## 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 & So	core	Target Date/Risk Approach	Current Risk score change indicator
SUR SMT 005 Construction and Service Contracts Price Inflation beyond that which was anticipated or planned  14-Oct-2021 Ola Obadara	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	Impact	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.  The risk scoring was reviewed by the Department in October following feedback from Members. Whilst the high levels of material inflation seen earlier has abated, the City has yet to see a significant levelling in tender returns. As such the risk was maintained as a red risk. As with all risks, this will be reviewed regularly.  Market conditions remain dynamic and will be kept under review. As such the target date should be considered a review point.	Impact	6	31-Mar- 2025	Constant

Action no	Action description	Latest Note		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 Obada ra	22-Oct- 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 to 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 Obada ra		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 Obada ra	22-Oct- 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 Obada ra	22-Oct- 2024	31-Mar- 2025

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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	Impact		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. The 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 construction industry, although is more pronounced in public sector bodies.  31 Oct 2024	Impact	4	31-Mar- 2025	Constant

Action no	Action description		Latest Note Date	Due Date
	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.	 	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 limited so 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	31-Oct- 2024	31-Mar- 2025
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.	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.  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.	Ola Obadara	31-Oct- 2024	31-Mar- 2025
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 which 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 which has contributed to the overall red rating to this risk. Further actions are being explored, however, this is an industry wide issue (particularly for public sector organisations).		31-Oct- 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	Action has been taken against consultants where performance has been poor and end to end timescales have increased.	Ola Obadara	31-Oct- 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
Recruitment and retention of property professional	Cause: 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  Event: 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)  Impact: 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 borne by the organisation though recruitment campaigns and training etc, or to the department through filling vacancies through comparatively expensive temporary contracts.	Impact		This risk has been identified across several divisions of the City Surveyor's Department especially within Investment Property, Surveying and Project Management.  A reviewed conducted in October 2024 confirmed the risk score which remains unchanged due to specific issues in certain industries.  The department is actively collaborating with Corporate colleagues to address this risk in the long term.  The risk will be kept under review, with the target date reflecting this ongoing review.	Impact	8	31-Mar- 2025	
21-Jan-2022				22 Oct 2024			Reduce	Constant
Paul Wilkinson								

Action no	Action description	Latest Note	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 followed Corporate best practice recruitment document (i.e. diverse panels) which has been well received by staff.		31-Mar- 2025
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.	enables greater tracking of compliance with the performance management process.	 	31-Mar- 2025

SUR SMT 009c	Including delivery of appraisals, regular one-to-ones, team	Managers across the service ensured that all end-of-year (2023/24) and start-of-year (2024/25) appraisals were complete and inputted into the on-line HR system. The department is currently ensuring that all mid-year appraisals are complete in line with our Corporate timescales. This evidences the regular engagement between managers and staff members.	Paul Wilkinson	22-Oct- 2024	31-Mar- 2025
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 Risk on "Recruitment and Retention" (CR39).	Corporate HR have completed the 2024 all staff survey. Results of this survey have been communicated to all staff within the department and an Action Plan developed. This draft Action Plan has been shared with staff for comment and further development. Progress will be reported Corporately bi-monthly.  Some departmental feedback will be addressed corporately as the reflections of City Surveyor's staff are often aligned with the thoughts / feedback of those in other departments. The department will be communicating locally the progress of this organisational Action Plan.	Paul Wilkinson	22-Oct- 2024	31-Mar- 2025
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. There is corporate HR representation on this departmentally led Group.	8 1 8 1 8 1 8 1 8 1 8 1 8 1 8 1 8 1 8 1	Ola Obadara	22-Oct- 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 has noted that there is some apprehension about the Ambition 25 programme, and this item has been communicated to the project team.  Overall, the department has noted that whilst recruitment is possible, the limited scope for (pay and professional) progression makes retention more challenging.	Paul Wilkinson	22-Oct- 2024	31-Mar- 2025

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SUR SMT 011 Contractor Failure  13-Feb-2023 Ola Obadara	Cause: Market conditions  Event: Failure of either a main contractor, or a substantial sub-contractor  Impact: Delayed delivery of projects, or the delivery of projects at a higher cost	Impact		This risk pertains to the potential failure of a primary contractor or a key sub-contractor. Notably, the City Corporation has traditionally lacked substantial control over the selection of entities assigned to perform work.  In the event of a failure by a primary contractor or sub-contractor, there could be consequential effects on warranties and our ability to pursue remedies for any design deficiencies. Recent fluctuations in the industry have heightened the probability of this risk, which continues to be classified as Red.  22 Oct 2024	Impact	4	31-Mar- 2025	Constant

Action no	Action description			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 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.		22-Oct- 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.	5 · · · · · · · · · · · · · · · · · · ·	Ola Obadara		31-Mar- 2025

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SUR SMT 003 Investment Strategy Risk	Cause: The business environment declines, or changes resulting in misalignment of the portfolio with growth; flexible working reduces central London demand, retail tenant failure, or demand moves away from City of London assets.  Event: Lower rental levels achieved, lower demand, increased turnover of tenancies, increased tenant failure Impact: Inability to maximise property returns and income for an acceptable level of risk	Impact	12	This risk captures a number of subrisks which may impact the organisation's ability to maximise its property returns for an acceptable level of risk.  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.  As the composition of the portfolio changes, new skills will be required by those working within the function. This links closely with the department's Recruitment & Retention risk (SUR SMT 009) and IPG staffing and capacity risk (SUR SMT 016)  The demands of the Corporation's MTFP requiring realised capital to be applied outside the portfolio, will undermine reinvestment in the portfolio to achieve Strategy ambition and therefore alignment with growth.  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.	Impact	8	Reduce	Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 003a	Macro-economic  Within an overarching Investment Strategy, the objective will be to maintain a diverse portfolio that reduces the impact of this risk. This includes:  1. Use (office, retail, industrial)  2. Location (City, Southwark, West End etc.)  3. Tenancies (Long term Headlease geared, FRI, directly managed)  4. Covenants (multinationals, SME)  5. Asset management (lease renewals, voids, arrears, etc.  6. Monitoring retail habits in change of building use	An overarching investment strategy was approved by Members, agreeing the approach to our real estate investments.  The delivery of this strategy will require an appropriately shaped resource base, and this has now been approved by the organisation's governance and will be implemented over the coming months.  Consideration includes the potential for recession, inflation, energy pricing etc. and how this will impact tenants and the wider market.	Robert Murphy	22-Oct- 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 defines the targets. Tactical implementation will be achieved through regular market scanning, and the integration of learning into the Corporation's approach.	Robert Murphy	28-Oct- 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. which includes Carbon Net Zero (CNZ) and Resilient Buildings protocols.	Robert Murphy	28-Oct- 2024	31-Mar- 2025
SUR SMT 003d	Office risk  Reviewing post-pandemic office use and demand.	The department is monitoring key market use through data supplied by partners (such as footfall information), market research reports, and tenant feedback.  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).  The team is working with Corporate colleagues in connection with the "Destination City" agenda, particularly in highlighting market trends to Members and key stakeholders.	Robert Murphy	22-Oct- 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	22-Oct- 2024	31-Mar- 2025

SUR	SMT 003f	67	The Investment Strategy was approved by Members in July. Resourcing has now been agreed by Members and the team is gearing up to re-shape its services to be able to achieve the		31-Mar- 2025
		•	Strategy.  The Corporation's financial needs may detract from the ability of the portfolios to fund the activities of the Investment Strategy and modernise the portfolio.		

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SUR SMT 016 Investment Property Group staffing and Capacity	Cause: Capacity and the existing skill set of the team is misaligned to deliver changing requirements.  Event: Inability to undertake the management of the portfolio at the pace expected by the Market or by senior stakeholders and undertake new requirements as required by the City of London Corporation.  Impact: Slow engagement with third parties, reduced capacity to optimise income/capital and ability to react to changes in market conditions at pace impacting on the delivery of the City Corporation's Medium Term Financial Plan, delays to major projects/organisational initiatives, negative impacts on customer/ employee satisfaction and the investment portfolio does not meet its CAS targets.	Impact	12	This risk identifies the significant volume and change in the nature of activities to be delivered by the team including; more demanding Investment Objectives, supporting delivery of major projects, increased lease restructurers and transactions, implementation of Destination City and City Occupiers Strategy and City Bridge Foundation (CBF) being an independent client with different reporting requirements and investment strategy.  Recruitment efforts are currently in progress, and the risk has shifted to a resource success risk, with the evaluated target resources deemed adequate to fulfil demands. As noted in the Recruitment & Retention risk (SUR SMT 009), we are awaiting confirmation on whether the financial package and overall corporate offer will be attractive enough to draw in the appropriate candidates.  25 Oct 2024	Impact	2	31-Mar- 2025	Decreasin g

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SUR SMT 016a	Funding Funding request to resource the extra capacity and capability required	The department presented the Real Estate Investment Strategy to Investment Committee in July 2024. This document highlighted the pressures the function is facing, the changing demands of the market and of the organisation, and how this could be addressed. Included within this was the consideration of additional capacity and capability.  This paper was supported at Investment Committee and has subsequently been approved at Corporate Services Committee in September 2024. This will enable the unit to start considering subsequent steps (recruitment, secondments, etc).	Robert Murphy		31-Mar- 2025
SUR SMT 016b	Training  Training on new capabilities to be delivered to existing IPG staff.	Training on new capabilities to be delivered to existing IPG staff (FCA licence and regulatory qualifications, data, analytics, structuring JVs) where appropriate.	Robert Murphy		31-Mar- 2025
SUR SMT 016d	City Bridge Foundation Approval  Seek City Bridge Foundation's approval to the cost consequences of enhanced capability.	Investment Property Group will seek City Bridge's Foundation (CBF) formal approval following Investment Committee in July and Corporate Services Committee in September. The Group has been working closely with CBF throughout.	Robert Murphy		31-Mar- 2025
SUR SMT 016e	Secondments  To consider whether secondments within IPG would support the influx of corporate requests.	This will be considered post October.	Robert Murphy		31-Mar- 2025

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SUR SMT 010 Insurance - Investment and Corporate Estates	Cause: 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.  Event: The City fails to meet the provision under its insurance policies which typically require revaluations by a qualified person are undertaken at least every five years (Investment and Corporate). The City would be 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.  Impact: The insurance policy does not respond in full (Investment and Corporate	Impact	8	This risk identifies the need of revaluation of the City of London Estates – (Investment and Corporate) to ensure that the City reaches its legal obligations under its insurance policies.  Funding and resource are being applied. The valuations of CBF are nearly complete; City Fund properties have been tendered; and City Estate will go to tender shortly.  22 Oct 2024	Impact	1	31-Mar- 2025	Constant

Action no	Action description	Latest Note		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' 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	22-Oct- 2024	31-Jan- 2025
SUR SMT 010b		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	22-Oct- 2024	31-Mar- 2025
SUR SMT 010c	1	The delivery of the valuations will be via an external valuer. Service delivery is either underway or in procurement.	Robert Murphy	22-Oct- 2024	31-Mar- 2025

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SUR SMT 012 Adjudication & Disputes  31-Aug-2023 Ola Obadara	Cause: The impact of COVID-19 on project delivery.  Event: Regulations restricted access to sites and resulted in more design work being undertaken remotely. Productivity at sites was adversely impacted.  Impact: Increased likelihood that projects were designed correctly, and resulting legal and adjudication issues, reputational harm.	Impact	The COVID-19 pandemic resulted in 3 years of impact at project sites.  Site productivity was limited (circa 60% productivity) and much design work was undertaken remotely, or with limited site access.  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.  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.  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 & disputes.  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.	Impact	4	31-Mar- 2025	Constant

Action no	Action description		Latest Note Date	Due Date
	Claims consultant can advise the	The department is reviewing projects alongside the contracts to understand our position and have 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.	C	31-Mar- 2025