

<b>Committee(s)</b>	<b>Dated:</b>
Operational Property and Projects Sub Committee – For information	23 November 2022
Property Investment Board – For information	25 November 2022
<b>Subject:</b> The City Surveyor’s Departmental Risk Register – November 2022 Update	<b>Public</b>
<b>Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?</b>	<b>4, 7, 11, 12</b>
<b>Does this proposal require extra revenue and/or capital spending? N/A</b>	<b>N</b>
<b>If so, how much? N/A</b>	<b>N/A</b>
<b>What is the source of Funding? N/A</b>	<b>N/A</b>
<b>Has this Funding Source been agreed with the Chamberlain’s Department? N/A</b>	<b>N/A</b>
<b>Report of: The City Surveyor (CS 357/22)</b>	<b>For Information</b>
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### Summary

This report has been produced to provide your Committee with a quarterly update on the management of risks within the City Surveyor’s Department.

The City Surveyor department managing one corporate risk. There are a further eight risks on its Departmental Risk Register. Five of these departmental risks are recorded as red. The red risks currently being managed are:

- Corporate Risk:
  - CR 37 – Maintenance and renewal of physical assets – Investment property and Corporate (operational) property (excluding housing) – PIB & OPPSC  
Current risk score 16 (Red)
- Departmental Risks:
  - SUR SMT 005 – Construction Price Inflation – PIB & OPPSC  
Current risk score 16 (Red)
  - SUR SMT 006– Construction Consultancy Management PIB & OPPSC  
Current risk score 16 (Red)
  - SUR SMT 007 – Energy Pricing – OPPSC  
Current risk score 16 (Red)
  - SUR SMT 009 – Recruitment and retention of property professionals – PIB & OPPSC  
Current risk score 16 (Red)
  - SUR SMT 010 – Insurance – Investment and Corporate Estates – PIB & OPPSC  
Current risk score 16 (Red)

## **Recommendation(s)**

Members are asked to note this report, and the actions taken within the City Surveyor's Department to effectively monitor and manage risks arising from our operations.

### **Main Report**

#### **Background**

1. The City of London Corporation's Risk Management Policy and Strategy (RMP&S) requires each Chief Officer to report regularly to Committee the key risks faced in their department. The Property Investment Board (PIB) and Operational Property and Projects Sub Committee (OPPSC) has determined that they will receive the City Surveyor's risk register on a quarterly basis.
2. From this report forward we will be reporting through to your Committee only on the risks which are relevant under the Committee's terms of reference. For clarity and transparency Appendix A provides a summary table of all departmental risks and the Committee to which they are reported. The full departmental risk register is available to Members upon request.
3. The risks relevant to this Committee are included as Appendix B to this report.
4. Risks are reviewed regularly by the department's Senior Management Team (SMT) in line with the organisation's RMP&S. Risks are assessed on a likelihood-impact basis, and the resultant score is associated with a traffic light colour.
5. Should any changes occur between formal meetings a process exists such that risks can be captured, assessed, and mitigating activities captured. This ensures that the risk management process remains 'live'.

#### **Current Position**

6. The City Surveyor is currently managing one Corporate Risk. This is currently rated as red. The Departmental Risk Register contains a further five red and three amber risks.

#### **Changes since last review**

7. There has been an escalation in the risk score to two of the department's risks, and further details on the specifics of these are contained below. Members will be aware that over the last six months there has been an increasing portion of CSD's risks scored at a red rating. This is as a result of both external and internal factors.

In the macro-environment inflation has been a major driver of uncertainty, and this is reflected within our risk register. Internally the department has been challenged by tightening budgets. This has hampered our capacity to fund activities that would mitigate risks.

Risks such as 'recruitment and retention of property professionals' (SUR SMT 009) reflect the nexus of these two factors, where inflationary forces in the external environment have outstripped our local budget's capacity to mitigate.

The department will continue to analyse the external environment for both challenges and opportunities and seek to work with internal colleagues to address budget adequacy. This latter point was raised with Members and colleagues at the Member Bilateral session on November 3. However, it should be recognised that in the medium-term, more risks may be at a red level, and for a longer period, than we would otherwise desire and has historically been the case.

8. The changes to the risk register are noted below:

A. SUR SMT 006 – Construction Consultancy Management  
Current score – 16 (Red) – PIB and OPPSC  
This risk has increased from amber to red

Currently Property Professionals across the industry are moving on to different companies at a greater speed. As a result, the Delivery Lead on projects changes and replacements are often not of the same calibre as those engaged at earlier stages. The department is working closely with colleagues in Procurement to adapt scoring criteria (rebalancing the cost / quality ratio) and to undertake more thorough assessment of bid submissions to ensure quality consultants remain in place for longer.

B. SUR SMT 010 – Insurance – Investment and Corporate Estates  
Current score – 16 (Red) – PIB and OPPSC  
This risk has increased from amber to red

The organisation needs to revalue its estates – both investment and corporate – to accurately quantify the fire insurance rebuilding costs. The department is working with colleagues in Chamberlain's department to identify funding. This has, as of November, just been identified, and mobilisation will commence shortly. However, the delay has meant that the risk score has increased to red.

## Heatmap

9. Through the performance dashboard tool, Power BI, it is possible to create heatmaps of the department's risks. This is a graphical summary of the current departmental risks (left). A comparison with the those presented at the last report (September) is included as the table on the right. Note that the table includes the Corporate Risk that is being managed by the department.

10. The Heatmaps do not track individual risks over time, rather it is a snapshot comparison of the overall risk profile. Members will note the increasing portion

of red risks (currently 6 risks, up from 4 in September), as highlighted in paragraph 8 above.

	Minor	Serious	Major	Extreme
Likely			6	
Possible		1	2	
Unlikely				
Rare				

Table 1: November 2022 Risk Heatmap

	Minor	Serious	Major	Extreme
Likely			4	
Possible		1	4	
Unlikely				
Rare				

Table 2: September 2022 Risk Heatmap

## Conclusion

11. Members are asked to note the recent changes to the departmental risk register, and the actions taken by CSD to mitigate the likelihood and/or impact of the risks.

## Appendices

- Appendix A Risks by Committee
- Appendix B The City Surveyor’s Corporate and Departmental Risk Register relevant to this Committee

## Background Papers

- The City Surveyor The City Surveyor’s Departmental Risk Register – June 2022 Update (CS 219/22)
- The City Surveyor The City Surveyor’s Departmental Risk Register – September 2022 Update (CS270/22)

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