

SUR Departmental risks - detailed report EXCLUDING COMPLETED ACTIONS for COMMITTEE

Report Author: Faith Bowman
Generated on: 10 November 2022



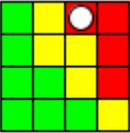
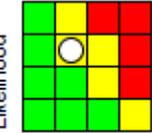
Rows are sorted by Risk Score

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator	
CR37 Maintenance and renewal of Physical Assets- Investment property and Corporate (operational) property (excluding housing assets) 04-Nov-2019	<p>Cause: Poor property condition combined with insufficient budget to maintain assets in line with commitments/expectations.</p> <p>Event: Misalignment between the relevant Asset Management Strategy, City's lease obligations to third parties in occupation and the available funds to reach / maintain this standard</p> <p>Impact: Built estate becomes not fit for purpose/ functions/occupancy. The City becomes in breach of legal repairing covenants. Cost of maintenance and utility costs increases, placing further pressure on City resources. In extreme circumstances there will be H&S implications, leading to potential enforcement action, legal action by tenants or asset failure in whole or part with detrimental effects leading to impact on occupiers</p>	<p>Likelihood</p> <p>Impact</p>	16	<p>This risk results from both a workshop with the Executive Leadership Board (ELB) and a risk arising from the departmental risk register.</p> <p>The mitigation captures the 5 repairs and maintenance funding streams:</p> <ul style="list-style-type: none"> . Cyclical Works Programme (CWP) . Ring-fenced properties . Local maintenance budgets . Major Capital projects . Investment estate revenue programme <p>Note that the majority of this risk relates to the Corporate (operational) properties (excluding housing). The main item for Members of Property Investment Board relate to mitigation action CR37d below.</p> <p>10-Nov-2022</p>	<p>Likelihood</p> <p>Impact</p>	4	31-Mar-2023	Reduce	Constant

Paul Wilkinson						
----------------	--	--	--	--	--	--

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR37a	Cyclical Works Programme (CWP)	<p>The CWP bid for 23/24 is circa £34m. These works are essential to keep the operational properties in a good standard.</p> <p>Funding allows the progression of £12m of works (exclusively compliance & emergency H&S works). This figure includes inflation allowance.</p> <p>The Resource Allocation Sub Committee (RASC) Away Day discussed the maintenance requirement of the City's properties and is seeking further prioritisation guidance (aligned to a refreshed Corporate Plan).</p>	Peter Collinson	10-Nov-2022	31-Mar-2023
CR37b	Ring fenced properties and budgets (CoLP estate, New Spitalfields, Billingsgate and the three private schools	<p>CSD is communicating with ring fenced departments to identify appropriate building maintenance requirements and spend (forward maintenance). These department occupiers allocate their own funds for the maintenance of the built assets. Whilst the City Surveyor's Department recommends work to be undertaken, it is the occupying department who holds the budget responsibility and thus decides with final control over maintenance activity.</p> <p>This element is being mitigated through the delivery of the recommendations arising from the recent Internal Audit. Whilst there has been progress in some areas, the actions have not been implemented comprehensively across the Corporation. The department is engaging with the Town Clerk to progress a resolution.</p> <p>The master planning of certain sites (such as the Boys' School) helps add clarity around required spend.</p>	Peter Collinson; Peter Young	10-Nov-2022	31-Mar-2023
CR37c	Repairs and Maintenance Budget	The local repairs and maintenance budget has come under significant pressure. The intelligent prioritising of works helps mitigate the impact of this issue. This reflects good practice and helps inform the CWP scoring matrix. The implementation of the new Computer Aided Facilities Management (CAFM) system Concerto increases the intelligence that can be drawn from our systems.	Peter Collinson	10-Nov-2022	31-Mar-2023
CR37d	Revenue Programme (Investment Estate Only)	The allocation of sufficient funds to maintain our investment portfolio to a high standard is required to maximise income generation and asset appreciation. Discussions are on-going with internal colleagues such that sufficient provision is made from the rent received. For the coming year 4.6% of projected rent has been allocated, broadly in line with the 5% industry 'rule of thumb'. One of the post-Covid trends is a 'flight to quality' from occupiers, making the condition of our assets critical to future income.	Nicholas Gill	10-Nov-2022	31-Mar-2023

CR37f	Annual Major Capital Bids	<p>The City Surveyor's Department is progressing major capital projects, and these projects are all essential to keep the operational estate including the Guildhall in a good standard. Significant works have been identified from the recent Smithfield Market Condition Survey and if not funded present a live Health and Safety risk. Some departments submit their own bids based upon advice from the City Surveyor. If more H&S works are required this limits the scope for further improvement projects.</p> <p>Over the August period all projects have been reviewed to consider the impact of increased inflation, together with any mitigations in place. For projects pre-GW5 further assessments are being undertaken to consider the balance between desirable/mandatory and any timing constraints.</p> <p>There will be no capital bids for 2023/24 – however there will be a small emergency funding pot should any immediate H&S issue arise.</p>	Peter Collinson; Nicholas Gill; Peter Young	10-Nov-2022	31-Mar-2023
-------	---------------------------	---	---	-------------	-------------

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
SUR SMT 005 Construction Price Inflation	Cause: Market conditions have led to input price inflation Event: Project and programme cost escalation Impact: Inability to delivery capital and revenue projects within budget	 <p>Likelihood</p> <p>Impact</p>	16	<p>Material costs and labour availability are combining to raise costs. This cost increase has already been seen in our tender returns, and this explains why this risk notes its likelihood as “likely”.</p> <p>The recent sharp uplift in fuel and energy prices is creating negative impacts across the supply chain and may lead to this risk being less transitory than first envisaged.</p> <p>We are currently experiencing the following issues:</p> <ul style="list-style-type: none"> . Contractor claims – have increased (this is in-line with the broader industry) . Contractor financial stability – is being monitored closely, and we are ensuring that contingencies are in place where relevant. . Market interest – contractors are being selective, and often declining to tender. . Shortage of labour and materials – manifesting in significant increases in prices (tendered projects are often circa 20% above the pre-tender estimate). <p>Cost Consultants were forecasting a continued rise in the Tender Price Inflation (which monitors the movement of prices in tenders for construction contracts in the UK) at between 8%-12%, and the true</p>	 <p>Likelihood</p> <p>Impact</p>	6	31-Mar-2023	

<p>14-Oct-2021 Ola Obadara</p>			<p>reflection on recently tendered projects by the City Corporation was circa 20%-30%. However, material prices appear to have turned a corner, as evidenced by the BEIS's 'All Work' material price index falling by a notable 1.42% in August. This was the first monthly fall in material price inflation since July 2020.</p> <p>There is the risk that there are further price rises. This will lead to some cancelled projects, or projects facing uplifts in costs. This therefore has a knock-on impact on other corporate priorities which require project delivery.</p> <p>These increased costs may impact the organisation's ability to deliver capital and revenue projects within budget.</p> <p>The department has been working with Corporate colleagues, and this has resulted in the project review process being undertaken through August.</p> <p>A paper has been prepared for November's Property Investment Board (PIB) detailing the impact on investment projects.</p> <p>10 Nov 2022</p>			<p>Reduce</p>	<p>Constant</p>
------------------------------------	--	--	---	--	--	---------------	-----------------

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 005a	Procurement Strategy	The department is working with legal and procurement to identify different buying options,	Ola	10-Nov-	31-Mar-

		<p>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).</p> <p>Following the review Two Stage contracts will be used more frequently. This is the current market norm for these projects. The change enables contractors to better transfer their risk and leaves the City with a degree of cost uncertainty, even post Gateway 5. Whilst this transfer is not desired, it offers far better market coverage and reflects the prevailing external conditions. This will be kept under review</p>	Obadara	2022	2023
SUR SMT 005c	Capital Project Review	<p>Over the August period all projects were reviewed by the Chair & Deputy of OPPSC to consider the impact of increased inflation, together with any mitigations in place.</p> <p>For projects pre-GW5 further assessments are being undertaken to consider the balance between desirable/mandatory and any timing constraints. The department is pro-actively engaging in this process.</p> <p>Initial conclusions have been presented to Finance Committee in September. More detailed recommendations, in conjunction with Chief Officers, has been presented to Resource Allocation Sub Committee and Policy & Resources in October.</p>	Ola Obadara	10-Nov-2022	30-Sep-2022
SUR SMT 005d	Contracts	Chamberlain's procurement and the department will explore the potential inclusion of fluctuating provisions in our contracts. Currently contractors are expected to take inflation into account when tendering, sharing this risk may attract greater interest for contractors to price and deliver.	Ola Obadara	10-Nov-2022	31-Mar-2023
SUR SMT 005e	Contract Engagement	We are looking to engage early with our contractors on a consultancy basis to obtain as much information as possible prior to contract.	Ola Obadara	10-Nov-2022	31-Mar-2023
SUR SMT 005f	Specification and Materials	Ensuring materials are readily available before and during the design phase and, if possible, procure in advance of the contract. Further consideration is being given to the origin of source materials to ensure supply.	Ola Obadara	10-Nov-2022	31-Mar-2023
SUR SMT 005g	Scope of works	In the event of the above mitigations being insufficient to contain the quantum of cost, some projects may need to be de-scoped, delayed or even cancelled. Should this action be required, there will be a knock-on impact on the delivery of departmental and corporate objectives. This will be kept under review.	Ola Obadara	10-Nov-2022	31-Mar-2023

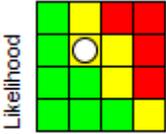
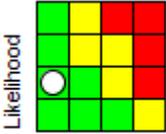
		<p>Purchase Agreement (PPA), and energy efficiency measures.</p> <p>We are hedging the market by placing trades, to ensure a market reflective price, however there has been unprecedented volatility in the market over recent months. Higher prices are unavoidable, though the PPA will support a reduction in the average price of electricity post December 22.</p>	Collinson; Graeme Low	2022	2023
SUR SMT 007b	Managing supplier failure	The City is contracted with TGP energy, which is a large multi-national with risk divested across both supply and generation. TGP has a low portion of income generated from UK domestic customers (thereby minimising price capping implications).	Peter Collinson; Graeme Low	10-Nov- 2022	31-Mar- 2023

			owner	Date	
SUR SMT 009a	Advertising	The department and the HR Business Partner has produced a recruitment best practice document, which includes ensuring that vacant posts are advertised in areas which will generate interest from suitably qualified candidates, including those currently under-represented within our workforce.	Alexandra Rodriguez; Paul Wilkinson	10-Nov-2022	31-Mar-2023
SUR SMT 009b	Best Practice	Including delivery of appraisals, regular one-to-ones, team and group meetings. This aims to improve communications at all levels, ensuring that CSD is a positive work environment and that issues/blockers can be raised and addressed. In some areas career graded roles have been instituted, and deployment can be further explored.	Paul Wilkinson	10-Nov-2022	31-Mar-2023
SUR SMT 009c	Communication	Quarterly meetings from the department's Chief Officer so all staff feel engaged with the activities of the department.	Paul Wilkinson	10-Nov-2022	31-Mar-2023
SUR SMT 009d	Engagement with HR	Some of the items highlighted as the 'causes' of this risk are outside the control of CSD, and engagement with our Corporate partners will be critical to overcoming these items. This departmental risk directly supports the Corporate focus on the "Skills & capacity of our people".	Paul Wilkinson	10-Nov-2022	31-Mar-2023
SUR SMT 009e	Equalities, Diversity and Inclusion	The department has an active ED&I network, which regularly engages with the City Surveyor and the Senior Management Team. This is seeking to make the department a more attractive destination for under-represented groups and seek to retain and progress staff from all backgrounds.	Ola Obadara	10-Nov-2022	31-Mar-2023
SUR SMT 009f	Pay and Review Survey	The Corporation is reviewing pay & reward, and wherever possible, CSD will feed into this process. The department has highlighted that there are specific pressures within this department which may make the issue more acute within CSD roles. The organisation has offered staff a pay settlement for 2022/23 which has come into effect from October.	Paul Wilkinson	10-Nov-2022	31-Mar-2023
SUR SMT 009g	Staff Survey 2022	The Your Voice Matters survey was undertaken earlier in 2022. Detailed results are now available and have been communicated to Directors. Analysis within the department have highlighted positives / areas for consideration, and particularly with respect of the second of these we are working with Corporate Colleagues to develop a response (these themes are reflected in the "risk cause" above). The department will be supporting the 'In Conversation With' event with the Town Clerk. This will increase visibility of senior managers to staff across the department and help communicate vision and aims.	Paul Wilkinson	10-Nov-2022	31-Mar-2023

		procurement team in Chamberlain's. The impact of this change will be tracked over the coming months.			
SUR SMT 006b	Legal	The team is working closely with the legal department to ensure that procurement activity aligns with project objectives and the consultants meet quality requirements.	Ola Obadara	10-Nov-2022	31-Mar-2023
SUR SMT 006c	Procurement	Working with Procurement to increasing due diligence, particularly in regard to the quality of contractor appointed (rebalancing the quality/cost equation). This is with the view that we will get better quality applications and this risk may reduce.	Ola Obadara, Procurement	10-Nov-2022	31-Mar-2023

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 010a	Register of data	A property schedule exists and this has been updated with the survey carried out on Special Sites (by RLF). However, any ad-hoc valuations from IPG need to be fed into this spreadsheet to ensure comprehensive accuracy.	Nicholas Gill	10-Nov-2022	31-Mar-2023
SUR SMT 010b	Funding	Funding will need to be identified. In earlier years this budget was met from CS Local Risk, however this budget line can no longer accommodate this spend. Where leases allow, the cost can be recovered from commercial tenants, and operational occupiers as appropriate. Authorisation for funding has been received and finance is in the process of coding.	Nicholas Gill; John James	10-Nov-2022	31-Mar-2023
SUR SMT 010c	Delivery	Deliver - Once funding has been identified.	Nicholas Gill	10-Nov-2022	31-Mar-2023

		Shadow budget now agreed. Shadow accounts being monitored by Chamberlain's this financial year.	Collinson; John James; Peter Young		
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.	Peter Collinson	10-Nov- 2022	31-Mar- 2023
SUR SMT 002j	Budget adjustment	The department has identified how to maintain services across the complex in light of lower budget allocations for 2022/23. This will include FM areas where savings are being made and any changes in service to align to the new budget.	Peter Collinson; Peter Young	10-Nov- 2022	31-Mar- 2023

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
SUR SMT 008 Special Structures 20-Oct-2021 Peter Young	Cause: Lack of central register for special structures and/or ambiguity over accountability, responsibility for budget provision Event: Incomplete, or not up-to-date register of special structures and planned maintenance regime Impact: Potential failure of special structure and/or forced closure of asset / space	 Likelihood Impact	6	Special structures relate to those structural elements with an asset which supports other (often public) elements, so captures basements, sub-road spaces, supporting structures etc. There is no current central register of these structures within the portfolio, and therefore no current prescribed or routine inspection regime in place to ensure that these structures remain in a suitable condition. 10-Nov-2022	 Likelihood Impact	2	31-Mar-2023	Constant
							Reduce	

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 008a	Special Structures register	Funding to undertake the technical inspections, create the inventory and survey current condition was approved as part of the Cyclical Works Programme (CWP) 22/23 Bid List. The Operations Group is now developing detailed briefs for contractors. It is anticipated that the process will run through 2022 and, depending on the gap between current and desired condition, further funding bid requests may result. Note that this action is subject to the availability of funding (CWP bid process, as outlined in action CR37a).	Peter Collinson;	10-Nov-2022	31-Mar-2023
SUR SMT 008b	Special structures – investment portfolio	Register for the investment estate exists but requires a refreshed survey to ensure on-going accuracy of information.	Peter Collinson; Nicholas Gill;	10-Nov-2022	31-Mar-2023
SUR SMT 008c	Special structures – Barbican Estate	Corporate Property Group Director met with Barbican to discuss that all special structures across the Barbican are identified (not just tunnels) and that they will need to be recorded. Housing use a physical asset register system called Keystone and the rest of the portfolio (non-housing) is on Concerto (CAFM) managed by the City Surveyor.	Peter Collinson; Peter Young	10-Nov-2022	31-Mar-2023

		<p>The department's Operation's Group is reviewing whether the CAFM system is the right place to record the special structures once fully identified and inspected. Barbican Estate is considering Keystone for the Barbican special structures.</p> <p>For Barbican Estate and Housing, point to note is that Community and Children's Services have their own corporate maintenance contract and do not use the CSD corporate BRM contractor (Skanska). This adds a further layer of complexity for Barbican, where there is more than one maintenance contractor undertaking works (housing and non-housing).</p>			
SUR SMT 008d	Special Structures – other assets	Corporate Property Director and Operations Group Inspector to engage with other departments to ensure that there is clarity over responsibilities and what actions need to progress to mitigate this risk comprehensively across the City of London Corporation.	Peter Collinson; Peter Young	10-Nov-2022	31-Mar-2023