

City of London Corporation Committee Report

Committee: Investment Committee – For decision	Dated: 21 July 2025
Subject: Risk Register Update for Investment Committee	Public report: For decision
This proposal: <ul style="list-style-type: none"> 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 / The Chamberlain (CS.152/25)
Report author:	Sarah Port and Jenny Wong – Chamberlain's Department John Galvin, Faith Bowman – City Surveyor's Department

Summary

This report is produced quarterly to provide Members of Investment Committee (IC) with an update on the management of risks relevant to this Committee.

This report includes an update on three risk registers:

- Overarching Risk Register – This captures risks relating to the overall investment portfolio e.g. allocation between asset classes; risks common to both portfolios e.g. governance risk; and arrangements over liquidity which sit above the portfolios. This register is included as Appendix A.
- City Surveyor's Departmental Risk Register – The City Surveyor's Department (CSD) maintains a comprehensive risk register of matters pertaining to the department's operation and objectives. Where these risks are relevant to this Committee, these have been included in Appendix B.
- Corporate Treasury Risk Register – captures risks relating to the treasury function and the City's Estate financial investments (Appendix C).

Since the risk registers were last reviewed at the May meeting, the following change has been made in relation to the Overarching Risk Register:

- IC 04 Cashflow Management** has decreased in likelihood reducing it from an 8 (Amber) to a 4 (Green) as cash flow modelling has now been developed and is monitored and updated regularly.

In relation to the CSD Risk Register, the following changes have been made:

- **SUR SMT 009 Recruitment and retention of property professionals** has been decreased from 16 (Red) to a 12 (Amber). This change reflects positive outcomes of recent recruitment efforts.
- **SUR SMT 016 Investment Property Group Staffing and Capacity** has also decreased in likelihood giving it a reduced rating from a 12 (Amber) to an 8 (Amber) and SUR. This reflects positive progress in recruiting to vacant positions.
- **SMT 010 Insurance – Investment and Corporate Estate** has reduced in scoring from an 8 (Amber) to a 4 (Green) reflecting the progression of the valuation process.

Recommendation(s)

Members are asked to:

- Consider the overarching risks and mitigations relating to the overall investment portfolio overseen by the Investment Committee (Appendix A).
- Note the actions taken across the organisation to effectively monitor and manage risks in the City Surveyor's operations (Appendix B) and review the existing risks and actions on the IC Financial Investments risk register (Appendix C) and confirm that appropriate control measures are in place.

Main Report

Background

1. The City Surveyor's Department (CSD) and the Chamberlain's Corporate Treasury Team report to the Investment Committee (IC) those risks relevant to your Committee under your Terms of Reference. Further, an overarching register has been in development capturing high-level risks to the investment portfolio.
2. Following discussions at the May 2024 IC, it was agreed that a single report would be presented to Members on a periodic basis. CSD must report its risks on a quarterly basis in line with the Corporation's Risk Management Strategy, 2024 - 2029 (RMS), and therefore the other registers must be presented in line with this frequency. Previously risks relating to Corporate Treasury were only reported to Committee on a six-monthly basis.
3. Risks to the overall investment portfolio such as allocation between asset classes, risks common to both portfolios, governance risks, and arrangements over liquidity which sit above the portfolios, are captured within the Overarching Risk Register.

Review of Risks

4. The method of assessing risk reflects the City of London's standard approach as defined in the RMS. The risk matrix, which explains how risks are assessed and scored is attached at Appendix D. These scores are summarised into three broad groups, each with increasing risk, and categorised "green", "amber" and "red".


5. Appendix B relates to risks owned by CSD, capturing items which could impact the performance of the investment property portfolio. Appendix C relates to risks owned by Corporate Treasury, helping identify and manage the strategic risks facing the City's non-property investments.
6. Each risk presented in the Risk Register is accompanied by one or more "action(s)" which reflect how the risk is managed and mitigated. A "due date" for required completion is set against each action. Due to the nature of the risk overseen by the Committee in many cases it is impossible to entirely eliminate a risk, and therefore corresponding actions will always remain live. These ongoing actions are necessary to maintain the current risk score. Where this is the case the Risk Register includes an annual update, which will be reviewed each year.



Current Position

Overarching Portfolio Risk register (Appendix A)

8. The Overarching Risk Register for the investment portfolio has been developed further and mitigating actions included for:
 - Investment performance strategy,
 - External economic factors,
 - Overarching risk in relation to sustainability and impact – which is broken down in a more nuanced way in each of the property and financial investment risk registers,
 - Cash flow management risk – formerly sitting in the financial investment risk register,
 - Governance risk – formerly sitting in the financial investment portfolio.
9. The Overarching Risk Register contains five risks which are summarised in Table 1 below and are ranked by their current risk score.
10. Officers have reviewed the Risk Register to establish whether the risk environment has changed, and risks have been reviewed and updated where necessary. Updates to the Risk Register are underlined throughout. Table 1 below provides a summary of the risks.
11. Following officer review, the risk rating for **IC 04 Cashflow Management** has decreased in likelihood reducing it from an 8 (Amber) to a 4 (Green). Cash flow modelling has now been developed and is monitored and updated regularly which has reduced the likelihood of this risk and has brought it in line with the target risk rating and score.

Table 1: Summary table of risks for overall investment portfolio relevant to Investment Committee

Risk code	Risk title	Current Risk Score	Current Risk Score Indicator	Trend Icon
IC 02	External Economic Risk	12		
IC 01	Investment Performance Strategy Risk	6		

IC 05	Sustainability and Impact	6		
IC 04	Cashflow Management	4		
IC 03	Governance	4		

CSD Risk Register (Appendix B)

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

a. SUR SMT 005

Construction and Service Contracts Price inflation
Current Risk Score 16 (Red)

Despite a decrease in the high levels of material inflation previously experienced, the City has not yet observed a notable stabilisation in tender returns. While construction inflation is no longer escalating at the same pace, six contractors, both main and subcontractors, involved in City projects have entered administration. This indicates that the industry remains vulnerable to cost fluctuations, with much of the burden being transferred to commissioning parties. Increased provisions for Costed Risk Provision (CRP) and more thorough contractor credit assessments are being implemented; however, financial risks persist.

The risk status remains classified as Red due to ongoing market volatility and contractor insolvencies. The department will continue to monitor the risk status regularly and seek mitigation strategies whenever feasible.

b. SUR 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.

Early-stage errors, primarily due to a lack of skilled professionals in the industry, are contributing to delays and rising costs.

During the most recent SMT departmental risk review it was determined that this risk will maintain its current score

c. SUR SMT 011

Contractor failure
Current Risk Score 16 (Red)

This risk involves the potential collapse of a primary contractor or a significant sub-contractor. Historically, the City Corporation has had limited influence over the choice of sub-contractors designated with carrying out work. A process addressing contractor failure has been established and communicated to the Construction Category Board.

Should a primary contractor or sub-contractor fail, it may lead to repercussions on warranties and hinder our ability to seek remedies for design flaws. Recent industry volatility has increased the likelihood of this risk, evidenced by six contractors (both main and sub) associated with City projects entering administration.

This risk remains classified as Red due to ongoing financial concerns, despite the implementation of mitigation strategies such as regular credit assessments. Contractor failure can lead to additional delivery costs, delays in project completion, as well as increased consultant and legal expenses.

d. SUR SMT 009

Recruitment and Retention of Property Professionals
Current Risk Score 12 (Amber)

After a review by the department's Senior Management Team, it was agreed that the risk scoring on this item should be reduced from 16 (Red) to 12 (Amber). This scoring reflects recent successful recruitment, and feedback from the management teams. This risk continues to be recognised as a Corporate Risk (CR 39 Recruitment and Retention).

e. SUR SMT 016

Investment Property Group Staffing and Capacity
Current Risk Score 8 (Amber)

This risk relates to the necessity for new skill sets and increased capacity within the Investment Property Group, driven by evolving corporate investment objectives, organisational needs, and market accessibility.















Recruitment initiatives are currently in progress and recent successful recruitment has reduced the risk scored from a 12 (Amber) to an 8 (Amber).

f. SUR SMT 010 Insurance – Investment and Corporate Estate

Current risk Score 4 (Green)

This risk identifies the need of re-valuation of the City of London Estates – (Investment and Corporate) to ensure that the City meets its legal obligations under its insurance policies. The evaluation process is currently underway, and consequently the risk scoring on this item has reduced from an 8 (amber) to a 4 (Green).

Table 2: Summary of CSD risks relevant to this Committee











Risk code	Risk title	Current Risk Score	Current Risk Score Indicator	Trend Icon
SUR SMT 005	Construction and Service Contracts Price Inflation	16		
SUR SMT 006	Construction Consultancy Management	16		
SUR SMT 011	Contractor Failure	16		
SUR SMT 003	Investment Strategy Risk	12		
SUR SMT 009	Recruitment and Retention of Property Professionals	12		
SUR SMT 012	Adjudication & Disputes	8		
SUR SMT 016	Investment Property Group Staffing and Capacity	8		
SUR SMT 010	Insurance - Investment and Corporate Estates	4		

Chamberlain (Corporate Treasury) Financial Investments (Appendix C)

13. The financial Investments Risk Register contains five risks which are summarised in Table 3 below and are ranked by their current risk score.

14. Officers have reviewed the Risk Register to establish whether the risk environment has changed, and both risks have been reviewed and updated where necessary. Updates to the Risk Register are underlined throughout. Table 3 provides a summary of the risks.

Table 3: Summary table of risks for Corporate Treasury relevant to investment Committee

Risk code	Risk title	Current Risk Score	Current Risk Score Indicator	Trend Icon
CHB IC 01	Insufficient assets - City's Estate	12		
CHB IC 02	Targeted returns - City's Estate	6		
CHB IC 03	Service provider failure	4		
CHB IC 07	Failure to discharge responsible investment duties	4		
CHB IC 04	Counterparty failure - Treasury Management	2		

Corporate & Strategic Implications

Strategic implications

15. Organisationally strategic risks are managed on the City Corporation's Corporate Risk Register. The Overarching Risk Register will seek to capture overall uncertainty to the investment portfolio, which may have strategic implications.

Financial implications

16. 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

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

Legal implications

18. Legal and contract implications are highlighted where relevant within the relevant Risk Register.

Risk implications

19. Key risks are included in this report.

Equalities implications

20. Where relevant this is highlighted within the Risk Registers.

Climate implications

21. Sustainability and Impact is the focus of one of the key risks on the Overarching Risk Register.

Security implications

22. None

Conclusion

23. Members are asked to note the recent updates to the risk registers and the measures implemented by both the Chamberlain's Department and the City Surveyor's Department to reduce the probability and/or consequences of identified risks.

There were three risks managed by the CSD which had their risk scoring reduced compared to prior periods.

Appendices

- Appendix A Overarching Risk Register (for City Fund and City's Estate)
- Appendix B The City Surveyor's Departmental Risk Register relevant to Investment Committee
- Appendix C The Corporate Treasury Risk Register relevant to Investment Committee
- Appendix D City of London Risk Matrix

Background Papers

- The City Surveyor and the Chamberlain Risk Register Update for Investment Committee – 25 July 2024 (CS.170/24)
- The City Surveyor and the Chamberlain Risk Register Update for Investment Committee – 3 October 2024 (CS.284/24)
- The City Surveyor and the Chamberlain Risk Register Update for Investment Committee – 02 December 2024 (CS.295/24)
- The City Surveyor and the Chamberlain Risk Register Update for Investment Committee 27 May 2025 (CS .093/25)

Jenny Wong

Senior Accountant - Financial Investments
Chamberlain's Department

E: jenny.wong@cityoflondon.gov.uk

John Galvin

Departmental Performance & Services
City Surveyor's Department

E: john.galvin@cityoflondon.gov.uk