

Committee(s)	Dated:
Resource Allocation Sub (Policy and Resources) Committee – For information	03 February 2025
Subject: The City Surveyor's Corporate and Departmental Risk Register January 2024 Update	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	Providing Excellent Services, Leading Sustainable Environment, Flourishing Public Spaces, Dynamic Economic Growth
Does this proposal require extra revenue and/or capital spending? N/A	N
If so, how much? N/A	N/A
What is the source of Funding? N/A	N/A
Has this Funding Source been agreed with the Chamberlain's Department? N/A	N/A
Report of: The City Surveyor and Executive Director of Property (CS.004/25)	For Information
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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 (HOP) of Estates and Facilities Management is the lead co-ordinating Chief Officer for one corporate risk – Maintenance and renewal of Operational Property Assets (excluding housing assets), CR 37. The City Surveyor's direct accountability for certain key assets and delivery responsibility has been mitigated by the CWP backlog funding and ongoing works programme which was reported to this Committee in December 2024. However, not all assets are funded from the CWP such as those with ring fenced budgets or service charges. The department is actively engaging with colleagues within HR to develop the HOP roles to provide further clarity to the organisation in relation to roles and responsibilities across all professional functions.

Following a comprehensive review of SUR SMT 017 (MCP disruption necessitating the Markets remaining in existing buildings, requiring further investment in maintenance works), the risk title has been updated to "Markets Parliamentary Bill" and its risk rating has been reduced.

There are eleven risks managed by the City Surveyor relevant to this Committee. In addition to the corporate risk CR37, there are a further five departmental risks at a 'red' status:

- SUR SMT 017 – Markets Parliamentary Bill
- SUR SMT 005 – Construction and Service Contracts Price Inflation
- SUR SMT 006 – Construction Consultancy Management
- SUR SMT 009 – Recruitment and retention of property professionals
- SUR SMT 011 – Contractor failure

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) and Risk Management Policy 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. 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)

Under the City of London's operating model, it is the Chief Officer in occupation who is accountable for the identification and mitigation of property related risks within their area of control. This is done with the professional advice of the City Surveyor as Head of Profession (HOP) for Estates and Facilities Management.

The delivery of the Cyclical Works Programme (CWP) is a key mitigation under the City Surveyor's responsibility for those operational assets within this programme. The new programme team was established in October 2024 and works have commenced with the incumbent contractors. A progress update was

reported to this Committee in December 2024 and updates will be provided every six months.

- b) SUR SMT 017 Markets Parliamentary Bill (previously MCP disruption necessitating the Markets remaining in existing buildings, requiring further investment in maintenance works)
Current Risk Score 16 (Red)

Following the decision of the Court of Common Council (26th November 2024) to end its interest in co-locating the wholesale food markets of Smithfield and Billingsgate to a new site at Dagenham Dock, the City of London has submitted a Private Bill to Parliament aimed at de-marketizing Smithfield and Billingsgate by 2028. In the interim, the City will be refreshing its maintenance strategy that is both proportional and suitable to ensure the continued operation of the markets until their eventual closure.

Following a comprehensive review of this risk by the CSD Senior Management Team in January the risk score has moved from 24 (Red) to 16 (Red) with the likelihood now 2 (unlikely), instead of 3 (possible) and the title was renamed to accurately reflect this risk update.

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

The Department re-evaluated the risk scoring in January after receiving 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. Although construction inflation is no longer rising at previous rates, six contractors (main and sub) working on City sites have recently gone into administration. This suggests that the industry remains sensitive to cost, with much of the increase passed onto commissioning parties. Greater allowances are being made in Costed Risk Provision (CRP), and more detailed contractor credit checks are being undertaken, however, there remains a degree of financial risk. As such, this risk remains a Red risk. The department will continue to regularly review the risk status and pursue mitigation strategies wherever possible.

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

The quality and expertise of external consultants on recent projects has led to gaps in design and cost increases.

To address this disparity, the department is collaborating closely with the Procurement team, the legal department, and the Construction Category Board. Additionally, the department is actively taking measures against consultants whose performance fails to meet established quality standards, as this can lead to delays in project timelines and additional cost. Officers are offering guidance to contractors regarding the new Building Act to enhance their understanding of the new safety regulations.

In January 2025, this risk was reviewed by the CSD Senior Management Team who agreed that the target risk rating would be increased from 4 to 6 due to incomplete designs received from consultants on recent projects, which has led to higher contractor costs.

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

This risk has been identified across multiple divisions of the City Surveyor's Department, particularly in Investment Property, professional Surveyors and Project Management.

The department has conveyed these challenges at a corporate level and is contributing to the organisational review (Ambition 25). This item 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 is associated with the possible failure of a primary contractor or a significant sub-contractor. The City Corporation has historically had limited influence over the selection of sub-contractors designated to carry out work.

A process addressing contractor failure has been established and communicated to the Construction Category Board.

Should a primary contractor or their sub-contractor fail, there may be adverse implications for warranties and our capacity to seek remedies for any design flaws. Recent industry uncertainty has increased the likelihood of this risk, with six contractors (main and sub) working on City sites going into administration. This risk continues to be classified as Red as there remains financial and reputational impacts despite mitigations such as regular credit checks. Contractor failure can lead to additional delivery costs, delays in project completion, as well as increased consultant and legal expenses.

Corporate & Strategic Implications

Strategic implications

7. Organisationally strategic risks are managed on the City Corporation's Corporate Risk Register. Currently the City Surveyor co-ordinates and leads on 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 and mitigations being taken.

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 decarbonisation works.

Security implications

14. None

Conclusion

15. Members are requested to acknowledge the recent updates to the departmental risk register and the measures being 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, renewal and management 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 aligned with previous reporting periods. The notable exception is the risk title of SUR SMT 017 (Markets) has changed, and its rating reduced following its comprehensive 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)
- The City Surveyor The City Surveyor's Departmental Risk Register – December 2024 Update (CS297/24)

Departmental Performance & Services

City Surveyor's Department