

City of London Corporation Committee Report

Committee(s)	Dated:
Resource Allocation Sub (Policy and Resources) Committee – For information	11 December 2024
Subject: The City Surveyor’s Corporate and Departmental Risk Register 2024 Update	Public report: For information
This proposal: Delivers Corporate Plan 2024-29 outcomes	Providing Excellent Services, Leading Sustainable Environment, Flourishing Public Spaces, Dynamic Economic Growth
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain’s Department?	N/A
Report of:	The City Surveyor and Executive Director of Property (CS no.297/24)
Report author:	John Galvin/Anna Flashman/Faith Bowman - City Surveyor’s Department

Summary

- This report has been produced to provide Members of the Resource Allocation Sub (Policy and Resources) Committee (RASC) with a quarterly update on the management of risks within the City Surveyor’s Department.
- The City Surveyor’s Departmental Risk Register is reported to both RASC and Investment Committee, with each Committee receiving information aligned with their terms of reference. The way that the risks map to the two Committees are included as Appendix A. Only risks relevant to this Committee are included within the detailed risk register (Appendix B). The full departmental risk register is available on request.
- The City Surveyor as Head of Profession of Estates and Facilities Management is the lead Chief Officer for one corporate risk - Maintenance and renewal of Corporate Physical Operational Assets (excluding housing assets), CR 37. The delivery of the Cyclical Works Programme (CWP) is a key mitigation of this risk. Following the recent approval of additional funds, the five-year delivery programme is being mobilised. This risk has been redefined to encompass property-related risks throughout the broader non-housing estate, including assets that fall outside the direct accountability of the City Surveyor. Under the organisation’s property model, accountability for the delivery of mitigating activities often lies with the relevant Chief Officer in occupation as indicated on Appendix B.

- There are eleven risks managed by the City Surveyor relevant to this Committee. In addition to CR37, there are a further five departmental risks are recorded as red.

The red risks currently being managed are:

- SUR SMT 017 – MCP disruption necessitating the Markets remaining in existing buildings, requiring further investment in maintenance works
Current risk score 24 (Red)
- SUR SMT 005 – Construction and Service Contracts Price Inflation
Current risk score 16 (Red)
- SUR SMT 006 – Construction Consultancy Management
Current risk score 16 (Red)
- SUR SMT 009 – Recruitment and retention of property professionals
Current risk score 16 (Red)
- SUR SMT 011 – Contractor failure
Current risk score 16 (Red)

Recommendation

- Members are asked to note this report, and the actions taken and being taken to effectively monitor and manage risks arising from our operations.

Main Report

Background

1. The City of London Corporation's Risk Management Strategy 2024-29 (RMS) requires each Chief Officer to report regularly to Committee the key risks faced in their department. The City Surveyor's Department (CSD) reports quarterly to both Investment Committee (IC) and Resource Allocation Sub (Policy and Resources) Committee (RASC).
2. Aligned with the new reporting arrangements we report to your Committee the risks which are relevant under the Committee's terms of reference. For clarity and transparency Appendix A provides a summary table of all departmental risks and the Committee to which they are reported. The full departmental risk register is available to Members upon request.
3. The risks relevant to this Committee are included as Appendix B to this report.
4. Risks are reviewed regularly by the department's Senior Management Team (SMT) in line with the organisation's RMS. Risks are assessed on a likelihood-impact basis, and the resultant score is associated with a traffic light colour.
5. Should any changes occur between formal meetings a process exists such that risks can be captured, assessed, and mitigating activities considered. This ensures that the risk management process remains 'live.'

Current Position

6. The key points to note for this period are captured below:

- a. CR 37
Maintenance and Renewal of Corporate Physical Operational Assets
(excluding housing assets)
Current Risk Score 16 (Red)

The delivery of the Cyclical Works Programme (CWP) is a key mitigation of this risk for those specific assets within this programme. Following the recent approval of additional funds, the five-year delivery programme is being mobilised. This risk has been redefined to encompass property-related risks throughout the broader non-housing estate, including assets that fall outside the direct accountability of the City Surveyor. This is in line with discussions at the organisation's Chief Officer Risk Management Group. Under the organisation's property model, accountability for the delivery of mitigating activities with advice from the City Surveyor often lies with the relevant Chief Officer in occupation and their own ringfenced budgets. Where relevant this has been noted within Appendix B.

- b. SUR SMT 017
MCP disruption necessitating the Markets remaining in existing buildings, requiring further investment in maintenance works
Current Risk Score 24 (Red)

The evaluation of the co-location programme for the markets is currently underway to ensure the financial sustainability of the programme. Should this assessment result in a delay in relocating existing markets to the proposed new site, there will be a requirement to undertake further maintenance and renewal actions at the current market locations. A comprehensive evaluation of this risk will be conducted, and supplementary mitigation strategies will be developed, following the completion of the review and a decision is made by the Court of Common Council.

- c. SUR SMT 005
Construction and Service Contracts Price inflation
Current Risk Score 16 (Red)

The Department re-evaluated the risk scoring in October after receiving feedback from Members. Whilst the high levels of material price inflation seen earlier has abated, the City has yet to see a significant levelling in tender returns. Therefore, this risk remains as a Red risk. The department continues to collaborate with the Chamberlain's procurement team to encourage a larger pool of contractors to participate in bidding for projects, and the use of Two Stage contracts aligned with current market practices. The department will continue to regularly review this risk and to pursue mitigation strategies wherever possible.

- d. SUR SMT 006
Construction Consultancy Management
Current Risk Score 16 (Red)

The expertise and qualifications of construction consultants in the public sector frequently differ from those found in the commercial sector.

To mitigate this issue, the department is working in close partnership with the City's Procurement team, the legal department, and the Construction Category Board to ensure due diligence in the procurement process. Furthermore, the department is pursuing actions against consultants whose performance does not adhere to established quality standards. In some instances, this may result in extended project timelines.

The department is now initiating market engagement at RIBA stage 3 rather than RIBA stage 4 to prevent unnecessary design and development efforts. The effects of this adjustment will be monitored in the upcoming months.

- e. SUR SMT 009
Recruitment and Retention of Property Professionals
Current Risk Score 16 (Red)

The risk scoring on this item was reviewed again by the department's management team in October which confirmed there remains considerable competition with the private sector and other public bodies for attracting skilled and experienced property professionals within our current pay structure, especially in the fields of commercial Surveying and Project Management.

The department has conveyed these challenges at a corporate level and is actively contributing to the broader organisational pay and reward review (Ambition 25) to address this risk. It is important to note that this issue has also been recognised as a Corporate Risk (CR 39 Recruitment and Retention).

- f. SUR SMT 011
Contractor failure
Current Risk Score 16 (Red)

This risk pertains to the potential failure of a primary contractor or a principal sub-contractor.

The City Corporation has historically had limited control over the selection of those commissioned for work, particularly regarding the latter. In the event of a failure by either a main contractor or sub-contractor, there could be subsequent effects on warranties and the ability to pursue remedies for design defects.

To address this, the department is now conducting biannual assessments of contractor suitability, a practice that previously took place only at the start of a contract. This change is expected to prepare the City of London Corporation if a contractor encounters challenges.

Recent industry fluctuations have heightened the probability of this risk; therefore, its risk status continues to be classified as Red.

Corporate & Strategic Implications

Strategic implications

7. Organisationally strategic risks are managed on the City Corporation's Corporate Risk Register. Currently the City Surveyor has one risk on this register, CR 37 – Maintenance and Renewal of Corporate Physical Operational Assets (excluding housing assets).

Financial implications

8. Should a risk manifest there may be financial impacts. The assessment of risk includes consideration of potential financial implications, and this is reflected within the risk scoring.

Resource implications

9. The progression of mitigating activities often requires the provision of adequate resources. Where relevant this has been highlighted within the risk actions.

Legal implications

10. Legal and contractual implications are highlighted where relevant within the department's Risk Register.

Risk implications

11. Key risks managed by the department are included in this Risk Update Report.

Equalities implications

12. The department's risk register highlights the importance of equalities, diversity, and inclusion, particularly through mitigations associated with SUR SMT 009 – Recruitment and Retention of Property Professionals.

Climate Implications

13. The department supports the delivery of the Climate Action Strategy through the delivery of minor and major projects. This capacity has been enhanced by the agreement of funding for the Cyclical Works Programme, which includes £18m in carbon reduction works.

Security implications

14. None

Conclusion

15. Members are requested to acknowledge the recent updates to the departmental risk register and the ongoing measures implemented by the department's officers to reduce the probability and/or consequences of identified risks.
16. The ongoing allocation of funds for the maintenance and renewal of the City's operational property portfolio continues to be a key corporate focus for Members within the framework of the overall medium-term financial strategy.
17. The risk status within the department remains consistent with previous reporting periods. Continuous monitoring of SUR SMT 017 MCP is in place, particularly concerning the Markets Co-location Programme and the consequent prolonged utilisation of current sites. This risk will undergo a comprehensive review, and further mitigation strategies will be developed upon the conclusion of the Markets Co-location Programme review.

Appendices

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

Background Papers

- The City Surveyor The City Surveyor's Departmental Risk Register – September 2024 Update (CS248/24)

Departmental Performance & Services
City Surveyor's Department