

City of London Corporation Committee Report

Committee: Investment Committee – For decision	Dated: 6 th October 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.228/25)
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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 changes have been made to the CSD Risk Register:

- SUR SMT 011 Contractor failure** has decreased in risk score from 16 (Red) to a 12 (Amber). Contractor solvency remains a concern and will continue to be monitored closely. However, this risk has diminished from earlier periods and as such the risk likelihood has reduced.

- **SUR SMT 005 Construction and service Contracts Price Inflation beyond that which was anticipated or planned** has decreased in risk score from 16 (Red) to a 12 (Amber). There has been a reduction in materials price inflation seen in prior periods.
- **SUM SMT 016 Investment Property Group Staffing and Capacity** has decreased in likelihood reducing it from 8 (Amber) to 4 (Green) outstanding vacancies are now being addressed and filled.
- **SMT 010 Insurance – Investment and Corporate Estate** has been deactivated from the departmental risk register following the successful progression of mitigating actions.

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. 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.
6. 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. Members should note that the layout of the risk registers have been changed due to the introduction of new standardised reporting to ensure the consistency of information.

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. In relation to the **IC 05 ‘Sustainability and Impact’**, whilst no update has been made to the risk at this stage, Members should note that the Pensions Committee submitted a resolution to the Policy & Resources Committee on the measurement of climate data around an asset class. This resolution went to the Policy & Resources Committee on the 18 September 2025 and a verbal update will be provided at the meeting. The resolution is attached at Appendix E in the Non-Public agenda
11. 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.

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 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 Senior Management Team 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 016
Investment Property Group Staffing and Capacity
Current Risk Score 4(Green)

This risk relates to the need for enhanced skill sets and greater capacity within the Investment Property Group, influenced by changing corporate investment goals, organisational requirements, and market access. Ongoing recruitment efforts are underway, and recent successful recruitment have lowered the risk score from 8 (Amber) to 4 (Green).

e. SUR SMT 010 Insurance – 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 successfully progressed, and the risk has now reduced to target. As such, the risk has been deactivated from the departmental risk register.

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 006	Construction Consultancy Management	16		
SUR SMT 003	Investment Strategy Risk	12		
SUR SMT 005	Construction and Service Contracts Price Inflation	12		
SUR SMT 009	Recruitment and Retention of Property Professionals	12		
SUR SMT 011	Contractor Failure	12		
SUR SMT 012	Adjudication & Disputes	8		
SUR SMT 016	Investment Property Group Staffing and Capacity	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 scores reduced compared to earlier periods. Additionally, one risk has been deactivated from the CSD risk register.

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
- Appendix E Pensions Committee Formal Resolution to the Policy & Resources Committee (NON PUBLIC)

Background Papers

- The City Surveyor Risk Register Update for Investment Committee 21 July and the Chamberlain 2025 (CS 152/25)

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