considered appropriate to retain sufficient capacity to cover planned and potentially unanticipated cash flow needs, but also to seek out value by placing deposits with high credit rated counterparties where possible. The current investment strategy remains appropriate for facilitating these aims by limiting lending to only high-quality borrowers whilst also not being so restrictive as to create an overconcentration of exposure to any single counterparty.
20. At the outset of the year, the Corporation, based on MUFG Corporate Market's central forecast for interest rates, estimated for a pattern to evolve whereby Bank Rate cuts would be made quarterly in keeping with the release of the Bank of England's quarterly monetary policy reports, though with any eventual movement below a 4% Bank Rate very much dependent on inflation data in the second half of 2025.
21. MUFG Corporate Markets' latest forecast on 11 August sets out a view that short, medium and long-dated interest rates will fall back over the next year or two, although there are upside risks in respect of the stickiness of inflation and a continuing tight labour market, as well as the size of gilt issuance.
22. MUFG's revised path for interest rates over the medium term, is for Bank Rate to remain at 4.00% by the end of 2025, then cuts to 3.75% by March 2026 and 3.50% by September 2026, where the rate would be maintained until a further decrease by September 2027, leaving rates at around 3.25% for the rest of the 2027/28 financial year (see Appendix 1). Under this scenario, investment returns as a

whole are still expected to decrease over the rest of the financial year and the medium term, as previously forecast.

23. In light of the above, the prime objective is to ensure cash is safe and available when needed, and the Corporation's priorities remain as security and liquidity, ahead of yield. It is not recommended that the Corporation relaxes its creditworthiness criteria at this stage to protect income as this would contradict the primary obligation of keeping the Corporation's cash assets secure, before considering yield.
24. No approved counterparty limits were breached during the first half of 2025/26, and the City has experienced no liquidity concerns. The Treasury Management Strategy remains appropriate in enabling the City to pursue its prime objectives of security and liquidity, followed by yield.

### Borrowing Strategy

#### *City Fund*

25. The City Fund has not acquired any external borrowing in the first half of the year and it is not anticipated that any external borrowing will be required in the remainder of 2025/26.
26. Although the City Fund is forecast to have a growing capital financing requirement forecast in the years ahead, it expects to be able to fund this in the short term via internal borrowing. Entering into new external borrowing now would increase the Corporation's revenue pressures in the immediate term (i.e. there would be a cost of carry), however the Chamberlain will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.

#### *City's Cash*

27. City's Cash issued £450m of market debt in 2019/20, £200m of which was deferred for receipt until 2021/22. The Corporation took receipt of these borrowing proceeds in July 2021, and they were held in the short term investments portfolio until required by the capital programme. By deferring receipt of this borrowing until 2021, the City avoided paying additional interest costs whilst at the same time securing fixed rate borrowing on competitive terms. There are no plans to undertake any further borrowing on behalf of City's Cash in the second half of the year at this stage, but this will be monitored by officers as the Medium term Financial Plan (MTFP) is finalised.

### **Conclusion**

28. The City has effectively executed the 2025/26 Treasury Management Strategy during the first six months of the year considering the original strategy against the current treasury management environment, officers judge that the investment strategy remains appropriate for the second half of the year.

### **Appendices**

- Appendix 1 – Interest Rate Forecasts 2025/26 – 2028/29

#### **Adam Buckley**

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APPENDIX 1: Interest Rate Forecasts 2025/26 – 2028/29

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

Please note, the lower Housing Revenue Account PWLB rate started on 15 June 2023 for those authorities with an HRA (standard rate minus 60 bps) and is set to prevail until at least the end of March 2026.

MUFG Corporate Markets Interest Rate View 11.08.25													
	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28
BANK RATE	4.00	4.00	3.75	3.75	3.50	3.50	3.50	3.50	3.25	3.25	3.25	3.25	3.25
3 month ave earnings	4.00	4.00	3.80	3.80	3.50	3.50	3.50	3.50	3.30	3.30	3.30	3.30	3.30
6 month ave earnings	4.00	3.90	3.70	3.70	3.50	3.50	3.50	3.50	3.30	3.30	3.40	3.40	3.40
12 month ave earnings	4.00	3.90	3.70	3.70	3.50	3.50	3.50	3.50	3.30	3.40	3.50	3.60	3.60
5 yr PWLB	4.80	4.70	4.50	4.40	4.30	4.30	4.30	4.20	4.20	4.20	4.20	4.10	4.10
10 yr PWLB	5.30	5.20	5.00	4.90	4.80	4.80	4.80	4.70	4.70	4.70	4.70	4.60	4.60
25 yr PWLB	6.10	5.90	5.70	5.70	5.50	5.50	5.50	5.40	5.40	5.30	5.30	5.30	5.20
50 yr PWLB	5.80	5.60	5.40	5.40	5.30	5.30	5.30	5.20	5.20	5.10	5.10	5.00	5.00

Comparison of Link Group current August 2025 interest rate forecast vs February 2025 forecast

Bank Rate	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28
11.08.25	4.00	4.00	3.75	3.75	3.50	3.50	3.50	3.50	3.25	3.25	3.25	3.25
10.02.25	4.25	4.00	3.75	3.75	3.75	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Change	-0.25	0.00	0.00	0.00	-0.25	0.00	0.00	0.00	-0.25	-0.25	-0.25	-0.25

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## City of London Corporation Committee Report

<b>Committee(s):</b> Investment Committee – For Information	<b>Dated:</b> 01 December 2025
<b>Subject:</b> Treasury Management Update as at 31 October 2025	<b>Public report:</b> For Information
<b>This proposal:</b> <ul style="list-style-type: none"> <li>• <b>delivers Corporate Plan 2024-29 outcomes</b></li> <li>• <b>provides statutory duties</b></li> <li>• <b>provides business enabling functions</b></li> </ul>	Diverse Engaged Communities; Dynamic Economic Growth; Leading Sustainable Environment; Vibrant Thriving Destination; Providing Excellent Services; and Flourishing Public Spaces
<b>Does this proposal require extra revenue and/or capital spending?</b>	No
<b>If so, how much?</b>	£N/A
<b>What is the source of Funding?</b>	N/A
<b>Has this Funding Source been agreed with the Chamberlain’s Department?</b>	N/A
<b>Report of:</b>	The Chamberlain
<b>Report author:</b>	Adam Buckley, Senior Accountant - Treasury

### Summary

This report provides a summary of the City of London Corporation’s treasury management portfolio (investments) as at 31 October 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 06 October 2025, when they received a report outlining the treasury position as at 31 August 2025.

The treasury management investment portfolio had a market value of £1,001.9m as at 31 October 2025, which is a decrease of £18.9m from the balance previously reported as at as at 31 August 2025 (£1,020.8m).

The Consumer Prices Index (CPI) rose by 3.8% in the 12 months to September 2025, unchanged from August and July 2025. The Bank of England’s Monetary Policy Committee (MPC) voted to maintain interest rates at its meetings in September and November, 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 last quarter 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 October 2025.

### **Current Position**

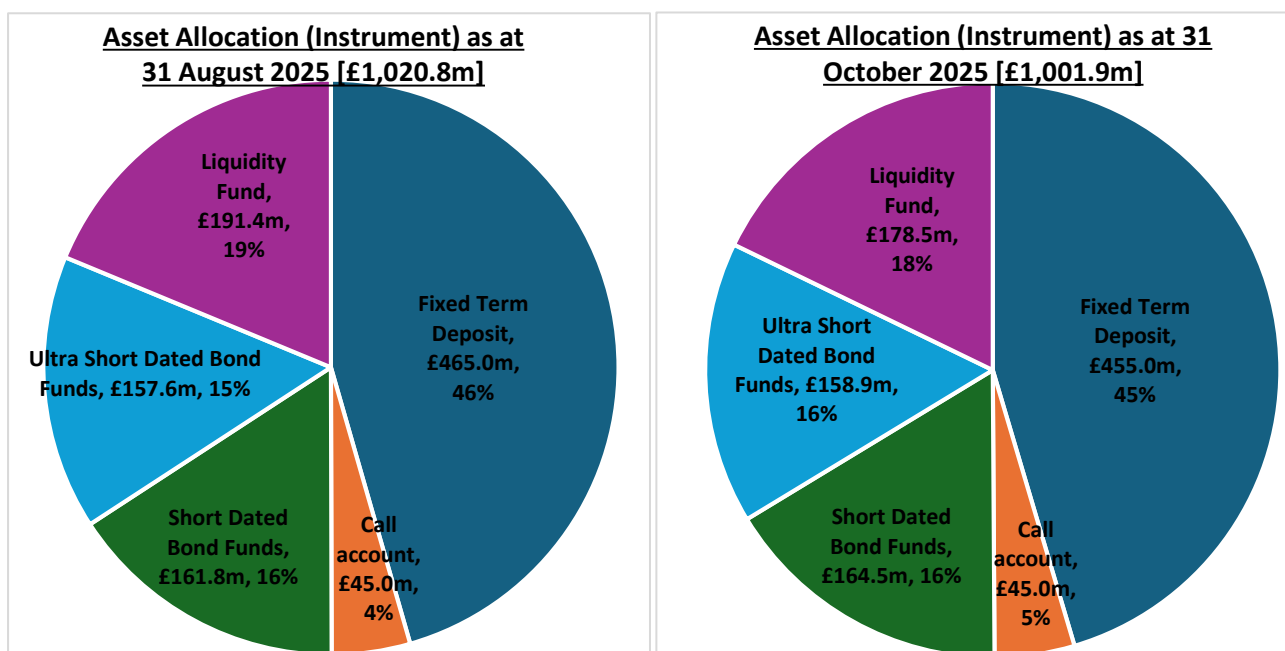
2. The treasury management investment portfolio had a market value of £1,001.9m as at 31 October 2025, which is a decrease of £18.9m from the balance previously reported as at as at 31 August 2025 (£1,020.8m). This decrease is principally due the following significant transactions in the period:
  - expenditure on Major Projects of £38.2m; and
  - Museum of London drawdown payment totalling £33.0m; offset by
  - drawdowns from Financial Investments totalling £41.1m; and
  - property disposal receipts of £14.4m and £2.3m.

### **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 August 2025 and 31 October 2025 is set out in Figure 1 below.

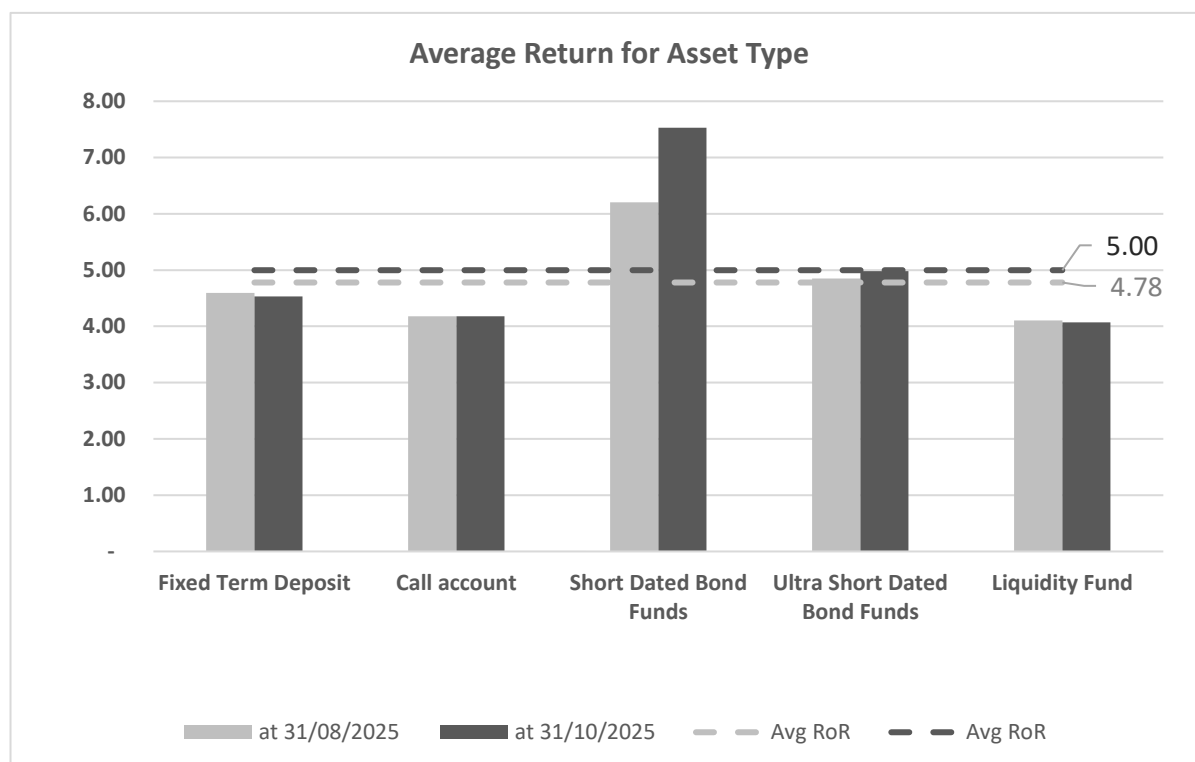


**Figure 1: Asset allocation as at 31 August 2025 and 31 October 2025.**



6. As of 31 October 2025, the majority of the Corporation's cash balances are invested on a short-term (under one year) basis with eligible banks, primarily through fixed-term deposits, which account for 45% of the total. This represents a £10m decrease from the previous reporting date, due to the overall reduction in the portfolio as outlined in paragraph 2. Liquidity funds now make up around 18%, these balances are very liquid and can be accessed on the day. There have been no changes in the amount of funds that are invested in notice accounts, which make up 5% of the portfolio.
7. The ultra-short dated bond funds account for 16% of the treasury portfolio. These instruments are also very liquid (funds can be redeemed with two to three days' notice) but their market value is more volatile than liquidity funds. Ultra-short dated bond funds are suitable for surplus cash balances with an investment horizon of six months or more. The remaining portion of the portfolio (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 August 2025 and 31 October 2025 is shown in Figure 2. Further analysis on the composition of the portfolio as at 31 October 2025 is provided in the Monthly Investment Report at Appendix 2, which demonstrates the average rate of return for the portfolio as at 31 October 2025 is 5.00% (31 August: 4.78%). 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 August 2025 and 31 October 2025**



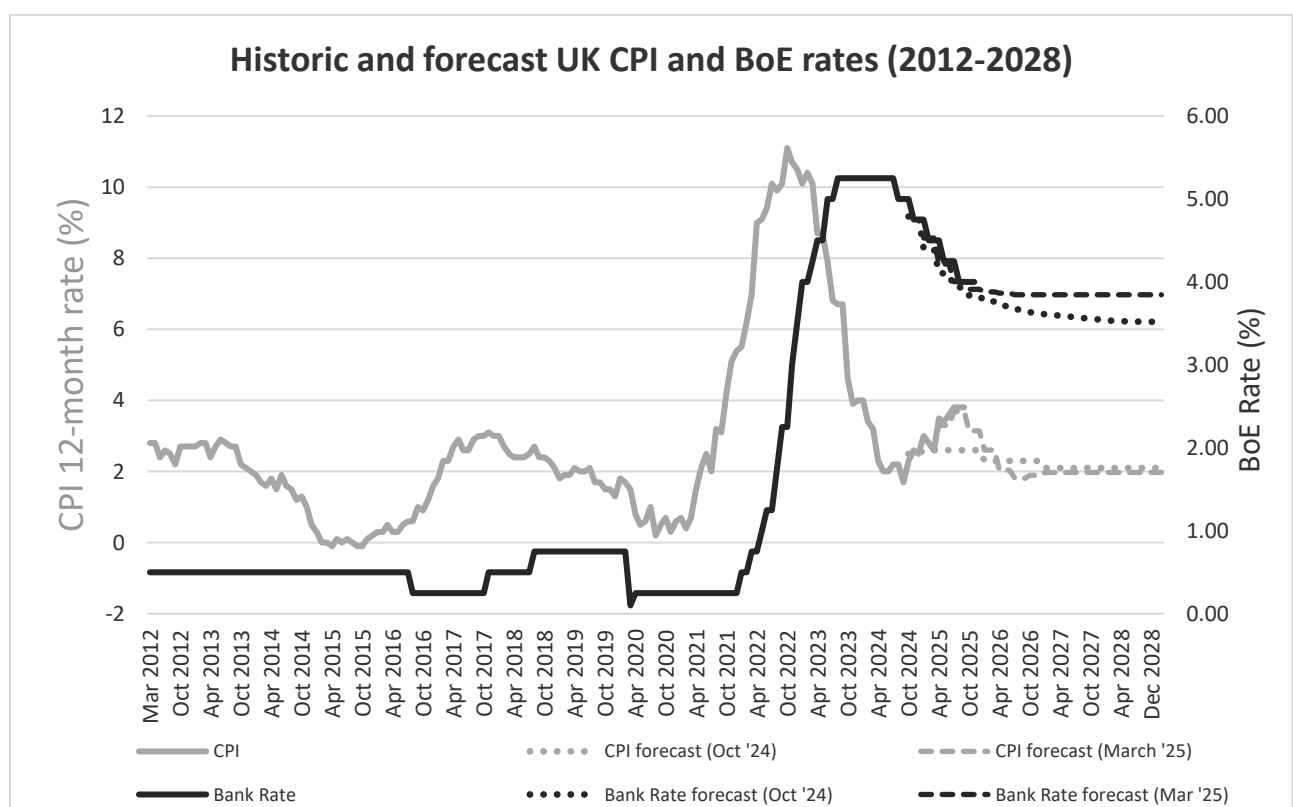
## Performance

9. The Consumer Prices Index (CPI) rose by 3.8% in the 12 months to September 2025, unchanged from August 2025. The updated Bank of England forecast sees the 3.8% inflation rate of September as the peak, with it slowing to 3.2% by March 2026 and to settle around its 2% target in the second quarter of 2027.
10. The Bank of England's Monetary Policy Committee (MPC) kept the 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 mentioned "*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 was an emphasis that "*a gradual and careful*" approach was still appropriate, whilst leaving the door open to continuing rate cuts in the future.
11. More recently, the MPC again kept bank rate unchanged at its November meeting, and although the decision was in line with market expectations, the surprise was the 5-4 vote, with Governor Bailey the "swing" voter on the decision. The accompanying statement said that the restrictiveness of monetary policy had fallen as Bank Rate had been reduced and that "*...the extent of further reductions would therefore depend on the evolution of the outlook for inflation. If progress on disinflation continued, Bank Rate was likely to continue on a gradual downward path*" - note the removal of "*careful*" from the guidance.
12. This meeting was the first to include individual member views in the minutes, with Governor Bailey saying that "*Upside risks to inflation have become less pressing since August, and I see further policy easing to come if disinflation becomes more clearly established in the period ahead*". This could come from two more rounds of inflation and jobs data between the November MPC and the next meeting on 18 December, a period which will also include the Autumn Budget on 26

November. Following the meeting, market expectations for a move in December were little changed at 65-70%, with the first cut fully priced in for February 2026. However, following the release of a softer than expected labour market data set, December's expectations have picked up to 85%, with February still the point a 25bps cut is fully priced in and then a second move pencilled in for the meeting in April.

13. MUFG Corporate Markets (previously called Link), our treasury management consultants, correctly anticipated no change to bank rate at the November MPC meeting, and are currently forecasting the bank rate to 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. The OBR will be releasing the October 2025 forecast with the Autumn budget on 26 November.

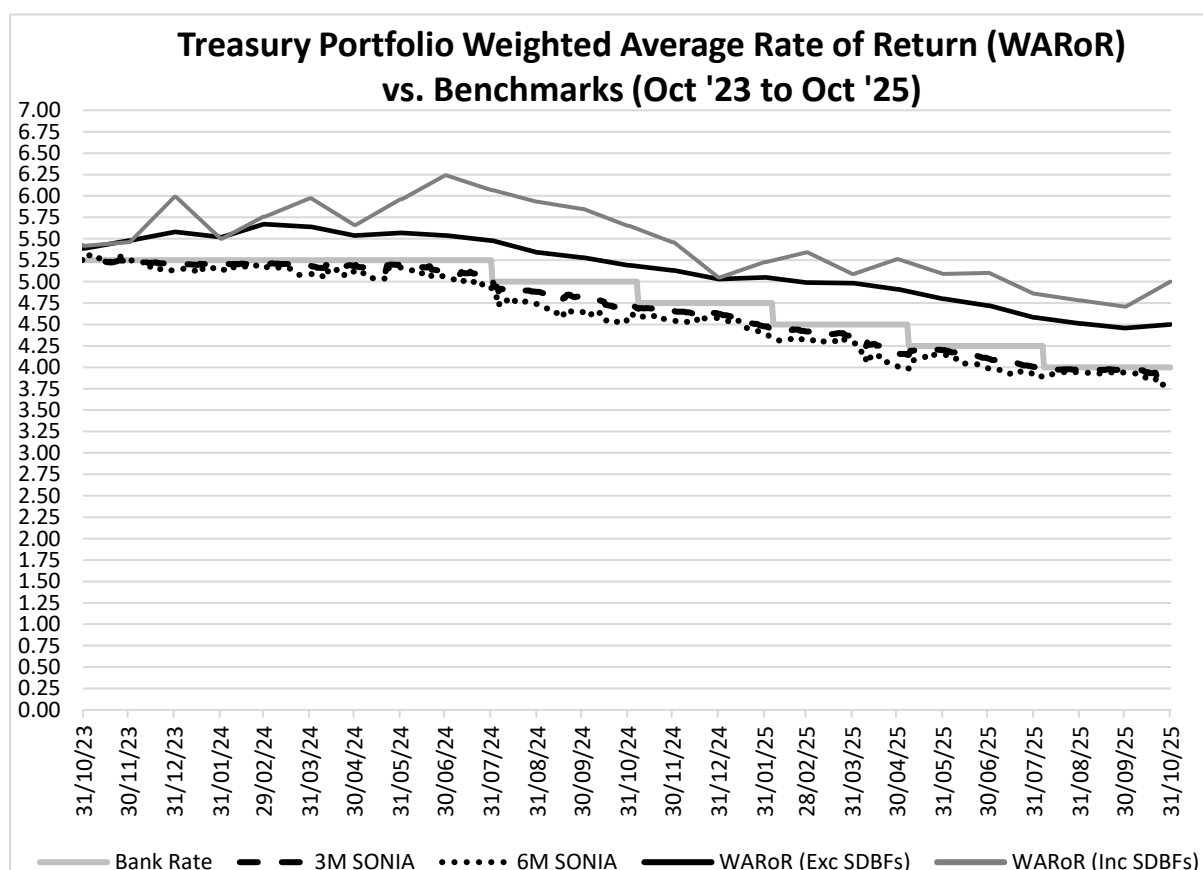
**Figure 3: UK CPI 12-month rate / Bank of England base rate**



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:
  - a. As yields decrease, the capital value of the Corporation's bond fund investments will usually increase (i.e. when interest rates decrease, bond prices increase and vice versa). These investments are exposed to interest rate risk which the Corporation manages by ensuring the allocations are consistent with a longer-term investment horizon for this minority portion of the portfolio.

- b. For the majority of the portfolio – which is invested in short term money market instruments – an increase in interest rates would result in enhanced returns on new deposits and shorter term liquidity funds. However, the recent and forecast decrease in interest rates will result in reduced future returns from short term money market instruments.
16. These effects can be seen in the weighted average rate of return (WARoR) for the portfolio over the past 2 years and is shown in figure 4 below. In this chart, the two WARoR lines represent the level of returns achieved by the Corporation while the “dashed”, and solid Bank Rate, lines represent suitable performance comparators.

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



17. 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 make further cuts to bank rate over the next 12 months.
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 October 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. During October market returns were generally positive, with yields falling across major regions amid supportive central bank policies, though a US government shutdown and tariff concerns decreased investors' appetite for risk. 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 October 2025**

<b>Fund</b>	<b>1 Month Return (30/09/2025 to 31/10/2025)</b>	<b>2 Month Return (31/08/2025 to 31/10/2025)</b>	<b>12 Month Return (31/10/2024 to 31/10/2025)</b>
Federated Hermes Sterling Cash Plus Fund	0.39%	0.72%	4.60%
Aberdeen Standard Liquidity Fund Ultra Short Duration Sterling	0.40%	0.76%	4.74%
Payden Sterling Reserve Fund	0.56%	0.94%	5.35%
L&G Short Dated Sterling Corporate Bond Index Fund	1.01%	1.54%	7.11%
Royal London Investment Grade Short Dated Credit Fund	1.21%	1.85%	7.95%

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 5.03% and 4.6% respectively as at the end of October 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 October 2025**

	<b>2025/26 Original Budget</b>	<b>2025/26 Forecast outturn</b>	<b>2025/26 Better / (Worse)</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>City Fund</b>	<b>22,603</b>	<b>37,716</b>	<b>15,113</b>
<b>City's Estate</b>	<b>2,050</b>	<b>707</b>	<b>(1,343)</b>
<b>Total City Fund &amp; City's Estate Interest on average cash Balances</b>	<b>24,653</b>	<b>38,423</b>	<b>13,770</b>

28. Income from interest on *average cash balances* is currently forecast to exceed budget by £13.77m 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 October 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 August 2025, the Bank of England's Monetary Policy Committee (MPC) voted to maintain interest rates at 4.00% at its November meeting, having also kept rates unchanged at its September 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 October 2025
- Appendix 2: Monthly Investment Analysis Review October 2025
- Appendix 3: Treasury Management Counterparties 2025/26: Economic, Social & Governance (ESG) Checklist

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**COUNTERPARTY EXPOSURE AS AT 31 OCTOBER 2025**

APPENDIX 1

	Counterparty Limit	Total Invested as at 31-October-25	Average Rate of Return
	£M	£M	%
<b><u>TOTAL INVESTED</u></b>		<b><u>1,001.9</u></b>	<b><u>5.00%</u></b>
<b><u>FIXED TERM DEPOSITS</u></b>			
<b><u>UK BANKS</u></b>			
Goldman Sachs	100.0	90.0	4.24%
NatWest	100.0	90.0	5.37%
Standard Chartered	100.0	45.0	4.26%
		<u>225.0</u>	
<b><u>FOREIGN BANKS</u></b>			
Australia & New Zealand	100.0	30.0	4.38%
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>180.0</u>	
<b><u>LOCAL AUTHORITIES</u></b>			
Doncaster Council	25.0	10.0	4.75%
Lancashire CC	25.0	20.0	4.50%
Rochdale Council	25.0	10.0	4.75%
Walsall Council	25.0	10.0	4.75%
		<u>50.0</u>	
<b><u>LIQUIDITY FUNDS</u></b>			
Aberdeen SLI Liquidity Fund	100.0	30.0	4.07%
CCLA - Public Sector Deposit Fund	100.0	25.0	4.02%
Deutsche Global Liquidity Fund	100.0	30.0	4.07%
Federated Prime Liquidity Fund	100.0	35.6	4.08%
Invesco Sterling Liquidity Fund	100.0	57.9	4.09%
		<u>178.5</u>	
<b><u>ULTRA SHORT DATED BOND FUNDS</u></b>			
Payden Sterling Reserve Fund	100.0	70.8	5.34%
Aberdeen SLI Short Duration Fund	100.0	58.8	4.74%
Federated Sterling Cash Plus Fund	100.0	29.3	4.60%
		<u>158.9</u>	
<b><u>SHORT DATED BOND FUNDS</u></b>			
L&G	100.0	82.2	7.11%
Royal London	100.0	82.3	7.95%
		<u>164.5</u>	
<b><u>NOTICE ACCOUNTS</u></b>			
Australia and New Zealand 185 Days Account	100.0	45.0	4.18%
		<u>45.0</u>	
<b><u>TOTAL</u></b>		<b><u>1,001.9</u></b>	





City Of London Corporation  
Client Specified MMF, USDBF & SDBF Rates  
Monthly Investment Analysis Review  
October 2025

# City Of London Corporation

## Monthly Economic Summary

### General Economy

The UK Manufacturing PMI rose to 49.6 in October, up from 46.2 in September and well above the market expectation of 46.6. The reading marked the weakest contraction since October 2024 as manufacturers recorded the fastest production increase since September 2024, driven by restocking and a tentative pickup in domestic demand. The UK Services PMI rose to 51.1 in October from 50.8 in September, broadly in line with market forecasts of 51. Output continued to grow but only slightly, with the latest increase marking the second weakest since May as many firms cited subdued consumer sentiment and delayed business decisions in anticipation of the November Budget.

Combining the above, the UK Composite PMI rose to 51.1 in October from the four-month low of 50.1 in the previous month, above the consensus of a 50.6. Meaning, lagging one month behind, the UK Construction PMI rose to 46.2 in September from 45.5 in August, its highest in three months but still below the 50.0 mark, signalling continued contraction. The moderation was driven by a slower drop in new work and residential activity, while civil engineering remained weakest and commercial construction saw a faster decline. Order books fell for the ninth straight month but at the slowest pace in that period as firms (mirroring sentiment in other sectors) cited weak demand, client caution and uncertainty ahead of the November Budget.

UK GDP rose by 0.1% in August, following a revised 0.1% decline in July, in line with market expectations. Industrial production, also covering manufacturing output, increased by 0.4%, rebounding from a 0.4% contraction in July. The services sector showed no overall growth for the second straight month and construction output fell 0.3%. Meanwhile, the UK trade deficit widened to £3.4 billion in August, up from a downwardly revised £3.1 billion in July, marking the largest gap since March. Exports fell by 1.2% m/m to £77.4 billion, while imports dropped by 0.7% to £80.8 billion. Goods exports declined by 3.6%, more than offsetting the 0.5% growth in services. On the import side, goods imports fell by 1.2% to £52.4 billion mainly due to lower imports of telecoms and sound equipment from China, while services imports rose by 0.2%.

The UK recorded a 91k rise in employment in the three months to August, following a 232k increase in the previous period. This marks the smallest job creation in four months, as gains in part-time roles and employees aged 65 and over were partially offset by declines in employment among those aged 16 to 64 years. Compared to a year earlier, employment increased by 473k with growth recorded amongst both full-time and part-time workers, including employees and the self-employed. Average weekly earnings including bonuses in the UK increased by 5.0% y/y to £733 per week in the three months to August, up from an upwardly revised 4.8% in the previous period and above market expectations of 4.7%. This marked the fastest pace of pay growth since the three months to May, driven largely by slightly higher bonuses paid in August compared with a year earlier. Public sector pay growth strengthened to 5.8% from 5.1%, while private sector earnings rose by 4.8%, up from 4.7% in the prior period.

The Consumer Price Index was unchanged in September from the previous month, the lowest value since January, after a 0.3% rise in August. The annual inflation rate remained steady at 3.8% in September, unchanged from the previous two months and below expectations of 4%. Transportation prices rose by 3.8% driven primarily by higher costs for motor fuels and air fares. Prices also accelerated in restaurants and hotels and in clothing and footwear. Conversely, inflation slowed in recreation and culture and in food and non-alcoholic beverages. Price growth also eased slightly for housing and utilities. Services inflation was unchanged at 4.7%. Annual core inflation unexpectedly slowed to 3.5% from 3.6%.

The GfK Consumer Confidence Index rose to -17 in October from -19 in September, beating expectations for a decline to -20 and despite concerns over the upcoming Budget. Elsewhere, public sector net borrowing increased to £20.2 billion in September from £15.3 billion in August. This was the highest September borrowing since 2020. Total public sector spending increased by £8.9 billion, driven by higher costs of providing public services, benefits and debt interest. Notably, interest payments on central government debt were higher than in any previous September on record. Meanwhile, total receipts rose by £7.3 billion, reflecting higher revenue from central government taxes and national insurance contributions. Public sector net debt excluding public sector banks stood at 95.3% of GDP.



# City Of London Corporation

## Current Investment List

Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Lowest LT / Fund Rating	Historic Risk of Default	Expected Credit Loss (£)
MMF Aberdeen Standard Investments	30,000,000	4.07%		MMF	AAAm		
MMF CCLA	25,000,000	4.02%		MMF	AAAm		
MMF Deutsche	30,000,000	4.07%		MMF	AAAm		
MMF Federated Investors (UK)	35,600,000	4.08%		MMF	AAAm		
MMF Invesco	57,900,000	4.09%		MMF	AAAm		
USDBF Aberdeen Standard Investments	58,781,741	4.74%		USDBF	AAAf		
USDBF Federated Sterling Cash Plus Fund	29,372,863	4.60%		USDBF	AAAf		
USDBF Payden Sterling Reserve Fund	70,780,395	5.34%		USDBF	AAAf		
Standard Chartered Bank	20,000,000	4.54%	17/02/2025	17/11/2025	A+	0.002%	430
Toronto Dominion Bank	10,000,000	4.53%	24/02/2025	24/11/2025	A+	0.003%	303
Goldman Sachs International Bank	20,000,000	4.60%	21/02/2025	28/11/2025	A+	0.004%	708
Rochdale Metropolitan Borough Council	10,000,000	4.75%	06/03/2025	08/12/2025	AA-	0.002%	0
Doncaster Metropolitan Borough Council	10,000,000	4.75%	14/03/2025	15/12/2025	AA-	0.003%	0
United Overseas Bank Ltd	20,000,000	4.28%	07/05/2025	07/01/2026	AA-	0.004%	826
NatWest Markets Plc (NRFB)	20,000,000	4.79%	10/01/2025	12/01/2026	A	0.009%	1846
United Overseas Bank Ltd	20,000,000	4.25%	17/07/2025	19/01/2026	AA-	0.005%	972
Australia and New Zealand Banking Group Ltd	20,000,000	4.37%	29/04/2025	29/01/2026	AA-	0.005%	1093
Lancashire County Council	20,000,000	4.50%	29/09/2025	29/01/2026	AA-	0.005%	0
DBS Bank Ltd	10,000,000	4.11%	12/08/2025	12/02/2026	AA-	0.006%	632
NatWest Markets Plc (NRFB)	20,000,000	4.47%	13/02/2025	12/02/2026	A	0.013%	2629
United Overseas Bank Ltd	20,000,000	4.30%	18/06/2025	18/02/2026	AA-	0.007%	1336
Goldman Sachs International Bank	20,000,000	4.15%	31/07/2025	27/02/2026	A+	0.015%	3009
United Overseas Bank Ltd	20,000,000	4.20%	28/07/2025	27/02/2026	AA-	0.007%	1445

# 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 (£)
Australia and New Zealand Banking Group Ltd	10,000,000	4.40%	03/06/2025	03/03/2026	AA-	0.007%	747
Landesbank Hessen-Thueringen Girozentrale (Helaba)	20,000,000	4.37%	05/06/2025	05/03/2026	A+	0.016%	3160
United Overseas Bank Ltd	10,000,000	4.17%	12/08/2025	12/03/2026	AA-	0.008%	802
Walsall Metropolitan Borough Council	10,000,000	4.75%	14/03/2025	13/03/2026	AA-	0.008%	0
Australia and New Zealand Banking Group Ltd	45,000,000	4.18%		Call185	AA-	0.011%	5056
Goldman Sachs International Bank	20,000,000	4.16%	04/07/2025	05/05/2026	A+	0.024%	4703
NatWest Markets Plc (NRFB)	20,000,000	5.30%	28/05/2024	28/05/2026	A	0.026%	5284
Landesbank Hessen-Thueringen Girozentrale (Helaba)	20,000,000	4.31%	09/06/2025	09/06/2026	A+	0.028%	5587
Goldman Sachs International Bank	15,000,000	4.11%	16/07/2025	15/07/2026	A+	0.032%	4873
Goldman Sachs International Bank	15,000,000	4.11%	16/07/2025	16/07/2026	A+	0.033%	4892
NatWest Markets Plc (NRFB)	30,000,000	6.40%	07/08/2023	07/08/2026	A	0.035%	10619
Standard Chartered Bank	25,000,000	4.03%	29/10/2025	28/10/2026	A+	0.046%	11440
<b>Borrower - Funds</b>	<b>Principal (£)</b>	<b>Interest Rate</b>	<b>Start Date</b>	<b>Maturity Date</b>			
L&G	82,209,582	7.11%					
ROYAL LONDON	82,302,858	7.95%					
<b>Total Investments</b>	<b>£1,001,947,439</b>	<b>5.00%</b>					
<b>Total Investments - excluding Funds</b>	<b>£837,434,999</b>	<b>4.50%</b>				<b>0.015%</b>	<b>£72,393</b>
<b>Total Investments - Funds Only</b>	<b>£164,512,440</b>	<b>7.53%</b>					

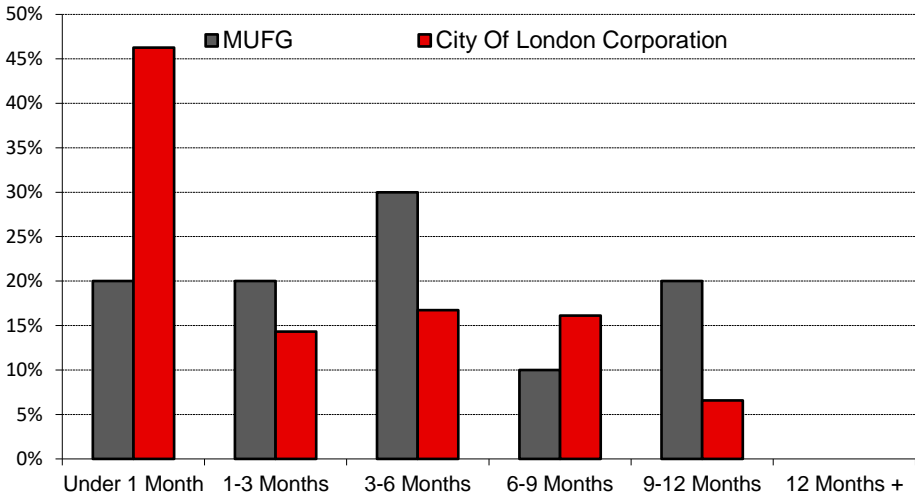
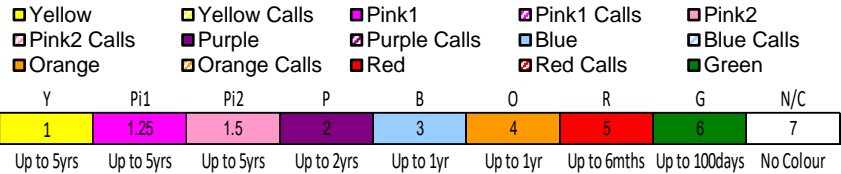
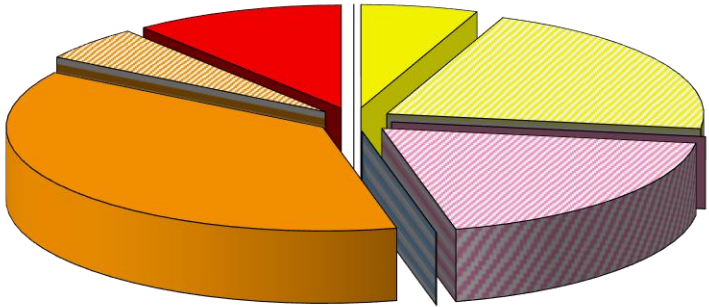
Note: An historic risk of default is only provided if a counterparty has a counterparty credit rating and is not provided for an MMF or USDBF, for which the rating agencies provide a fund rating. The portfolio's historic risk of default therefore measures the historic risk of default attached only to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

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

Where MUFG Corporate Markets have provided a return for a property fund, that return covers the 12 months to September 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 = 2.81

WARoR = Weighted Average Rate of Return

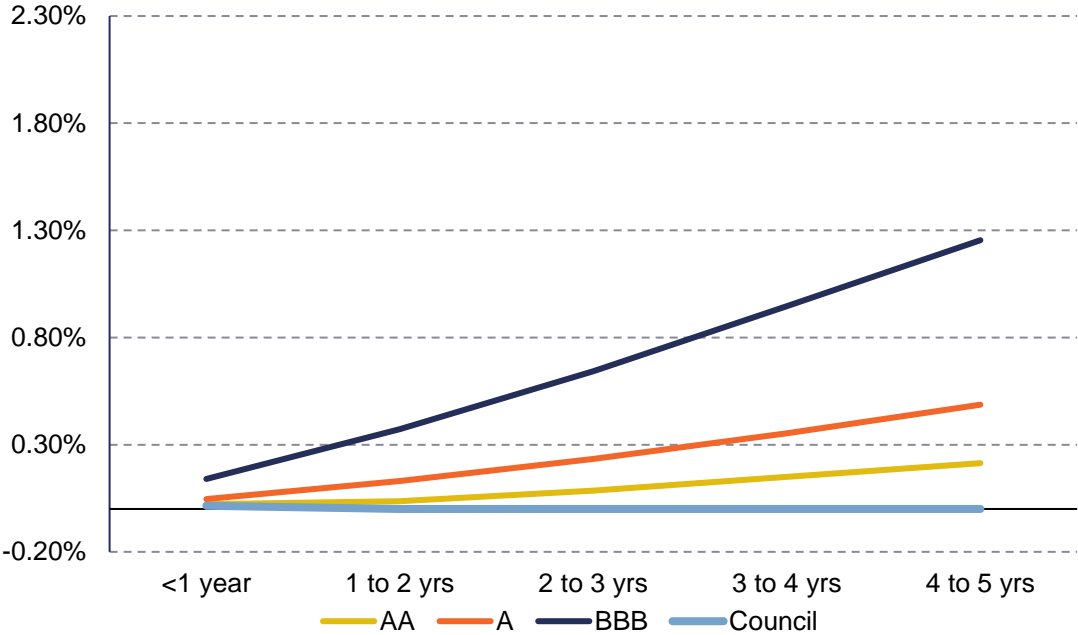
WAM = Weighted Average Time to Maturity

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	27.29%	£228,500,000	78.12%	£178,500,000	21.32%	4.20%	17	51	79	232
Pink1	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Pink2	18.98%	£158,934,999	100.00%	£158,934,999	18.98%	4.98%	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	42.99%	£360,000,000	12.50%	£45,000,000	5.37%	4.55%	150	362	145	388
Red	10.75%	£90,000,000	0.00%	£0	0.00%	4.24%	160	298	160	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%	£837,434,999	45.67%	£382,434,999	45.67%	4.50%	86	202	141	353

# City Of London Corporation

## Investment Risk and Rating Exposure

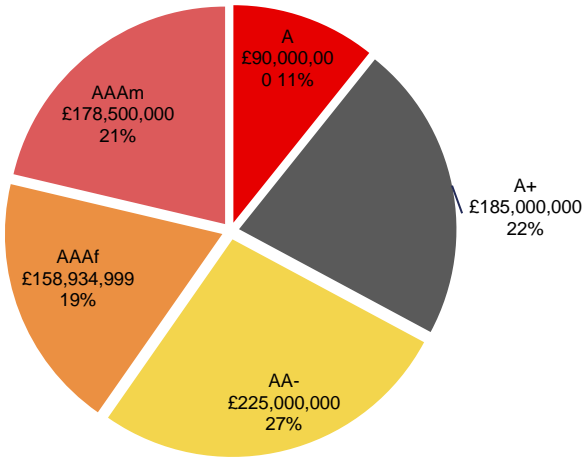
Investment Risk Vs. Rating Categories



Historic Risk of Default

Rating/Years	<1 year	1 to 2 yrs	2 to 3 yrs	3 to 4 yrs	4 to 5 yrs
AA	0.02%	0.04%	0.09%	0.15%	0.21%
A	0.05%	0.13%	0.23%	0.35%	0.49%
BBB	0.14%	0.37%	0.64%	0.95%	1.25%
Council	0.01%	0.00%	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
				There were no changes to report.



City Of London Corporation

Monthly Credit Rating Changes  
S&P

Date	Update Number	Institution	Country	Rating Action
20/10/2025	2098	France (Sovereign Rating)	France	The Short Term and Long Term Sovereign Ratings were downgraded to A-1 and A+ from A-1+ and AA- respectively. The Outlook on the Long Term Sovereign Rating was changed to Stable from Negative.
30/10/2025	2101	Clydesdale Bank PLC	United Kingdom	The Long Term Rating was upgraded to A+ form A.

City Of London Corporation

Monthly Credit Rating Changes  
MOODY'S

Date	Update Number	Institution	Country	Rating Action
20/10/2025	2097	Close Brothers Limited	United Kingdom	The Long Term Rating was downgraded to A3 from A2 and the Short Term Rating was downgraded to P-2 from P-1. The Negative Watch on the Short Term and Long Term Ratings was also removed and the Long Term Rating was placed on Negative Outlook.
27/10/2025	2099	France (Sovereign Rating)	France	The Outlook on the Sovereign Rating was changed to Negative from Stable.
29/10/2025	2100	Societe Generale	France	The Outlook on the Long Term Rating was changed to Negative from Stable.

# 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
	<b><u>UK Banks and their wholly owned subsidiaries</u></b>							
1	Barclays Bank PLC (NRFB)	UK	Y	2050	50% by 2030	Y	Both	Y
2	Barclays Bank UK PLC (RFB) - <b>Same as parent company above</b>							
3	Goldman Sachs International Bank	UK	Y	2050	N/A	Y	Both	Y
4	Handelsbanken PLC	Foreign	Y	2040	50% by 2030	Y	Both	Y
5	HSBC	UK	Y	2050	N/A	Y	Both	Y
6	HSBC Bank PLC (NRFB) - <b>Same as parent company above</b>							
7	Lloyds Bank Corporate Markets PLC (NRFB)	UK	Y	2050	50% by 2030	Y	TCFD	Y
8	Lloyds Bank PLC (RFB) - <b>Same as parent company above</b>							
9	Bank of Scotland	UK	Y	2050	50% by 2030	Y	TCFD	Y
10	NatWest Markets PLC (NRFB)	UK	Y	2050	50% by 2030	Y	TCFD	Y
11	National Westminster Bank PLC (RFB) - <b>Same as parent company above</b>							
12	The Royal Bank of Scotland PLC (RFB) - <b>Same as parent company above</b>							
13	Santander	UK	Y	2050	N/A	Y	Both	Y
14	Standard Chartered Bank	UK	Y	2050	Individual temperature-based interim targets for each of the highest emitting asset classes.	Y	TCFD	Y
	<b><u>Building Societies</u></b>							
15	Nationwide	UK	Y	2050	Separated by Scope	Y	TCFD	Y
16	Yorkshire	UK	Y	2050	Separated by Scope	Y	TCFD	Y
17	Coventry	UK	Y	2040	Separated by Scope	Y	TCFD	Y
18	Skipton	UK	Y	2050	Separated by Scope	Y	TCFD	Y
19	Leeds	UK	Y	2050	N/A	N	N/A	Y

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

## City of London Corporation Committee Report

<b>Committee(s)</b>	<b>Dated:</b>
Investment Committee – For information	01 December 2025
<b>Subject:</b> City Surveyor's Business Plan 2025-30 - Quarter 2 2025/26 Update	<b>Public report:</b> For information
<b>This proposal:</b> Delivers Corporate Plan 2025-30 outcomes	Providing Excellent Services, Leading Sustainable Environment, Flourishing Public Spaces, Dynamic Economic Growth
<b>Does this proposal require extra revenue and/or capital spending?</b>	No
<b>If so, how much?</b>	N/A
<b>What is the source of Funding?</b>	N/A
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	N/A
<b>Report of:</b>	The City Surveyor (CS 293/25)
<b>Report author:</b>	John Galvin/ Faith Bowman City Surveyor's Department

### Summary

- This report provides Members of Investment Committee (IC) details of key performance indicators through the first half of the reporting year (April to September 2025) against the 2025-30 Business Plan. A similar report will be presented to Members of Resource Allocation Sub Committee (RASC) and the Markets Board.
- The department is evaluating its business plan progress through twenty-four key performance indicators (KPIs), with sixteen of these being monitored by this Committee. In the second quarter, nine indicators achieved their targets (green), two are slightly below target and four additional measures will be presented to this committee later in the year. One indicator is awaiting confirmation.
- The City Surveyor's 2025/26 quarter 2 budget outturn (Appendix A) reveals that the department is forecasting an overspend of £507,000 (1.6%) on the City Fund and City's Estate services, against a budget for the year of £32.4m. When the City Bridge Foundation services are included, this reduces to an underspend of £11,000 against a total budget for the year of £35.6m.

### Recommendation

- That Members note the content of this report.

## **Main Report**

### **Background**

1. In line with the City Corporation's performance management approach, this is a six-monthly (April to September 2025) update on progress made against the City Surveyor's Department 2025-30 Business Plan.
2. The department's business plan outlines twenty-four key performance indicators (KPIs). Investment Committee (IC) oversee the progress against sixteen of these measures, whilst Resource and Allocations Sub Committee (RASC) oversee fourteen and Markets Board oversee two.
3. Performance is assessed on a traffic light basis (RAG), where red denotes a high risk of non-attainment, amber indicates some concern, whilst green denotes the measure being on/ahead of target.

### **Current Position**

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

### **Key Data**

### **Financial Statement**

6. The monitoring as at the end of quarter 2 (September, Appendix A) reveals that the City Surveyor was forecasting an overspend of £507,000 (1.6%) on his City Fund and City's Estate services, against a budget for the year of £32.4m. When his City Bridge Foundation services are included, this reduces to an underspend of £11,000 against a total budget for the year of £35.6m.
7. The full details of the variances are set out in Appendix A. The overspend on the City Surveyor's City Fund and City's Estate services is principally due to an overspend on departmental salary budgets due to the assumed vacancy factor not being met and some residual Target Operating Model (TOM) savings not fully achieved. Additional reactive repairs were also a factor, mainly on Open Spaces sites, and at Billingsgate Market due to a water leak which was unrecoverable through service charges. The underspend on City Bridge Foundation services is largely due to an underspend on professional fees and energy costs. The City Surveyor is reviewing planned spend for the remainder of the year with a view to reducing the forecast overspending at year end.

### **Quarter 2 2025/26 update**

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



Status <sup>1</sup>	Green	Amber	Red	TBC	N/A
Investment Committee	9	2	0	1	4
Overall (including non-IC measures)	14	4	0	1	5

9. Of the sixteen measures presented to this Committee, nine successfully met their targets, indicated in green. Two measures, KPI.4 minimise arrears and KPI.19 Net Promoter Score marginally fell short of the target. Four measures will be evaluated and reported to this Committee later in the year. One measure is being confirmed.

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

**a. KPI.4 Minimise Arrears**

Target - less than 2% by the end of the year  
Performance - 3.4%

The objective of this KPI is to recover debt associated with commercial leases quickly and efficiently ensuring total arrears (rent, service charge and insurance) is no more than 2% of the total invoiced by end of 2025/26.

Arrears are showing a declining trend, having reduced from 5.59% at the beginning of the financial year. Whilst this is positive, the target of 2% by the end of the year will be challenging, and hence the amber assessment on this indicator.

**b. KPI.19 Net Promoter Score for end-users**

Target - more than 8  
Performance - 7

The objective of this KPI is for end-user feedback to exceed a rating of 8. This is developed through customer surveys following provision through the City Surveyor's Facilities Management team and their supply chain.

Whilst there were considerable areas demonstrating excellent performance, specific locations required attention to improve stakeholder perceptions of performance.

11. One measure KPI.17, Energy Use Intensity (EUI) Kwh/m<sup>2</sup> reduction per portfolio (Investment Estate), is under review with the team assessing our EUI data. The measurement approach has evolved rapidly over the last 12 months, and a more accurate consideration of data is now available. However, this new approach has highlighted some anomalies that may have skewed portfolio level EUI which need to be fully investigated before we would be confident in reporting the numbers to Committee. We are working to provide a full and accurate assessment of performance at the end of the reporting year, which will include a backdated mid-year update.

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

## **Corporate & Strategic Implications**

### **Strategic implications**

12. The City Surveyor's Department is dedicated to advancing the objectives outlined in the Corporate Plan through effective and efficient proactive management of the City's investment and operational properties.

### **Financial implications**

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

### **Resource implications**

14. The department is actively working to identify several strategies to mitigate the core challenges it encounters.

### **Legal implications**

15. None

### **Risk implications**

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

### **Equalities implications**

17. None.

### **Climate implications**

18. The department facilitates the implementation of the Climate Action Strategy by executing both minor and major projects across the City Corporation's investment and operational assets. This capability has been strengthened by securing new funding for the Cyclical Works Programme for those property assets within this programme.

### **Security implications**

19. None

### **Conclusion**

20. The department has made consistent progress on the key deliverables specified in the Business Plan during the second quarter. The department is well-positioned to meet its objectives while effectively managing associated risks.

### **Appendices**

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

## **Background Papers**

- The City Surveyor    The City Surveyor's Business Plan 2025-30

Departmental Performance & Services  
City Surveyor's Department

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## Budget Monitoring Statement Quarter 2 2025/26

## Appendix A

2025-26 (Period to 30 September 2025)

LOCAL RISK BUDGET Quarter 2	2025-26 Budget £000	Q2 Profile £000	Q2 Total Expenditure £000	(Under) / Over Spend for Period £000	2025-26 Forecast Outturn £000	(Under) / Over Spend for 2025-26 £000	Note
<b>City Fund</b>							
City Fund Estate	2,150	229	357	128	2,125	(25)	
Walbrook Wharf	1,053	566	428	(138)	1,063	10	
Mayor's & City of London Court	40	69	13	(56)	53	13	
Central Criminal Court	411	205	479	274	411	0	
Lower Thames St Roman Bath	9	4	4	0	7	(2)	
Spitalfields Market	196	97	103	6	151	(45)	
Corporate FM R&M cleaning & security	1,520	760	731	(29)	1,432	(88)	1
	<b>5,379</b>	<b>1,930</b>	<b>2,115</b>	<b>185</b>	<b>5,242</b>	<b>(137)</b>	
<b>City's Estate</b>							
City's Estate	3,047	639	543	(96)	3,069	22	
Departmental	11,562	5,781	6,045	264	11,939	377	2
Mayoralty & Shrievalty	100	27	4	(23)	83	(17)	
Markets Directorate	447	229	206	(23)	436	(11)	
Billingsgate Market	260	233	482	249	375	115	3
Smithfield Market	1,352	1,066	109	(957)	1,232	(120)	4
Smithfield Market (other)	(216)	(29)	(103)	(74)	(218)	(2)	
Corporate FM R&M cleaning & security	2,049	1,024	1,217	193	2,288	239	5
	<b>18,601</b>	<b>8,970</b>	<b>8,503</b>	<b>(467)</b>	<b>19,204</b>	<b>603</b>	
<b>Guildhall Administration</b>							
Guildhall Complex	8,396	4,358	4,082	(276)	8,437	41	
	<b>8,396</b>	<b>4,358</b>	<b>4,082</b>	<b>(276)</b>	<b>8,437</b>	<b>41</b>	
<b>Total City Surveyor Local Risk excl CBF</b>	<b>32,376</b>	<b>15,258</b>	<b>14,700</b>	<b>(558)</b>	<b>32,883</b>	<b>507</b>	
<b>City Bridge Foundation</b>							
City Bridge Foundation	3,241	1,290	1,135	(155)	2,723	(518)	6
	<b>3,241</b>	<b>1,290</b>	<b>1,135</b>	<b>(155)</b>	<b>2,723</b>	<b>(518)</b>	
<b>Total City Surveyor Local Risk incl CBF</b>	<b>35,617</b>	<b>16,548</b>	<b>15,835</b>	<b>(713)</b>	<b>35,606</b>	<b>(11)</b>	

1. The underspend arises from a lower than anticipated reactive breakdown spend across City Fund.
2. The overspend arises from Departmental salary budgets due to the assumed vacancy factor not being met, and some residual Target Operating Model (TOM) savings not fully achieved.
3. Overspend at Billingsgate Market due to water leakage issues which cannot be recovered from tenants.
4. The underspend at Smithfield Market is a result of increased income generation from enforcement and filming.
5. The overspend on Open Spaces repairs and maintenance managed fund is due to additional reactive works.
6. The City Bridge Foundation position comprises significant underspends on professional fees and energy.

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# KPI Performance Table Quarter 2 2025/26

## Appendix B

Key Performance Indicators								
Ref	New				Q1		Q2	
		Target	Group	Committee	Actual	RAG	Actual	RAG
KPI.1	Capital Receipts & additional income	£6.75m eoy	CPG	RASC	£29,000	green	£906,922	amber
KPI.2	Adherence to Budgetary Spend Profile ( Walbrook )	100% (within 2%) eoy	CPG	RASC	20%	green	41%	green
KPI.3	Adherence to Budgetary Spend Profile (Guildhall)	100% (within 2%) eoy	CPG	RASC	20%	green	49%	green
KPI.4	Adherence to Budgetary Spend Profile (Central Criminal Court)	100% (within 2%) eoy	CCC	RASC	22%	green	53%	green
KPI.5 New	Increase Event Income Generation at CCC	£184K	CCC	RASC	£96,243	green	£157,889	green
KPI.6	Achieve Rental Forecasts*	£101.1m	IPG	IC	n/a	n/a	£101.1m	green
KPI.7	Minimise Arrears (<2%March)*	<2% eoy	IPG	IC	n/a	n/a	3.42%	amber
KPI.8	Minimise voids (*)	<5%	IPG	IC	n/a	n/a	4.9%	green
KPI.9	Outperform MSCI**	exceed benchmark	IPG	IC	n/a	n/a	n/a	n/a
KPI.10	Total Return CPI + 3.0% net of costs over ten-year rolling period City Fund)**	>3%	IPG	IC	n/a	n/a	n/a	n/a
KPI.11	Total Return CPI + 4.0% net of costs over ten-year rolling period City Estate)**	>4%	IPG	IC	n/a	n/a	n/a	n/a
KPI.12	Total Return CPI + 4.0% net of costs over ten-year rolling period (City Bridge Foundation)**	>4%	IPG	IC	n/a	n/a	n/a	n/a
KPI.13	Capital Projects - Project Risk Status	< 30%	PPG	IC; RASC	27%	green	13%	green
KPI.14	Capital Projects- Health & Safety*	80%	PPG	IC; RASC	81%	green	91%	green
KPI.15	Capital Projects - Site sustainability waste management	> 90%	PPG	IC; RASC	97%	green	100%	green
KPI.16	Delivery of Climate Action Strategy Milestones - operational estate	5% reduction	OG	RASC	n/a	green	n/a	n/a
KPI.17	Energy Use Intensity (EUI) Kwh/m2 reduction per portfolio Investment Estate *	reduction % tbc	OG/IPG	IC	n/a	n/a	tbc	tbc
KPI.18	Property Contract Performance Compliance	> 80%	OG	IC; RASC	81%	green	84%	green
KPI.19 New	Net Promoter Score for end-users	> 8	OG	IC; RASC	8	green	7	amber
KPI.20	CWP Programme Adherence to Budgetary Spend Profile***	95% - 105% eoy	OG	IC; RASC	n/a	n/a	29%	green
KPI.21 New	95% of Security Staff on the Contract to have completed ACT Awareness training or equivalent	95%	OG	IC; RASC	96%	green	96%	green
KPI.22	Adherence to Budgetary Spend Profiles (Projects)***	95% - 105% eoy	All	IC; RASC	n/a	n/a	43%	green
KPI.23	Mkts- All Market's outstanding debt as a percentage of their total invoice income (excl 0-30 day invo	< 1.5%	MKT	MKTS	2.9%	amber	1.6%	amber
KPI.24	Mkts- Maintain a minimum 95% occupancy with the expectation to achieve 100%	95%	MKT	MKTS	91%	amber	96%	green
	KPI.16 reported quarterly in arrears							
	*reported bi annually							
	** reported annually							
	***reported from Q2							
	Investment Committee (IC) Resource Allocation Sub Committee (RASC)							
	Markets Board (MKTS)							

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## City of London Corporation Committee Report

<b>Committee:</b> Investment Committee – For decision	<b>Dated:</b> 01 December 2025
<b>Subject:</b> Risk Register Update for Investment Committee	<b>Public report:</b> For decision
<b>This proposal:</b> <ul style="list-style-type: none"> <li>delivers Corporate Plan 2024-29 outcomes</li> </ul>	Providing Excellent Services, Leading Sustainable Environment, Flourishing Public Spaces, Dynamic Economic Growth
<b>Does this proposal require extra revenue and/or capital spending?</b>	No
<b>If so, how much?</b>	N/A
<b>What is the source of Funding?</b>	N/A
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	N/A
<b>Report of:</b>	The City Surveyor / The Chamberlain (CS 298/25)
<b>Report author:</b>	Sarah Port and Jenny Wong – Chamberlain's Department John Galvin, Faith Bowman – City Surveyor's Department

### Summary

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

This report includes an update on three risk registers:

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

Since the risk registers were last reviewed at the October meeting the following changes have been made in relation to the CSD Risk Register:

**Two risks have been removed from the departmental risk register and will now be monitored at the GROUP level.**

- SUR SMT 009 Recruitment and Retention of Property Professionals 8 (Amber)

- SUR SMT 016 Investment Property Group staffing and Capacity 4 (Green)

### **Recommendation(s)**

Members are asked to:

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

### **Main Report**

#### **Background**

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

#### **Review of Risks**

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











maintain the current risk score. Where this is the case the Risk Register includes an annual update, which will be reviewed each year.

## Current Position

### ***Overarching Portfolio Risk register (Appendix A)***

8. The Overarching Risk Register for the investment portfolio has been developed further and mitigating actions included for:
  - Investment performance strategy,
  - External economic factors,
  - Overarching risk in relation to sustainability and impact – which is broken down in a more nuanced way in each of the property and financial investment risk registers,
  - Cash flow management risk – formerly sitting in the financial investment risk register,
  - Governance risk – formerly sitting in the financial investment portfolio.
9. The Overarching Risk Register contains five risks which are summarised in Table 1 below and are ranked by their current risk score.
10. Officers have reviewed the Risk Register to establish whether the risk environment has changed, and risks have been reviewed and updated where necessary. Updates to the Risk Register are underlined throughout. Table 1 below provides a summary of the risks.

**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)***

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

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

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

To address this issue the department continues to work collaboratively with the Procurement team, the legal department, and the Construction Category Board. The Property Projects Team is also conducting a peer review of documents to ensure the accuracy and completeness of the information provided by consultants.

The current risk score will remain unchanged.

12. Four risks have decreased in risk score and have been de-escalated from the departmental risk register. These risks will be monitored at the group level.

a. SUR SMT 009

Recruitment and Retention of Property Professionals

Increased interest in advertised roles, and fewer staff departures, indicated to the department's Senior Management Team that this risk had receded, and the likelihood therefore reduced to target.

The risk will be kept under review and will be re-escalated should market conditions change.

b. SUR SMT 011

Contractor Failure

The high inflation environment seen over the last few years resulted in elevated levels of contractor failures. The risk has diminished in recent periods, and we are no longer seeing the same instability in the market. Therefore, the risk likelihood has reduced, and the risk de-escalated from the departmental register.

c. SUR SMT 012

Adjudications and Disputes







The department has managed this risk since 2023 as projects developed through the COVID-19 period experienced issues, often requiring adjudications. The value and volume of such projects have now diminished as the City has worked through this set of projects. Consequently, the risk scoring has reduced to target.

d. SUR SMT 016

Investment Property Group (IPG) Staffing and Capacity

Recent successful recruitment in the IPG unit has reduced this risk. It will be monitored at a Group level in future periods.

**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		

**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 two risks relevant to this committee managed by the CSD which had their risk scoring reduced compared to prior periods.

## **Appendices**

- |              |   |
|--------------|---|
| • Appendix A | Overarching Risk Register (for City Fund and City's Estate)                     |
| • Appendix B | The City Surveyor's Departmental Risk Register relevant to Investment Committee |
| • Appendix C | The Corporate Treasury Risk Register relevant to Investment Committee           |
| • Appendix D | City of London Risk Matrix  |

## Background Papers

- The City Surveyor Risk Register Update for Investment Committee – 21 July and the Chamberlain 2025 (CS.152/25)
- The City Surveyor Risk Register Update for Investment Committee – 06 and the Chamberlain October 2025 (CS.228/25)

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INVESTMENT COMMITTEE - IC Overarching - Detailed Report

Report Type: Risks Report  
Report Author: Jenny Wong  
Generated on: 10 November 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><b>Cause:</b> Adverse global economic developments or unexpected geopolitical crisis (e.g. Russian invasion of Ukraine, global trade negotiations etc.)</p> <p><b>Event:</b> Sharp rise in energy prices and inflation, collapse in sterling and/or downturn in property and financial markets leading to a reduction in purchasing power, decline in investment values and/or erosion of reserves</p> <p><b>Effect:</b> Failure to meet real return objectives and maintain the purchasing power of distributions – failure to match rising demands from the operational activities supported by the portfolio – reputational and organisational risk if budgets need to be cut as a result – balance sheet problems potentially created if the downturn in asset prices is sustained (e.g. inability to set up sinking fund for debt repayment)</p>					
Current Risk				Target Risk			
Risk Score		Likelihood		Risk Score		Likelihood	
Impact				Impact			
Original Risk				Risk Score		Likelihood	
				Impact			

12	Possible	Major
Amber	Trend	Constant

6	Possible	Serious
Amber	Target Date	31-Mar-2026

12	Possible	Major
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><del>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.</del></p> <p><u>Despite markets being once again driven by geopolitical uncertainty as the second quarter opened with the passage of the Trump Administration’s ‘One Big Beautiful Bill Act’, equity markets sustained their upward momentum over the period fuelled by the continued Artificial Intelligence (AI) boom and strong corporate earnings. By mid-September, trade policy settled and signs of easing monetary policy emerged. These factors combined to push global equity indices to new all-time highs, with the US leading the way. Global equities extended their rally in October, led by U.S. large-cap technology and AI-driven gains, whilst in the UK, uncertainty around fiscal policy and inflationary pressures continues to mount as the delivery of the Autumn Budget looms on 26 November.</u></p> <p>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.</p>	10-Nov-2025
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Risk Level	Service
Department	Chamberlain’s


Risk Approach	Reduce
Risk Owner	Caroline Al-Beyerty

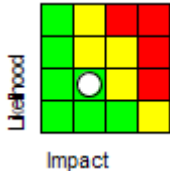
Associated Actions

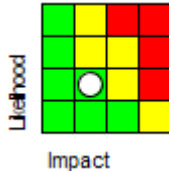
Ref No:	Description	Latest Note	Note Date	Owned By	Due Date
IC 02a	<p>Combined asset allocation risk</p> <p>This action seeks to ensure that the overall asset allocation in the portfolio takes account of major economic and political risks.</p>	<p>The proposed ranges for property and financial assets reflect the portfolio's long term time horizon and return objective but shorter term economic and political developments are monitored by the Chamberlain's office to ensure appropriate action may be taken via the liquid financial portfolio before a major correction in markets.</p>	10-Nov-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>	<p>The financial portfolio is invested in a range of funds whose managers will take account of major economic and political developments in their stock and sector selection. The financial portfolio is also monitored on a regular basis by the investment consultant, Mercer, whose role is to report on performance and highlight key risks within the portfolio.</p>	10-Nov-2025	Kate Limna	31-Mar-2026
IC 02c	<p>Property Investment Strategy Risk</p> <p>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.</p>	<p>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 – <u>specifically a primarily timing risk for City Fund realisation and a risk against quantum for City's Estate. Differing strategies are being applied to address these risks.</u> <del>and differing approaches will result.</del></p>	10-Nov-2025	Robert Murphy	31-Mar-2026

<b>Risk Code</b>	CHB IC Overarching	<b>Risk Title</b>	<i>IC 05 Sustainability and impact</i>
------------------	--------------------	-------------------	--

<b>Description</b>	<p><b>Cause:</b> Insufficient attention is paid to the City’s sustainability goals and Climate Action Strategy in managing the investment portfolio</p> <p><b>Event:</b> Negative news stories create an adverse public perception of the City’ approach to sustainable investment, reputational damage and potential loss of trust in the City’s financial stewardship</p> <p><b>Effect:</b> The investment portfolio does not meet its sustainability goals and the targets set in the Climate Action Strategy – investment decisions based on financial factors without due consideration of their impact on sustainability could also create reputational risk and public relations efforts to repair the City’s reputation would incur unnecessary costs – the lack of a clear impact measurement framework does not allow for an accurate assessment of performance and could delay achieving the sustainability goals</p>
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Current Risk		
	Risk Score	
	6	
	Amber	

Target Risk		
	Risk Score	
	4	
	Green	

Original Risk		
	Risk Score	
	4	
	Green	

<b>Latest Note</b>	<p>Regular monitoring and reporting of the portfolio against sustainability and climate change targets enabling the Investment Committee to challenge officers and staff on progress.</p> <p>Selection of external managers who are able to manage their portfolios in line with the City’s sustainable and climate action objectives – changing external managers when necessary.</p> <p>Setting clear sustainability objectives for the internal property team and assessing their recommendations in light</p>	<b>10-Nov-2025</b>
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	of those objectives.	
	Impact Investment training for Members was undertaken on 10 July 2025. A further impact investing session is being considered during 2025/26.	

Risk Level	Service
Department	Chamberlain’s

Risk Approach	Reduce
Risk Owner	Caroline Al-Beyerty

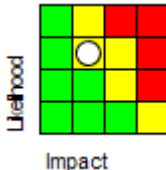
Associated Actions

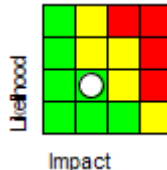
Ref No:	Description	Latest Note	Note Date	Owned By	Due Date
IC 05a	The Committee (along with other relevant Committees/Boards) has been assigned several key actions which will enable the Corporation to deliver its Climate Action Strategy. Key to this is achieving a clear plan on how to achieve Paris-alignment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


	the targets of the Climate Action 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>	10-Nov-2025	Robert Murphy	31-Mar-2026

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

<b>Latest Note</b>	<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>	<b>10-Nov-2025</b>
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<b>Risk Level</b>	Service
<b>Department</b>	Chamberlain's

<b>Risk Approach</b>	Reduce
<b>Risk Owner</b>	Caroline Al-Beyerty

**Associated Actions**

<b>Ref No:</b>	<b>Description</b>	<b>Latest Note</b>	<b>Note Date</b>	<b>Owned By</b>	<b>Due Date</b>
IC 01a	Combined asset allocation risk This action seeks to ensure an appropriate balance between property and financial assets in the combined portfolio in order to achieve the portfolio's real return objective over the long term with no more risk than necessary.	<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>	10-Nov-2025	Caroline Al-Beyerty	31-Mar-2028
IC 01b	Property Investment Strategy Risk	The overall composition of the portfolio is <u>to be</u> shaped to take advantage of emerging	10-Nov-2025	Robert Murphy	31-Mar-2026

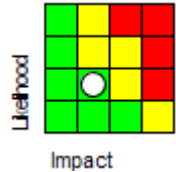


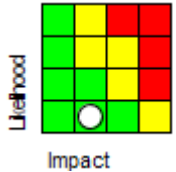
	<p>This action seeks to balance the organisation's ability to maximise its property returns for an acceptable level of risk. This is covered in further detail in the City Surveyor's Departmental Risk SUR SMT 003.</p>	<p>segments of growth, whilst managing exposure to property types which are showing 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 <u>specialism of</u> skills and capacity to deliver against this approach <u>and recruitment has now been successfully delivered.</u> <del>(departmental risk SUR SMT 016) and recruitment is now in process to progress this item.</del></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</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</p>	10-Nov-2025	Caroline Al-Beyerty; Kate Limna	31-Mar-2026

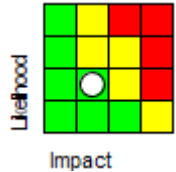
	<p>appropriate strategy and management structure to generate a sufficient return to meet the portfolio's objective without taking excessive risk</p>	<p>portfolio including the recommendation of a specific allocation to private credit and infrastructure funds. These were presented to the Investment Committee at its July meeting.</p> <p>The Index-linked Gilts, Fixed Interest Gilts, and Investment Grade Corporate Bonds allocations were funded in May/June 2025. 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>At the October meeting, it was agreed that an informal working group of Members would meet to discuss Mercer's proposed Investment Business Plan for City's Estate and potential opportunities for financial investments. The first meeting is scheduled to take place on 27 November 2025.</u></p>			
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<b>Risk Code</b>	CHB IC Overarching	<b>Risk Title</b>	<i>IC 03 Governance/ Compliance risk</i>
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<b>Description</b>	<p><b>Cause:</b> Inadequate understanding of regulations and investment practices among Members, officers and other staff involved in the investment portfolio etc.</p> <p><b>Event:</b> Committee Members and officers do not have appropriate skills or knowledge to discharge their responsibilities. Regulatory breach.</p> <p><b>Effect:</b> Inappropriate decisions are made leading to a financial impact, or a breach of legislation or service not provided in line with best practice and legal requirements. Potential regulatory fines.</p>
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<b>Current Risk</b>		
<b>Risk Score</b>	<b>Likelihood</b>	<b>Impact</b>
4	Unlikely	Serious
Green	<b>Trend</b>	Constant

<b>Target Risk</b>		
<b>Risk Score</b>	<b>Likelihood</b>	<b>Impact</b>
2	Rare	Serious
Green	<b>Target Date</b>	31-Mar-2026

<b>Original Risk</b>		
<b>Risk Score</b>	<b>Likelihood</b>	<b>Impact</b>
4	Unlikely	Serious
Green	<b>Creation Date</b>	03-May-2024

<b>Latest Note</b>	Regular training of Members, officers and staff involved in the investment portfolio. Appointment of external consultants to provide advice on asset allocation, manager selection and regulation.	10-Nov-2025
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<b>Risk Level</b>	Service
<b>Department</b>	Chamberlain's

<b>Risk Approach</b>	Reduce
<b>Risk Owner</b>	Kate Limna; Jenny Wong

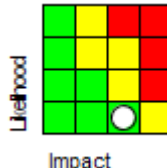
Associated Actions

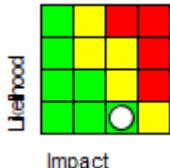
Ref No:	Description	Latest Note	Note Date	Owned By	Due Date
IC 03a	Training provided to Committee Members on a range of investment topics and asset classes on a needs basis. Continued Professional Development (CPD) records maintained and updated annually.	<p>In November 2023, two Treasury Management 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 and a further impact investing session is being considered</p>	10-Nov-2025	Kate Limna	31-Mar-2026

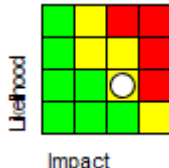
		during 2025/26.  <del>During Autumn 2025</del> , the Treasury Management training sessions will be arranged <u>in 2026</u> to refresh Members of the Investment Committee and Finance Committee.			
IC 03b	Job descriptions used at recruitment to attract candidates with skills and experience related to investment finance. The Corporation maintains membership of CIPFA's Pension Network, CIPFA's Treasury Management Network plus the LAPFF, LPFA and <del>PLSA</del> <u>Pensions UK (previously PLSA)</u> – 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.	10-Nov-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.	10-Nov-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.	10-Nov-2025	Kate Limna	31-Mar-2026

Risk Code	CHB IC Overarching	Risk Title	IC 04 Cash flow management
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Description	<b>Cause:</b> Inaccurate cash flow modelling for Corporation as a whole. <b>Event:</b> There is insufficient cash available to meet day to day obligations. <b>Effect:</b> The organisation is forced to liquidate long term investment assets without adequate planning or fails to identify external borrowing requirements. Overdrawn position incurs unnecessary expenditure and missed payments damage the Corporation's reputation. Inefficient treasury management decisions increase costs.
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Current Risk		
	Risk Score	
	Likelihood	Impact
	4	Rare
Green	Trend	Constant

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

Original Risk		
	Risk Score	
	Likelihood	Impact
	8	Unlikely
Amber	Creation Date	05-May-2024

Latest Note	Officers continue to maintain a cash flow model projecting the Corporation’s cash flow requirements for the forthcoming year on an on-going basis. Cash flow is regularly monitored, and short-term cash balances are invested over appropriate time horizons.	10-Nov-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 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.	10-Nov-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.	10-Nov-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: 07 November 2025

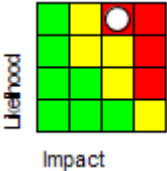


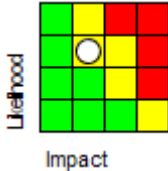
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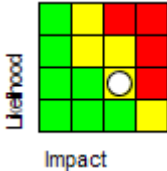
Risk Level Description Departmental

Risk Code	SUR SMT 006	Risk Title	Construction Consultancy Management
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Description	Cause: Poor performance by consultants Event: Abortive work, delays, or non-performance. Impact: Additional costs, project delays
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Current Risk		
Risk Score	Likelihood	Impact
16	Likely	Major

Target Risk		
Risk Score	Likelihood	Impact
6	Possible	Serious

Original Risk		
Risk Score	Likelihood	Impact
8	Unlikely	Major

Red	<b>Trend</b>	Constant	Amber	<b>Target Date</b>	31-Mar-2026	Amber	<b>Creation Date</b>	14-Oct-2021
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<b>Latest Note</b>	<p>This relates to abortive design / development. The department continues to suffer the impacts of this risk, with action being taken against consultants when their performance does not meet expectations.</p> <p>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</p>	<b>05-Nov-2025</b>
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<b>Risk Level</b>	Departmental	<b>Risk Approach</b>	Reduce
<b>Department</b>	City Surveyor's	<b>Risk Owner</b>	Ola Obadara

**Associated Actions**

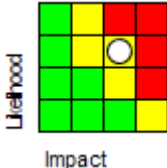
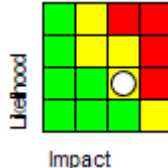
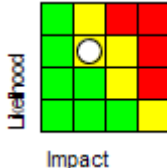
Ref No:	Description	Latest Note	Note Date	Owned By	Due Date
SUR SMT 006a Commissioning stage	Commissioning stage The department has commenced going to market at RIBA stage 3 rather than RIBA stage 4. This is designed to prevent abortive design and development.	Close work with the Procurement Team in 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.	05-Nov-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	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	05-Nov-2025	Ola Obadara	31-Mar-2026

	consultants meet quality requirements	<p>action is taken, results take longer than would otherwise be possible in a commercial environment.</p> <p>The department is working with colleagues through the Construction Category Board on this item.</p>			
SUR SMT 006c Procurement	<p>Procurement</p> <p>Working with Procurement to increasing due diligence, particularly in regard to the quality of contractor appointed (rebalancing the quality/cost equation). This is with the view that we will get better quality applications, and this risk may reduce.</p>	PPG has an Enhancement Plan to review and update all current consultant scopes of service. This work is benchmarked against industry best practice to ensure clarity, reduce ambiguity, and improve efficiency. It also incorporates compliance with key legislative changes, including the Building Safety Act, the forthcoming Procurement Act, and future-proofing provisions such as AI clauses. Mitigation measures include clearer scope documentation, tighter performance management, early-stage quality assurance, and exploration of preferred supplier models to improve consistency and accountability across project teams.	05-Nov-2025	Ola Obadara	31-Mar-2026
SUR SMT 006d Scope of works	<p>Scope of works</p> <p>The team is reviewing and tightening up the scope of works specification. This will counter opportunistic interpretations of the scope of works that we were seeing from some consultants</p>	Consultant underperformance and poor scoping continue to present a high risk to project delivery. Errors at early stages largely driven by a shortage of skilled professionals in the industry are causing delays, increased costs, and scope creep. This issue is particularly pronounced in public sector projects, where budget constraints and	05-Nov-2025	Ola Obadara	31-Mar-2026

		procurement complexity often limit access to experienced personnel. In response, the department has initiated a PPG Enhancement Plan to review and update all current consultant scopes of service. This work is benchmarked against industry best practice to ensure clarity, reduce ambiguity, and improve efficiency. It also incorporates compliance with key legislative changes, including the Building Safety Act, the forthcoming Procurement Act, and future-proofing provisions such as AI clauses. Mitigation measures include clearer scope documentation, tighter performance management, early-stage quality assurance, and exploration of preferred supplier models to improve consistency and accountability across project teams			
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>	<p>Action has been taken against consultants where performance has been poor and end to end timescales have increased.</p> <p>The team is also undertaking a peer review of documents to ensure that information provided by consultants is accurate and complete.</p>	05-Nov-2025	Ola Obadara	31-Mar-2026

<b>Risk Code</b>	SUR SMT 003	<b>Risk Title</b>	<i>Investment Strategy Risk</i>
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<b>Description</b>	<p><b>Cause:</b> The business environment declines, or changes resulting in misalignment of the portfolio with growth; flexible working reduces central London demand, retail tenant failure, or demand moves away from City of London assets.</p> <p><b>Event:</b> Lower rental levels achieved, lower demand, increased turnover of tenancies, increased tenant failure</p> <p><b>Impact:</b> Inability to maximise property returns and income for an acceptable level of risk and inability to realise capital as required to meet corporations MTFP.</p>
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Current Risk			Target Risk			Original Risk					
	Risk Score	Likelihood		Impact	Risk Score		Likelihood	Impact	Risk Score	Likelihood	Impact
	12	Possible		Major	8		Unlikely	Major	6	Possible	Serious
	Amber	Trend		Constant	Amber		Target Date	31-Mar-2026	Amber	Creation Date	05-Mar-2015

<b>Latest Note</b>	<p>This risk captures a number of sub-risks which may impact the organisation's ability to maximise its property returns for an acceptable level of risk.</p> <p>The on-going mitigation of this risk is important for the organisation achieving its aspirations regarding Climate Action Strategy and Major Programmes, due to the income generated by the function.</p> <p>As the composition of the portfolio changes, new skills will be required by those working within the function.</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>	05-Nov-2025
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	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.	
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<b>Risk Level</b>	Departmental
<b>Department</b>	City Surveyor's

<b>Risk Approach</b>	Reduce
<b>Risk Owner</b>	Robert Murphy

**Associated Actions**

<b>Ref No:</b>	<b>Description</b>	<b>Latest Note</b>	<b>Note Date</b>	<b>Owned By</b>	<b>Due Date</b>
SUR SMT 003a Macro-economic	Macro-economic  Within an overarching Investment Strategy the objective will be to maintain a diverse portfolio that reduces the impact of this risk. This includes: 1. Use (office, retail, industrial) 2. Location (City, Southwark, West End etc.) 3. Tenancies (Long term Headlease geared, FRI, directly managed) 4. Covenants (multinationals, SME) 5. Asset management (lease renewals, voids, arrears, etc. 6. Monitoring retail habits in change of building use	An overarching investment strategy was approved by Members, agreeing the approach to our real estate investments.  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. Consideration includes the potential for recession, inflation, energy pricing etc. and how this will impact tenants and the wider market.	05-Nov-2025	Robert Murphy	31-Mar-2026
SUR SMT 003b Portfolio	Portfolio	The overarching Investment Strategy defines the targets. Tactical implementation will be	05-Nov-2025	Robert Murphy	31-Mar-2026

	<p>Ensuring that the overall composition of the investment portfolio takes advantage of emerging segments of growth, whilst managing the exposure to property types which are showing reducing demand.</p> <p>Capital to reinvest in the portfolio must be sufficient to achieve the Investment Strategy objectives.</p>	<p>achieved through regular market scanning, and the integration of learning into the Corporation's approach.</p>			
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>	<p>Ensure that the investment portfolios are aligned with the emerging demands of both investors and occupiers as well as the Corporation's Climate Action strategy and Design Standards. which includes CNZ and Resilient Building protocols.</p>	05-Nov-2025	Robert Murphy	31-Mar-2026
SUR SMT 003d Office risk	<p>Office risk</p> <p>Reviewing post-pandemic office use and demand.</p>	<p>The department is monitoring key market use through data supplied by partners (such as footfall information), market research reports, and tenant feedback.</p> <p>The department continues to observe a 'flight to quality' – higher specified and higher quality spaces. Occupiers are increasingly considering their space as a tool in the 'war for talent'. Whilst some occupiers are</p>	05-Nov-2025	Robert Murphy	31-Mar-2026

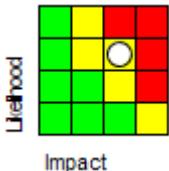

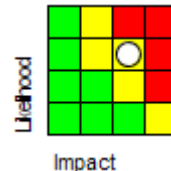
		<p>downsizing their space, others are looking to create a better environment for staff through lower densities / improved amenities. This learning informs the portfolio strategy (linked to action SUR SMT 003b).</p> <p>The team is working with Corporate colleagues in connection with the “Destination City” 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> <p>In October 2025 Policy and Resources Committee approved the development of a Vision Study focusing on public realm enhancements within Leadenhall Market and the surrounding area, alongside a coordinated ground-floor use strategy.</p>	05-Nov-2025	Robert Murphy	31-Mar-2026
SUR SMT 003f Strategy	<p>Strategy</p> <p>The department will be reviewing its strategic approach to ensure that a portfolio approach is developed (rather than decisions being made on an asset-by-</p>	<p>The Investment Strategy was approved by Members, in July 2024. Resourcing has now been agreed by Members and the team is gearing up to re-shape its services to be able to achieve the Strategy.</p> <p>The Corporation’s financial needs may detract from the ability of the portfolios to fund the</p>	05-Nov-2025	Robert Murphy	31-Mar-2026



	asset basis). This will ensure the on-going allocation of funds is balanced between different risks/returns	activities of the Investment Strategy and modernise the portfolio.			
SUR SMT 003g Property Investment Strategy Risk	<p>Property Investment Strategy Risk</p> <p>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.</p>	<p>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.</p> <p>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.</p>	05-Nov-2025	Robert Murphy	31-Mar-2026

<b>Risk Code</b>	SUR SMT 005	<b>Risk Title</b>	<i>Construction and Service Contracts Price Inflation beyond that which was anticipated or planned</i>
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<b>Description</b>	<p><b>Cause:</b> Market conditions have led to input price inflation</p> <p><b>Event:</b> Project and programme cost escalation</p> <p><b>Impact:</b> Inability to delivery capital and revenue projects within budget</p>
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Current Risk		
	Risk Score	Likelihood
	12	Possible
	Amber	Trend
Target Risk		
	Risk Score	Likelihood
	6	Possible
	Amber	Target Date
Original Risk		
	Risk Score	Likelihood
	12	Possible
	Amber	Creation Date

<b>Latest Note</b>	<p>This risk Material cost inflation and constrained labour availability continue to drive costs beyond what was anticipated or planned. This risk impacts the delivery of capital projects, facilities management (FM) services, reactive repairs, and revenue-funded works.</p> <p>Whilst the high levels of material inflation seen earlier has abated, the City has yet to see a significant levelling in tender returns. To mitigate greater allowances are made in the Costed Risk Provision (CRP). Further, more detailed contractor credit checks are being undertaken, however there remains a degree of financial risk.</p> <p>The risk was reviewed in detail in October and, whilst it was felt that the risk was receding, the scoring should be maintained at its current level.</p> <p>Market conditions will be kept under review. As such the target date should be considered a review point.</p>	05-Nov-2025
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<b>Risk Level</b>	Departmental
<b>Department</b>	City Surveyor's

<b>Risk Approach</b>	Reduce
<b>Risk Owner</b>	Ola Obadara

**Associated Actions**

<b>Ref No:</b>	<b>Description</b>	<b>Latest Note</b>	<b>Note Date</b>	<b>Owned By</b>	<b>Due Date</b>
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.	This exploration included a review of the prior Single Stage tender process (which had been preferred for medium range projects - £2m - £50m).  Following the review Two Stage contracts will be used more frequently which is the current market norm for these projects. This change enables contractors to better transfer their risk, however, leaves the City with a degree of cost uncertainty, even post Gateway 5. Whilst this transfer is not desired, it does offer far better market coverage and reflects the prevailing external conditions. 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	05-Nov-2025	Ola Obadara	31-Mar-2026
SUR SMT 005d Contracts	Contracts Exploring the potential to include different clauses into contracts such that work offered by the	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	05-Nov-2025	Ola Obadara	31-Mar-2026

	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.	05-Nov-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.	05-Nov-2025	Ola Obadara	31-Mar-2026

INVESTMENT COMMITTEE - CHB Corporate Treasury Risk Register

Report Type: Risks Report  
Report Author: Jenny Wong  
Generated on: 10 November 2025

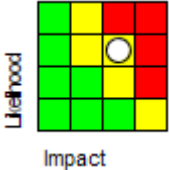


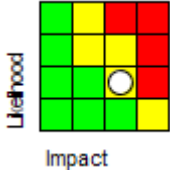
Rows are sorted by Risk Score

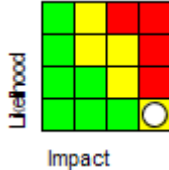
Risk Level Description Service

Risk Code	CHB IC 01	Risk Title	Insufficient assets - City's Estate
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Description	<p><b>Cause:</b> The asset allocation of the City's Estate investment portfolio is unable to fund long term expenditure requirements due to market movements.</p> <p><b>Event:</b> There are insufficient assets to meet expenditure requirements.</p> <p><b>Effect:</b> Reduced income or lower than anticipated growth which could impact on the Corporation's medium term financial plans. City's Estate would be required to sell financial assets to fund expenditure requirements.</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 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. Results from the survey were presented at the July 2025 meeting and following this, <del>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.</del> <u>two reports were submitted to the October Committee regarding Mercer's Investment Business Plan and Exploring Investment Opportunities.</u></p> <p><u>It was agreed that an informal working group of Members would meet to discuss Mercer's proposals in more depth and agree priorities and next steps. The first meeting is scheduled to take place on 27 November 2025.</u></p>	10-Nov-2025
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Risk Level	Service
Department	Chamberlain's

Risk Approach	Avoid
Risk Owner	Kate Limna; Jenny Wong

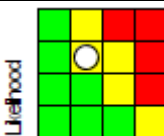
Associated Actions


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.	10-Nov-2025	Caroline Al-Beyerty; Kate Limna	31-Mar-2026
CHB IC 01b Fund performance	The investment performance is measured against absolute return targets required to meet	City's Estate investment performance will be brought to each meeting of the Investment Committee for consideration.	10-Nov-2025	Kate Limna	31-Mar-2026

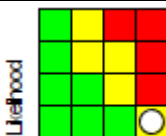
management	long term objectives. This is reported to the Investment Committee throughout the year and is supplemented by market insight from the Corporation's investment consultants which will assist any strategic decisions required in between the three-year formal strategy reviews.				
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<b>Risk Code</b>	CHB IC 02	<b>Risk Title</b>	<i>Targeted returns - City's Estate</i>
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<b>Description</b>	<p><b>Cause:</b> Fund managers fail to achieve the targeted investment returns because</p> <ul style="list-style-type: none"><li>• the Committee appoints unsuitable fund managers,</li><li>• individual fund managers underperform against the benchmarks agreed by the Committee,</li><li>• aggregate fund manager performance fails to achieve the Committee's long-term targets</li></ul> <p><b>Event:</b> Failure to be seen to manage the fund responsibly.</p> <p><b>Effect:</b> Supervisory intervention over management of the funds.</p>
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Current Risk		
	Risk Score	
	6	
	Amber	

Target Risk		
	Risk Score	
	6	
	Amber	

Original Risk		
	Risk Score	
	8	
	Amber	

<b>Latest Note</b>	<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>	<b>10-Nov-2025</b>
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<b>Risk Level</b>	Service	<b>Risk Approach</b>	Reduce
<b>Department</b>	Chamberlain's	<b>Risk Owner</b>	Kate Limna; Jenny Wong

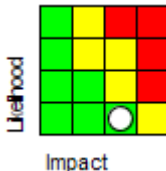


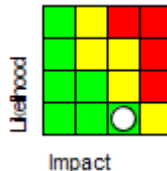
Associated Actions


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 <del>31 July 2025</del> <u>30 September 2025</u> is reported to the Investment Committee on <del>6 October 2025</del> <u>1 December 2025</u> .	10-Nov-2025	Kate Limna	31-Mar-2026

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

Target Risk		
	Risk Score	Impact
	4	Major
	Green	31-Mar-2026

Original Risk		
	Risk Score	Impact
	8	Extreme
	Amber	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.	10-Nov-2025
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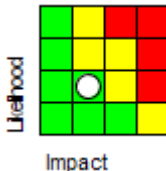
Risk Level	Service	Risk Approach	Avoid
Department	Chamberlain's	Risk Owner	Kate Limna; Jenny Wong

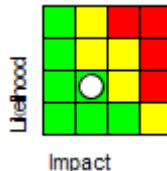
**Associated Actions**


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.	10-Nov-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.	10-Nov-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.	10-Nov-2025	Kate Limna	31-Mar-2026

<b>Risk Code</b>	CHB IC 07	<b>Risk Title</b>	<i>Failure to discharge responsible investment duties</i>
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<b>Description</b>	<p><b>Cause:</b> Insufficient attention is paid to the environmental, social and governance (ESG) dimensions of the Corporation's financial investments.</p> <p><b>Event:</b> The Corporations' financial investments include an underappreciated exposure to negative ESG risks and the means to effectively manage such risks is not understood.</p> <p><b>Effect:</b> 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

<b>Latest Note</b>	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).	10-Nov-2025
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<b>Risk Level</b>	Service	<b>Risk Approach</b>	Reduce
<b>Department</b>	Chamberlain's	<b>Risk Owner</b>	Jenny Wong

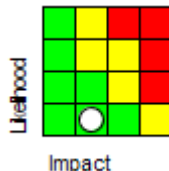
Associated Actions

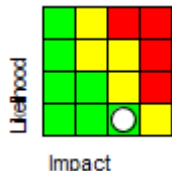
Ref No:	Description	Latest Note	Note Date	Owned By	Due Date
CHB IC 07a PRI Reporting	Reporting on responsible investment activities to the Principles for Responsible Investment is completed on an annual basis. The Committee (along with other relevant Committees/Boards) receives an annual Transparency 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 closed on 30 July 2025. The Corporation made its submission by this deadline. <del>The PRI have not commented on when the results will be published.</del> <u>The PRI will publish the results for 2025 towards the end of November.</u></p> <p>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).</p>	10-Nov-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 established climate risk expectations for existing and potential investment managers and these form part of the regular ongoing monitoring of managers' performance.	10-Nov-2025	Kate Limna	31-Mar-2026
CHB IC 07e Asset	The Board has committed to meeting the standards of the	City's Estate's UK-based pooled fund managers (i.e. excluding the alternative assets	10-Nov-2025	Kate Limna	31-Mar-2026

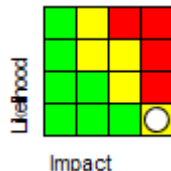
stewardship	2020 UK Stewardship Code and needs to ensure compliance is developed. The Board reviews asset stewardship across its investment mandates on an annual basis and uses the exercise encourage better ESG outcomes amongst its existing managers (this will need to be done in conjunction with other committees which now have investment oversight responsibilities).	portfolio) are signatories to the UK 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.	10-Nov-2025	Kate Limna	31-Mar-2026

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

<b>Latest Note</b>	The current Treasury Management Strategy restricts lending to high-quality counterparties and remains fit for purpose. External credit ratings for existing counterparties are currently at acceptable levels.	<b>10-Nov-2025</b>
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<b>Risk Level</b>	Service	<b>Risk Approach</b>	Reduce
<b>Department</b>	Chamberlain's	<b>Risk Owner</b>	Kate Limna; Jenny Wong

**Associated Actions**

<b>Ref No:</b>	<b>Description</b>	<b>Latest Note</b>	<b>Note Date</b>	<b>Owned By</b>	<b>Due Date</b>
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.	10-Nov-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.	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	10-Nov-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.	10-Nov-2025	Kate Limna	31-Mar-2026

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# City of London Corporation risk score matrix

		Impact			
		Minor 1	Serious 2	Major 4	Extreme 8
Likelihood	Likely 4	4	8	16	32
	Possible 3	3	6	12	24
	Unlikely 2	2	4	8	16
	Rare 1	1	2	4	8

RAG rating	Score Range	Description
Green (manageable)	1 - 4	Action required to maintain risk
Amber (significant)	6 - 12	Actions required to maintain or reduce risk
Red (severe)	16 - 24	Urgent actions required to reduce risk

- These scales are guidance only and are not exhaustive or absolute.
- **Do not average out the scores** - this misrepresents the real effect of risk.
- **Risks may not have relevance to all categories**
- Risk assessments to be **reasonable and proportionate**
- The final risk score is determined multiplying the likelihood score by the impact score

Impact		Type/ category of risk		
		Service delivery/ performance	Financial	Legal/ statutory
Impact	Minor 1	Minor impact on services, typically up to 1 day	financial loss up to 5% of relevant budget.	Litigation claim or fine less than £5000 [in total value].
	Serious 2	Service disruption total of 2 to 5 days	financial loss up to 10% of relevant budget.	Litigation claimable fine between £5000 and £50,000.
	Major 4	Service disruption total of 1 – 4 weeks	financial loss up to 20% of relevant budget.	Litigation claimable fine between £50,000 and £500,000.
	Extreme 8	Service disruption greater than 4 weeks	financial loss up to 35% of budget.	Multiple civil or criminal suits. Litigation claim or fine in excess of £500,000 [in total].

Likelihood		Category	
		Probability*	Frequency*
Likelihood	Likely 4	More than 75%	More likely to occur than not
	Possible 3	40-75%	Fairly likely to occur
	Unlikely 2	10-40%	Unlikely to occur
	Rare 1	Less than 10%	Has happened rarely/ never before
		*Percentage chance of risk happening at all over any time span	*Frequency of the risk happening again given history of the risk occurring

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