

# City of London Corporation Committee Report

<b>Committee(s):</b> Resource Allocation Sub (Policy and Resources) Committee – For information	<b>Dated:</b> 09 September 2025
<b>Subject:</b> The City Surveyor's Corporate and Departmental Risk Register September 2025 Update	<b>Public report:</b> For Information
<b>This proposal:</b> <ul style="list-style-type: none"> <li>delivers Corporate Plan 2025-30 outcomes</li> </ul>	<b>Providing Excellent Services, Leading Sustainable Environment, Flourishing Public Spaces, Dynamic Economic Growth</b>
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>No</b>
<b>If so, how much?</b>	<b>N/A</b>
<b>What is the source of Funding?</b>	<b>N/A</b>
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	<b>N/A</b>
<b>Report of:</b>	The City Surveyor and Executive Director of Property (CS 223/25)
<b>Report author:</b>	John Galvin / Faith Bowman

## 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.

Elements of the City Surveyor's Departmental Risk Register are reported to RASC, Investment Committee and to the Markets Board. The way that the risks map to the Committees are included as Appendix A. A summary risks relevant to this Committee are contained in Appendix B, with detailed information contained in Appendix C. The full departmental risk register is available on request.

The City Surveyor as Head of Profession (HOP) for 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.

There are six additional risks managed by the City Surveyor relevant to this Committee. Among this one risk is currently classified at a 'red':

- SUR SMT 006 Construction Consultancy Management – Risk score 16 (Red)

Two risks that were previously reported (June, CS 133/25) as red have been reduced in risk scoring to 'amber'.

- SUR SMT 005 Construction and service Contracts Price Inflation beyond that which was anticipated or planned – Risk score 12 (Amber)
- SUR SMT 011 Contractor failure – Risk Score 12 (Amber)

Two further risks have been deactivated from the departmental risk register.

- SUR SMT 008 Special Structures
- SUR SMT 010 Insurance Valuations – Investment and Corporate Estate

### **Recommendation(s)**

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. 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), and three times a year to the Markets Board.
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 summary of the risks relevant to this Committee are included as Appendix B, with the detailed register included as Appendix C.
4. Risks are reviewed regularly by the department's Senior Management Team (SMT), with additional scrutiny provided by the organisation's Chief Officer Risk Management Group (CORMG) for Corporate and top departmental risks, 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. This captures our 'red' risks, together with any recent changes in the risk scoring.
  - a. SUR SMT 006 Construction Consultancy Management

Current Risk Score 16 (RED) The involvement of external consultants in recent projects has resulted in some design inconsistencies and increased costs. To mitigate these issues, the department is working closely with both Procurement and Legal teams, and the Construction Category Board.

The department is actively addressing the performance of consultants whose work fails to meet established quality standards, as these deficiencies can lead to project delays and increased costs. Additionally, officers are offering contractors support regarding the new Building Act to enhance their understanding of the revised safety regulations.

Early-stage mistakes, largely attributed to a shortage of skilled professionals in the field, are further exacerbating delays and costs.

In the latest SMT departmental risk review, it was concluded that this risk will retain its current assessment score.

b. SUR SMT 005 Construction and Service Contracts Price inflation beyond that which was anticipated or planned

Current Risk Score 12 (Amber)

Inflation continues to impact construction and service contracts; however the rate of increase has stabilised. Consequently, the risk scoring on this item has reduced. It should be flagged that the City continues to see adverse impacts on our tender returns.

Whilst construction inflation is no longer rising as rapidly, some main and subcontractors involved in City projects have gone into administration. This situation highlights the ongoing vulnerability of the industry to cost fluctuations, with much of the financial strain being shifted to commissioning parties. In response, there has been an increase in provisions for Costed Risk Provision (CRP) and more comprehensive contractor credit assessments; however, financial risks remain, particularly concerning contractor solvency.

While the uncertainty that characterised the industry in previous periods seems to be diminishing, the risk associated with contractor solvency continues to be monitored closely. The City is committed to reviewing these risks regularly to ensure that appropriate measures are in place to mitigate potential impacts on ongoing and future projects.

The likelihood of this risk has decreased, as indicated by the change in its risk rating from red to amber.

c. SUR SMT 011 Contractor failure

Current Risk Score 12 (Amber)

This risk pertains to the potential failure of a primary contractor or a key sub-contractor. The City Corporation has historically had limited control over the selection of sub-contractors responsible for executing projects. A protocol for managing contractor failures has been established and communicated to the Construction Category Board.

The failure of a primary contractor or sub-contractor could have significant implications for warranties and may impede our ability to address design defects.

As noted above under risk SUR SMT 005, contract solvency remains a concern and will continue to be monitored. However, this risk has diminished from earlier periods and, as such, the risk likelihood has reduced and the risk is now monitored as an Amber 12.

The ongoing assessment of this risk will ensure that any potential issues are addressed promptly as the market evolves.

d. SUR SMT 008 Special Structures

Deactivated from Risk Register

The department has monitored this risk for several years, particularly concerning structural components that support various assets, including basements, sub-road spaces, and supporting structures, often linked to public elements. Inspections have been conducted, and necessary remedial work has been identified. The operational and investment estates register, managed by CSD as the property controller, has been updated, and where the City Surveyor's Department is acting as service provider for maintenance, these actions are now finalised.

Consequently, this risk will be removed from the departmental risk register.

e. SUR SMT 010 Insurance Valuations – Investment and Corporate Estate Deactivated from Risk Register

This risk identified 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 mitigating actions for this risk has been achieved and the risk reduced. This risk has been deactivated from the departmental risk register.

### **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). The risk score in relation to this Corporate Risk is consistent with that reported in June (CS 133/25).

### **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. CR37 is a shared risk across several departments and Institutions.

### **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 department has seen an improvement in its risk status compared to earlier periods. Notably, two specific risks reported to this Committee—SUR SMT 006 Construction Consultancy Management and SUR SMT 011 Contractor Failure—have experienced a decrease in their risk scores. Additionally, two risks have been de-escalated from the risk register. This positive development underscores a proactive stance on risk management within the department, highlighting effective efforts to address potential challenges. Ongoing monitoring and evaluation will be crucial to sustain this enhanced risk status in the future.
17. The City Surveyor is the risk owner for one Corporate Risk, CR 37 – Maintenance and Renewal of Corporate Physical Operational Assets (excluding housing assets). The delivery of the Cyclical Works Programme (CWP) is a key mitigation of this risk under the City Surveyor's control. In line with the organisation's property model, the City Surveyor, as Head of Profession for Estates and Facilities Management, advises the relevant Chief Officer of their accountabilities with respect to property assets they occupy beyond those assets under the City Surveyor's accountability (Guildhall, Walbrook Wharf, Central Criminal Court and the 3 wholesale markets).

### **Appendices**

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| • Appendix A | Risks by Committee  |
| • Appendix B | The City Surveyor's Corporate and Departmental Risk Register relevant to this Committee – summary |
| • Appendix C | The City Surveyor's Corporate and Departmental Risk Register relevant to this Committee – detail  |

## **Background Papers**

- The City Surveyor    The City Surveyor's Departmental Risk Register – June 2025 Update (133/25)

## **Departmental Performance & Services**

City Surveyor's Department

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