

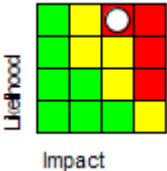
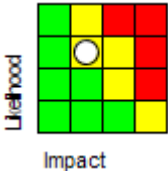

# SUR Departmental risks - DETAILED REPORT EXCLUDING COMPLETED ACTIONS for COMMITTEE

Report Author: Faith Bowman

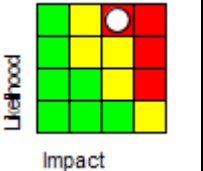
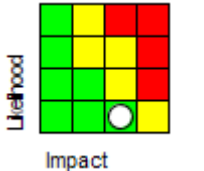
Generated on: 08 April 2024



Rows are sorted by Risk Score

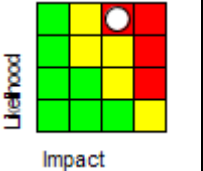
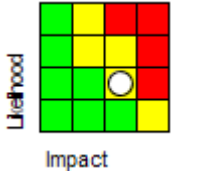

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
<b>SUR SMT 005</b> <b>Construction and Service Contracts</b> <b>Price Inflation beyond that which was anticipated or planned</b>  14-Oct-2021 Ola Obadara	<b>Cause:</b> Market conditions have led to input price inflation <b>Event:</b> Project and programme cost escalation <b>Impact:</b> Inability to delivery capital and revenue projects within budget		<b>16</b>	Material costs and labour availability are combining to raise costs beyond that anticipated or planned.  This item impacts property projects, our facilities management (FM) provision, reactive repairs, and revenue works.  Whilst construction cost inflation had been forecast to level out, this has yet to plateau to expectation. This is across both building materials and construction expertise where labour constraints continue to place upward pressure on pricing.  Market conditions remain dynamic and will be kept under review. As such the target date should be considered a review point.		<b>6</b>	31-Mar-2025	
								Reduce

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 005a	<p>Procurement Strategy</p> <p>The department is working with legal and procurement to identify different buying options, thereby managing the risk to the department / organisation.</p>	<p>This exploration included a review of the prior Single Stage tender process (which had been preferred for medium range projects - £2m - £50m).</p> <p>Following the review Two Stage contracts will be used more frequently. 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.</p> <p>This will be kept under review.</p>	Ola Obadara	08-Apr-2024	31-Mar-2025
SUR SMT 005d	<p>Contracts</p> <p>Exploring the potential to include different clauses into contracts such that work offered by the City remains attractive to suppliers.</p>	<p>Chamberlain's procurement and the department have explored the inclusion of fluctuating provisions in our contracts. This action has resulted in attracting a 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.</p>	Ola Obadara	08-Apr-2024	31-Mar-2025
SUR SMT 005e	<p>Contract Engagement</p> <p>Expanding the amount of information available at an early stage of contract exploration. This will provide greater cost certainty.</p>	<p>We are looking to engage early with our contractors on a consultancy basis to obtain as much information as possible prior to contract.</p>	Ola Obadara	08-Apr-2024	31-Mar-2025
SUR SMT 005f	<p>Specification and Materials</p> <p>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.</p>	<p>Inflation in raw materials has abated, but it should be noted that prices are not typically falling anywhere. Further consideration is being given to the origin of source materials to ensure supply. This item will be kept under review.</p>	Ola Obadara	08-Apr-2024	31-Mar-2025

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 006 Construction Consultancy Management  14-Oct-2021 Ola Obadara	Cause: Poor performance by consultants Event: Abortive work, delays, or non-performance. Impact: Additional costs, project delays		16	<p>This relates to abortive design / development.</p> <p>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 is combining with a lack of this skill set in the construction industry. Often individuals assigned in the commercial market to City (and public sector generally) projects do not have the skill and competency required to deliver the work to the standard required. This issue is being seen across the industry.</p>		4	31-Mar-2025	Constant
							Reduce	

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 006a	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 this change. The impact will be tracked over the coming months.	Ola Obadara	08-Apr-2024	31-Mar-2025
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	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 constrained, so whilst action is taken, results take longer than would otherwise be possible in a commercial environment.	Ola Obadara	08-Apr-2024	31-Mar-2025
SUR SMT 006c	Procurement	The department continues to work with colleagues from the Procurement Team to explore available options to manage and mitigate this risk. The City's public sector role limits the	Ola Obadara	08-Apr-2024	31-Mar-2025

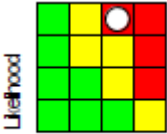
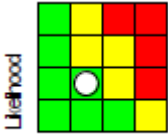

	Working with Procurement to increasing due diligence, particularly in regard to the quality of contractor appointed (rebalancing the quality/cost equation). This is with the view that we will get better quality applications and this risk may reduce.	number of avenues compared to commercial operators.  The City Surveyor's Department was a participant at the March "Meet the Supplier – Construction and Professional Services" event organised by the Procurement Team. This event was aimed at further diversification and strengthening of our supplier base. Further engagement with colleagues has occurred subsequent to this event to consider lessons and actions.			
SUR SMT 006d	Scope of works  The team is reviewing and tightening up the scope of works specification. This will counter opportunistic interpretations of the scope of works that we were seeing from some consultants	Detailed scoping is required to ensure that projects are delivered on-time and on-budget. This can lead to extended lead times. Due to a wider lack of skills in the industry, consultants allocated to this element of work are making more errors than desired – and this is contributing to the overall red-rating to this risk. Further actions are being explored, but this is an industry wide issue (particularly for public sector organisations).	Ola Obadara	08-Apr-2024	31-Mar-2025
SUR SMT 006e	Review of appointment documents  The team is working closely with the legal department to ensure that procurement activity aligns with project objectives and the consultants meet quality requirements	Where performance has been poor action has been taken against consultants – these cases increase end-to-end timescales.	Ola Obadara	08-Apr-2024	31-Mar-2025

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
<b>SUR SMT 009 Recruitment and retention of property professional</b>  21-Jan-2022 Paul Wilkinson	<b>Cause:</b> Uncompetitive pay and benefits structures within some professional grades; poor quality work environments; lack of professional progression over recruitment freeze and restructuring period; increased employee focus on work-life balance <b>Event:</b> Increasingly difficult to recruit suitably skilled staff at the correct level for the grade being recruited for. Increasingly difficulty to keep staff who get better reward packages from other organisation (both commercial and public sector) <b>Impact:</b> Increased vacancies, objectives unachieved or delivered late (including project delivery and income generation), reduced customer satisfaction, less real estate activity, reduced employee wellbeing, demotivation of staff. Increased costs born by the organisation through recruitment campaigns and training etc, or to the department through filling vacancies through comparatively expensive temporary contracts.		<b>16</b>	This risk has been identified across several divisions of the City Surveyor's Department. The impacts vary by Group with the risk being particularly acute in Investment Property, Surveying and Project Management.  This risk was reviewed in February 2024 and due to specific issues in certain industries, was retained at the current risk score.  The department continues to engage with Corporate colleagues to mitigate this risk over the long term.  The risk will be kept under review, with the target date reflecting this on-going review.  <b>08 Apr 2024</b>		<b>8</b>	31-Mar-2025	  Constant
							Reduce	

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due 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.	Recruitment campaigns have used the best practice recruitment document, with diverse panels etc being a feature. This has been well received by staff.	Paul Wilkinson	08-Apr-2024	31-Mar-2025

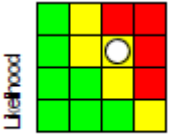
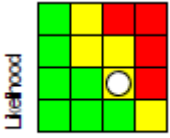

SUR SMT 009b	<p>Best Practice</p> <p>Including delivery of appraisals, regular one-to-ones, team and group meetings. This aims to improve communications at all levels, ensuring that CSD is a positive work environment and that issues/blockers can be raised and addressed. In some areas career graded roles have been instituted, and deployment can be further explored.</p>	<p>CSD is supporting the work of Corporate HR in moving towards all on-line appraisal documentation. This will enable greater tracking of compliance.</p>	Paul Wilkinson	08-Apr-2024	31-Mar-2025
SUR SMT 009c	<p>Communication</p> <p>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.</p>	<p>CSD is supporting the work of Corporate HR in moving towards all on-line appraisal documentation. This will enable greater tracking of compliance.</p> <p>Managers across the service have been active in ensuring that all start of year appraisals have been input into the system, and will do so again at the end of year point.</p>	Paul Wilkinson	08-Apr-2024	31-Mar-2025
SUR SMT 009d	<p>Engagement with HR</p> <p>Some of the items highlighted as the 'causes' of this risk are outside the control of CSD, and engagement with our Corporate partners will be critical to overcoming these items. This departmental risk directly supports the Corporate Risk on "Recruitment and Retention" (CR39).</p>	<p>The City Surveyor is a member of the organisation's Chief Officer Risk Management Group where this overarching corporate risk is regularly considered.</p> <p>Corporate HR have just started to explore the development of a new staff survey. The 2024 survey follows on from that delivered in 2022. This department has supported the development of the survey and is currently promoting completion (the survey is live from mid-April). It will look to develop an action plan when the results are released.</p>	Paul Wilkinson	08-Apr-2024	31-Mar-2025
SUR SMT 009e	<p>Equalities, Diversity and Inclusion</p> <p>The department has an active ED&amp;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. There is corporate HR representation on this departmentally-led Group</p>	<p>The ED&amp;I Group continue to meet monthly and have recently agreed an Action Plan for 2024 focussing around the themes of 'recruitment, development &amp; advocacy'.</p> <p>In January colleagues from the City's Procurement Unit spoke to the group around the diverse procurement event that was subsequently held at the Guildhall (March). The February meeting of the Group welcomed the leads from the organisation's new Social Mobility Network, looking to support the work of this network through the department. The March meeting included members from the Corporate Equalities unit updating the City Surveyor's Team on recent activity.</p>	Ola Obadara	08-Apr-2024	31-Mar-2025
SUR SMT 009f	<p>Pay and Review Survey</p> <p>The Corporation is reviewing pay &amp; reward</p>	<p>The department has highlighted that there are specific pressures within this department which may make the issue more acute within CSD roles. It should be noted that the earlier reward scheme (where those on top-of-grading salaries could achieve performance related pay) was withdrawn prior to the review conclusions, and this has made our local offer less competitive than our peers.</p> <p>The department is engaging with Korn Ferry in the Corporate review of pay and reward, and will be looking to implement recommendations wherever possible. Local feedback suggests</p>	Paul Wilkinson	08-Apr-2024	31-Mar-2025

		that whilst recruitment is possible, the limited scope for (pay and professional) progression means that retention is more challenging.			
--	--	---	--	--	--

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 011 <b>Contractor Failure</b>  13-Feb-2023 Ola Obadara	<b>Cause:</b> Market conditions <b>Event:</b> Failure of either a main contractor, or a substantial sub contractor <b>Impact:</b> Delayed delivery of projects, or the delivery of projects at a higher cost	 Likelihood Impact	<b>16</b>	This risk relates to the failure of a main contractor, or a main sub-contractor. Particularly with the second of these elements the City Corporation has not historically had significant influence over who is commissioned to undertake work.  Should a main contractor, or sub-contractor, fail, there are knock on implications for warranties, or our capacity to seek redress for any design faults. Recent industry uncertainty has raised the risk likelihood and this risk is now red (February 2024).  <b>08 Apr 2024</b>	 Likelihood Impact	<b>4</b>	31-Mar-2025	  Increase
							Reduce	

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 011a	Tendering  Seeking to have greater say over who a main contractor appoints as a sub-contractor. This will help reduce the likelihood of this risk occurring.	The department has commenced work with Procurement to ensure that our commissioning takes greater account of contractor and sub-contractor failure. We may need to have a greater say in who a main contractor identifies as an appropriate sub-Contractor. Further actions to follow this initial engagement.	Ola Obadara	08-Apr-2024	31-Mar-2025
SUR SMT 011b	Review Process  Regular review of contractors and their sustainability will reduce the likelihood of the risk, and help us put in place measures to reduce the impact.	The department is instituting six-monthly reviews of contractor suitability. Historically this only happened at contract commencement. This will better prepare the organisation should the contractor (or significant sub-contractor) begin to experience difficulty.	Ola Obadara	08-Apr-2024	31-Mar-2025



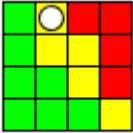
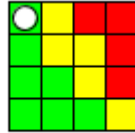

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
<p><b>SUR SMT 003 Investment Strategy Risk</b></p> <p>17-May-2021 Robert Murphy</p>	<p><b>Cause:</b> The business environment declines, 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</p>	 <p>Likelihood</p> <p>Impact</p>	<p><b>12</b></p>	<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. This then links closely with the department's Recruitment &amp; Retention risk (SUR SMT 009).</p> <p>The target date on this risk reflects a major review point. Investment Strategy will always be a risk, but the key drivers and extent of the risk will vary.</p> <p><b>08 Apr 2024</b></p>	 <p>Likelihood</p> <p>Impact</p>	<p><b>8</b></p>	<p>31-Mar-2025</p> <hr/> <p>Reduce</p>	<p></p> <hr/> <p>Constant</p>

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 003a	<p>Macro-economic</p> <p>Within an overarching Investment Strategy the objective will be to maintain a diverse portfolio that reduces the impact of this risk. This includes:</p> <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>An overarching investment strategy is being evolved for approval by Members to agree the approach to our real estate investments. The actions described will be undertaken in the context of the approved overarching strategy.</p> <p>Consideration includes the potential for recession, inflation, energy pricing etc. and how this will impact tenants and the wider market.</p>	Robert Murphy	08-Apr-2024	31-Mar-2025
SUR SMT 003b	<p>Portfolio</p> <p>Ensuring that the overall composition of the investment portfolio takes advantage of emerging segments of growth, whilst managing the exposure to property types which are showing reducing demand.</p>	The overarching Investment Strategy will define the targets and the tactical implementation will be achieved through regular market scanning, and the integration of learning into the Corporation's approach	Robert Murphy	08-Apr-2024	31-Mar-2025
SUR SMT 003c	<p>Climate Action</p> <p>The alignment of our portfolio with the future strategic needs of occupiers, particularly supporting their ESG (Environmental-Social-Governance) needs. Climate Action is principally managed through the Climate Action Strategy.</p>	Ensure that the investment portfolios are compliant with the emerging demands of both investors and occupiers as well as the Corporation's Climate Action strategy and Design Standards.	Robert Murphy	08-Apr-2024	31-Mar-2025
SUR SMT 003d	<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 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>	Robert Murphy	04-Apr-2024	31-Mar-2025
SUR SMT 003e	Retail	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 Rental	Robert Murphy	08-Apr-2024	31-Mar-2025

	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 is only now returning to activity seen pre-pandemic.	collection snapshot is being produced by Chamberlain's Department.			
SUR SMT 003f	Strategy The department will be reviewing its strategic approach to ensure that a portfolio approach is developed (rather than decisions being made on an asset-by-asset basis). This will ensure the on-going allocation of funds is balanced between different risks/returns	The Investment Property Director is developing the department's Investment Strategy. This is in early stages of development, and further information will be available over time.	Robert Murphy	08-Apr-2024	31-Mar-2025

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
26-May-2022  Robert Murphy; Peter Young	<p><b>Cause:</b> Revaluation of the City Corporation's estates (Investment and Corporate) does not happen in a timescale compliant with insurance policy requirements or the terms of leases.</p> <p><b>Event:</b> The City fails to meet the provision under its insurance policies that revaluations are undertaken by a RICS surveyor at least every five years (Investment and Corporate). The City is in breach of its legal obligations as a landlord under the terms of its leases to ensure that the full re-instatement value is insured .</p> <p><b>Impact:</b> The insurance policy does not respond in full (Investment and Corporate). Potential legal action from commercial occupiers in the event of an incident for which there is not appropriate cover.</p>	<p>Likelihood</p> <p>Impact</p>	12	<p>This risk identifies the need of re-valuation of the City of London Estates – (Investment and Corporate) to ensure that the City reaches its legal obligations under its insurance policies.</p> <p>The last on-site valuations of the Investment Property Group estate and Corporate buildings (other than special sites) was undertaken in 2015. Funding has recently been identified and a budget is now in place. Tender documents have been drafted.</p> <p>Once contractors are on-site and progressing with completing this activity the risk scoring should start to reduce towards target.</p> <p><b>08 Apr 2024</b></p>	<p>Likelihood</p> <p>Impact</p>	1	31-Mar-2025	
						Reduce	Constant	

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 010a	Register of data  Ensuring the completeness of the organisation's data sets to ensure that assets are not 'lost'. This ensures the accuracy of our risk scoring.	A property schedule exists and this has been updated with the survey carried out on Special Sites (by RLF).	Robert Murphy	08-Apr-2024	31-Jan-2025
SUR SMT 010b	Funding  The identification of funding streams to undertake any valuation work is key to the delivery of the programme.	Where leases allow, the cost can be recovered from commercial tenants, and operational occupiers as appropriate. Funding has been agreed and a budget line identified where relevant within the City Corporation.	John James; Robert Murphy	08-Apr-2024	31-Mar-2025
SUR SMT 010c	Delivery  Delivery of the programme of valuation activity. As this progresses the risk score will reduce to target.	The delivery of this activity will be done by an external party. We are currently reviewing properties and gathering information. The tender has been developed and is being finalised. Once approved an awarded, contractors will be engaged to progress with the activity.	Robert Murphy	08-Apr-2024	31-Mar-2025

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
<p><b>SUR SMT 012 Adjudication &amp; Disputes</b></p> <p>31-Aug-2023 Ola Obadara</p>	<p><b>Cause:</b> The impact of COVID-19 on project delivery.  <b>Event:</b> Regulations restricted access to sites and resulted in more design work being undertaken remotely. Productivity at sites was adversely impacted.  <b>Impact:</b> Increased likelihood that projects were designed correctly, and resulting legal and adjudication issues, reputational harm.</p>	 <p>Likelihood</p> <p>Impact</p>	<p>8</p>	<p>The COVID-19 pandemic resulted in 3 years of impact at project sites.</p> <p>Site productivity was limited (circa 60% productivity) and much design work was undertaken remotely, or with limited site access.</p> <p>This has created a situation where some sites were not designed correctly, or there are issues beyond that which would normally be expected on construction builds.</p> <p>We are now in a situation where we are engaged with legal discussions and adjudications with project suppliers in an effort to iron out issues with final products.</p> <p>The department's risk register has a separate risk relating to 'construction price inflation'. The inflation risk is wider as it also captures cost escalations due to other causes (Ukraine, energy, etc). This risk only focusses on adjudication &amp; disputes.</p> <p>This risk may remain on the register until projects commenced prior to, or during, the COVID-19 pandemic, have been delivered and finalised. The risk scoring will be kept under review.</p> <p><b>08 Apr 2024</b></p>	 <p>Likelihood</p> <p>Impact</p>	<p>4</p>	<p>31-Mar-2025</p>	<p></p> <p>Constant</p>

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 012a	<p>Project Review and Claims Consultant</p> <p>Claims consultant can advise the organisation where it can seek to recover money from suppliers (thereby reducing the impact).</p>	<p>The department is reviewing projects alongside the contracts to understand our position. Further, we have engaged external Claims Consultants to ensure that the City's position is protected, and risks managed.</p> <p>Whilst the Claims Consultant has been effective in seeking redress, unfortunately there is a volume of work that needs to be considered. The risk will be retained at its overall scoring until this knot of projects has been delivered and considered.</p>	Ola Obadara	08-Apr-2024	31-Mar-2025