

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

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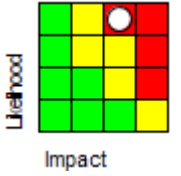
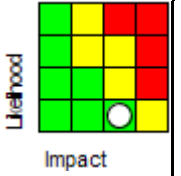

Generated on: 13 June 2024



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 Construction and Service Contracts 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		16  Material costs and labour availability are continuing to raise costs beyond that has been 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 happen. 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>13 Jun 2024</b>		31-Mar-2025  Reduce	  Constant

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, 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.	Ola Obadara	13-Jun-2024	31-Mar-2025
SUR SMT 005d	Contracts Exploring the potential to include different clauses into contracts such that work offered by the City remains attractive to suppliers.	The department and the Chamberlain's Procurement team have explored the inclusion of fluctuating provisions in our contracts. This 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.	Ola Obadara	13-Jun-2024	31-Mar-2025
SUR SMT 005e	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.	Ola Obadara	13-Jun-2024	31-Mar-2025
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. 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.	Ola Obadara	13-Jun-2024	31-Mar-2025

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SUR SMT 006 Construction Consultancy Management  14-Oct-2021 Ola Obadara	<b>Cause:</b> Poor performance by consultants <b>Event:</b> Abortive work, delays, or non-performance. <b>Impact:</b> Additional costs, project delays		16	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. Individuals assigned in the commercial market to City (and public sector generally) projects often do not have the skill and competency required to deliver the work to the standard required. This issue is being seen across the construction industry.  <b>13 Jun 2024</b>		4	31-Mar-2025	  Constant
							Reduce	

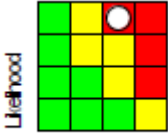
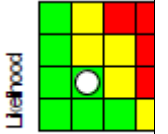

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SUR SMT 006a	Commissioning stage  The department has commenced going to market at RIBA stage 3 rather than RIBA stage 4. This is designed to prevent abortive design and development.	Close work with the Procurement team in Chamberlain's has resulted in this change. The impact will be tracked over the coming months.	Ola Obadara	13-Jun-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 which has increased end-to-end timescales. Due to public sector contract constraints, our ability to seek immediate redress from construction consultancy contractors is limited whilst action is taken, results take longer than would otherwise be possible in a commercial environment. The department is working with colleagues through the Construction Category Board on this item.	Ola Obadara	13-Jun-2024	31-Mar-2025
SUR SMT 006c	Procurement  Working with Procurement to increasing	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 number of avenues compared to commercial operators.	Ola Obadara	13-Jun-2024	31-Mar-2025

	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.	The City Surveyor's Department participated 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. Subsequently further engagement with colleagues has taken place to consider lessons learnt and next steps.			
SUR SMT 006d	<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>	<p>Detailed scoping is required to ensure that projects are delivered on-time and on-budget which can lead to extended lead times.</p> <p>Due to a wider lack of skills in the industry, consultants allocated to this element of work are making more errors than desired which has contributed to the overall red risk rating. Further actions are being explored; however, this is an industry wide issue (particularly for public sector organisations).</p>	Ola Obadara	13-Jun-2024	31-Mar-2025
SUR SMT 006e	<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>	Action has been taken against consultants where performance has been poor which has resulted in increased end to end timescales.	Ola Obadara	13-Jun-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 Corporate HR with embedding the on-line appraisal system which enables greater tracking of compliance with the performance management process.</p>	Paul Wilkinson	13-Jun-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>Managers across the department are in the process of ensuring that all end of year appraisals have been inputted into the system.</p>	Paul Wilkinson	13-Jun-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>Corporate HR have delivered a new staff survey, and the department will develop an action plan in September following analysis of the results.</p>	Paul Wilkinson	13-Jun-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 CSD ED&amp;I group continues to meet regularly and monitors and tracks delivery of the ED&amp;I action plan. The June meeting included updates from the Corporate Equalities team and the WIN and Carers and Parents staff networks. A neurodiversity all staff talk has been scheduled in September which will cover the full end-to-end process of responsible procurement, the contractor’s commitment to delivery, and the social value impact.</p>	Ola Obadara	13-Jun-2024	31-Mar-2025

SUR SMT 009f	Pay and Review Survey  The Corporation is reviewing pay & reward	The department has highlighted that there are specific pressures within this department in relation to the withdrawal of the earlier reward scheme (where those on top-of-grading salaries could achieve performance related pay) prior to the review conclusions which has made our remuneration package less competitive than our peers. The department is engaging with Korn Ferry who are currently conducting the Ambition 25 review of pay and reward. Local feedback suggests that whilst recruitment is possible, the limited scope for (pay and professional) progression makes retention is more challenging and existing staff are concerned about their current pay and of potential negative impact from Ambition 25.	Paul Wilkinson	12-Jun-2024	31-Mar-2025
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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	16	This risk relates to the failure of a main contractor, or a main sub-contractor. In particular, the City Corporation has not historically had a 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 remains at Red.  <b>13 Jun 2024</b>	 Likelihood Impact	4	31-Mar-2025  Reduce	  Constant

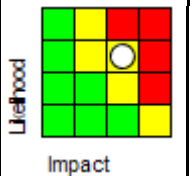
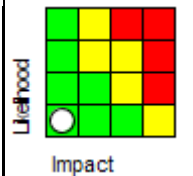

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SUR SMT 011a	Tendering  Seeking to have greater say over who a main contractor appoints as a sub-contractor. This will help reduce the likelihood of this risk occurring.	The department has commenced work with Procurement to ensure that our commissioning takes greater account of contractor and sub-contractor failure into consideration. 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	13-Jun-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 if the contractor (or significant sub-contractor) begins to experience difficulty.	Ola Obadara	13-Jun-2024	31-Mar-2025




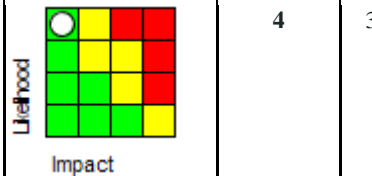




SUR SMT 003b	Portfolio Ensuring that the overall composition of the investment portfolio takes advantage of emerging segments of growth, whilst managing the exposure to property types which are showing reducing demand.	The overarching Investment Strategy will define the targets and the tactical implementation will be achieved through regular market scanning, and the integration of learning into the Corporation's approach.	Robert Murphy	21-Feb-2024	31-Mar-2025
SUR SMT 003c	Climate Action 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.	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	13-Jun-2024	31-Mar-2025
SUR SMT 003d	Office risk Reviewing post-pandemic office use and demand.	<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 to attract 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	13-Jun-2024	31-Mar-2025
SUR SMT 003e	Retail 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.	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.	Robert Murphy	13-Jun-2024	31-Mar-2025
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	13-Jun-2024	31-Mar-2025

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SUR SMT 010 <b>Insurance - Investment and Corporate Estates</b>  26-May-2022 Robert Murphy;	<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. <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 <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.	 12	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.  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.  Once contractors are on-site and progressing with completing this activity the risk rating should start to reduce.  <b>13 Jun 2024</b>	 1	31-Mar-2025  Reduce	  Constant

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SUR SMT 010a	Register of data  Ensuring the completeness of the organisation's data sets to ensure that assets are not 'lost' and 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	13-Jun-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	13-Jun-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. Investment Property Group are currently reviewing properties and gathering information. The tender has been developed and is being finalised and once approved and awarded, contractors will be engaged to progress with the activity.	Robert Murphy	13-Jun-2024	31-Mar-2025

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SUR SMT 012 <b>Adjudication &amp; Disputes</b>  31-Aug-2023 Ola Obadara	<p><b>Cause:</b> The impact of COVID-19 on project delivery.</p> <p><b>Event:</b> Regulations restricted access to sites and resulted in more design work being undertaken remotely. Productivity at sites was adversely impacted.</p> <p><b>Impact:</b> Increased likelihood that projects were designed correctly, and resulting legal and adjudication issues, reputational harm.</p>		8	<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>		4	31-Mar-2025	Constant

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SUR SMT 012a	Project Review and Claims Consultant  Claims consultant can advise the organisation where it can seek to recover money from suppliers (thereby reducing the impact).	The department is reviewing projects alongside the contracts to understand our position and has engaged an external Claims Consultants to ensure that risks are managed, and the City's position is protected. Whilst the Claims Consultant has been effective in seeking redress, unfortunately there is a volume of work that needs to be considered. The current risk scoring will be retained until this knot of projects has been delivered and considered.	Ola Obadara	13-Jun-2024	31-Mar-2025