

# SUR Departmental risks - detailed report EXCLUDING COMPLETED ACTIONS for committee

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Rows are sorted by Risk Score

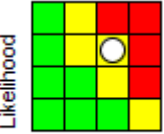
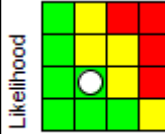

| Risk no, title, creation date, owner                        | Risk Description (Cause, Event, Impact)  | Current Risk Rating & Score |           | Risk Update and date of update  | Target Risk Rating & Score |          | Target Date | Current Risk score change indicator |
|---|--|-----------------------------|-----------|---|----------------------------|----------|-------------|-------------------------------------|
| <b>SUR SMT 001</b><br><b>A fall in property performance</b> | <p><b>Cause:</b> Unexpected change or unknown impact of macro-economic policy (global and local political and economic decisions, change in interest rate, exchange rate, taxation, etc.)</p> <p><b>Event:</b> Business sentiment changes and U.K. / London becomes less attractive to investors / tenants.</p> <p><b>Impact:</b> Business Plan objectives are not achieved with resultant negative impact on income, yields, voids and arrears.</p> |                             | <b>12</b> | <p>The strategy is to maintain a diverse portfolio that reduces the impact of this risk. This includes:</p> <ol style="list-style-type: none"> <li>1. Use (office, retail, industrial)</li> <li>2. Location (City, Southwark, West End etc.)</li> <li>3. Tenancies (Long term Headlease geared, FRI, directly managed)</li> <li>4. Covenants (multinationals, SME)</li> <li>5. Asset management (lease renewals, voids, arrears, etc)</li> <li>6. Monitoring retail habits in change of building use</li> </ol> <p>This risk links to CR26 Brexit - particularly on the “impact of Brexit on City Corporation income streams” action, owned by the Chamberlain.</p> <p>Updated income generation ‘stretch’ targets need to be considered in light of constricted revenue budgets for maintenance / improvement, and from the re-allocation of some funds from</p> |                            | <b>3</b> | 31-Mar-2021 |                                     |

|                              |  |  |  |  |  |  |  |          |
|------------------------------|--|--|--|--|--|--|--|----------|
| 03-Mar-2015<br>Nicholas Gill |  |  |  | the designated sales pool.<br><b>05 Feb 2020</b> |  |  |  | Constant |
|------------------------------|--|--|--|--|--|--|--|----------|

| Action no    | Action description   | Latest Note  | Action owner  | Latest Note Date | Due Date    |
|--------------|--|--|---------------|------------------|-------------|
| SUR SMT 001c | Global and local economic and political decisions  | SMT continues to closely monitor the position quarterly, including analysis of market reaction. This information is reported through to Property Investment Board regularly. | Nicholas Gill | 05-Feb-2020      | 31-Mar-2021 |
| SUR SMT 001d | Maintain a diverse mix of space, locations, and tenants to ensure the business has wide market appeal and is not reliant on particular business sector | IPG Management Team monitors development of property portfolio and tenant mix.   | Nicholas Gill | 05-Feb-2020      | 31-Mar-2021 |



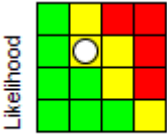
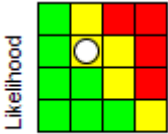
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|              |                            | for consideration as part of the Fundamental Review. Initial feedback from Members was to investigate this proposal in more detail, and initial cost implications will be presented in the Spring.  | Wilkinson;<br>Peter<br>Young        | 2020        |             |
| SUR SMT 002f | Cross departmental working | Single point of contact for Profit and Loss to be created within the Remembrancer's Department. This activity has been agreed by CASC and a more detailed report, noting the key figures, will be presented to Members in the Spring.<br>The possibility of a sinking fund for the site has been explored and agreed by CASC. CSD will provide a facilities event-related operating business plan with the Remembrancer's Department, detailing the funding, management and operating arrangements including the funding sources. | Remembrancer;<br>Peter<br>Collinson | 06-Feb-2020 | 31-Jul-2020 |
| SUR SMT 002g | Maintenance management     | The department continues to work with Skanska, our Building Repairs and Maintenance Contractor, to review and improve the correct Planned Preventative Maintenance (PPM) regime.<br>A report was presented to CASC in January 2020 with details of the deferred maintenance level (bow wave).<br>Further discussions to be undertaken as part of the Corporate Property Asset Management Strategy to determine the property condition to which we're aspiring on a site-by-site basis (good or fair).                             | Peter<br>Collinson                  | 06-Feb-2020 | 31-Oct-2020 |

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| SUR SMT 014<br><b>Backlog maintenance</b><br><br><br><br><br><br><br><br><br><br><br><br><br><br>04-Nov-2019<br>Peter Collinson | <p><b>Cause:</b> insufficient funds to manage the repair demands at operational properties (Budget available does not match the annual Cyclical Works Programme Bid List of requirements)</p> <p><b>Event:</b> Maintenance demands for operational properties exceeds available funding.</p> <p><b>Impact:</b> Reactive repairs budget used to meet maintenance demands, loss of income from events spaces, reputational impacts, long-term properties may cease to meet operational requirements (Reduced rental income, reduced capital value, increased breakdown of M&amp;E services, reduced customer satisfaction, poor building use and efficiency)</p> |  <p>Likelihood</p> <p>Impact</p> | 12 | <p>The Cyclical Works Programme (CWP) bid for 20/21 has a reserve list of unfunded works of £26m, these works are essential to keep the operational properties in a good standard. This unfunded works will result in an increase in the backlog of maintenance.</p> <p>CWP report has been presented to CASC. This shows a gradual rise in deferred maintenance from c£80m to c£130m over the next five years.</p> <p>The Fundamental Review has proposed the reduction in the funds available to the CWP for 2020/21 by £1m, which will impact this risk</p> <p><b>06 Feb 2020</b></p> |  <p>Likelihood</p> <p>Impact</p> | 4 | 31-Mar-2021 | <br><br><br><br><br><br><br><br><br><br><br><br><br><br>Constant |

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| SUR SMT 014b | Additional funding report may be required    | Draft additional funding report to committee (next report due 2021)   | Alison Bunn  | 06-Feb-2020      | 31-Dec-2020 |
| SUR SMT 014e | Corporate Property Asset Management Strategy | Asset Management Strategy to be reviewed and appropriate condition for our property assets to be considered. This may be undertaken on a site-by-site basis. Report to be presented to Members in Spring/Summer 2020. | Peter Young  | 06-Feb-2020      | 31-Oct-2020 |



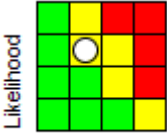
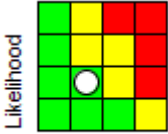

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| SUR SMT 010d | Better utilisation of the building management system (BMS) | Improved use of the BMS system to result in better energy use at the Guildhall Complex. | Peter Collinson | 07-Feb-2020 | 30-Sep-2020 |
|--------------|--|---|-----------------|-------------|-------------|

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| <p><b>SUR SMT 005</b><br/><b>Recruitment and retention of property professionals</b></p> <p>17-Mar-2015<br/>Paul Wilkinson</p> | <p><b>Cause:</b> Uncompetitive pay structures within some professional grades, and work environment across the department</p> <p><b>Event:</b> Increasingly attractive remuneration and reward packages offered elsewhere externally, particularly in the private sector</p> <p><b>Impact:</b> Increased vacancies, objectives unachieved or delivered late, reduced customer satisfaction, less real estate activity, reduced employee wellbeing, demotivation of staff.</p> | <br>Likelihood<br>Impact | 6 | <p>Within the CSD, it is proving challenging to recruit Chartered Surveyors, Chartered Engineers and Project Managers as the reward 'offer' (including pay) is lower than those being offered in the private sector at this moment in time.</p> <p>This risk was de-escalated in mid-2019 and monitored on group risk registers.</p> <p>It has been considered prudent to again re-examine this issue as the department continues to experience difficulty with filling vacant positions with high-quality candidates in a very competitive market.</p> <p>The risk has therefore been escalated from the Groups risk registers.</p> <p><b>18 Feb 2020</b></p> | <br>Likelihood<br>Impact | 6 | 31-Mar-2021 | ↑                                   |

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| SUR SMT 005a | Staff Action Plans | The Action Plans developed following the Staff Survey (2018 and more recently 2019) are being delivered to address areas of focus for staff. The department will shortly (March & April) be undertaking an Equalities and Diversity self-assessment, and this too will develop an Action Plan. Both these activities are focussed around improving our understanding of our | Paul Wilkinson | 18-Feb-2020      | 31-Dec-2020 |



|             |            |   |  |             |             |
|-------------|------------|---|--|-------------|-------------|
|             |            | staff and addressing areas of concern.  |  |             |             |
| SUR SMT 05b | HR liaison | Highlighting emerging issues to our Human Resources Business Partner. This will initiate activities to understand and subsequently address this risk. |  | 18-Feb-2020 | 31-Dec-2020 |

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| SUR SMT 012<br><b>Management of City Bridge and River Wall Risks</b><br><br><br><br><br><br><br><br><br><br>09-May-2019<br>Paul Wilkinson | <p><b>Cause:</b> Historic informal relationship between departments in the management of risk (DBE &amp; CSD), lack of resourcing in specialist department in order to provide adequate and timely information, causing non-provision of specialist information in a timely and comprehensive manner.</p> <p><b>Event:</b> Risks associated with City Bridges and the River Walls not accurately identified or efficiently managed, non-response to legal notifications</p> <p><b>Impact:</b> Increased likelihood of risks manifesting, legal action by legal bodies against the City, poor asset management and use of resources</p> |  <p>Likelihood</p> <p>Impact</p> | 6 | <p>City Bridge Trust and Bridge House Estates are undertaking a governance review through an officer Task and Finish Group. This involves a number of workstreams, including responsibility. Depending on internal agreement, a recommended model will be presented to Committee In 2020</p> <p>In the interim a Service Agreement has been developed by CSD and DBE and has now been agreed and implemented. This codifies responsibilities relating to the management of these assets.</p> <p>This risk is currently being monitored for potential de-escalation.</p> <p><b>18 Feb 2020</b></p> |  <p>Likelihood</p> <p>Impact</p> | 4 | 30-Sep-2020 | <br><br><br><br><br><br><br><br><br><br>Constant |

| Action no    | Action description | Latest Note  | Action owner               | Latest Note Date | Due Date    |
|--------------|--------------------|--|----------------------------|------------------|-------------|
| SUR SMT 012b | Service Agreement  | Service Agreement drafted by CSD and DBE. This has been agreed by the officer group, and has recently been agreed by the respective Chief Officers. This agreement codifies the roles and responsibilities of the various parties, thereby making clear the requirements from all parties. | Nicholas Gill; Peter Young | 07-Feb-2020      | 31-Dec-2020 |