

# INVESTMENT COMMITTEE - SUR SMT - Detailed Report

Report Type: Risks Report  
Report Author: Faith Bowman  
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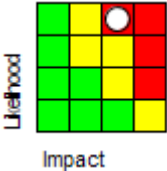


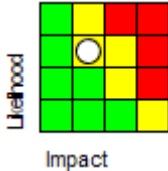
Rows are sorted by Risk Score

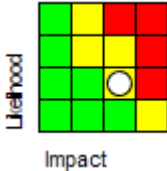
## Risk Level Description Departmental

Risk Code	SUR SMT 006	Risk Title	Construction Consultancy Management
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Description	<b>Cause:</b> Poor performance by consultants <b>Event:</b> Abortive work, delays, or non-performance. <b>Impact:</b> Additional costs, project delays
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Current Risk		
Risk Score	Likelihood	Impact
16	Likely	Major

Target Risk		
Risk Score	Likelihood	Impact
6	Possible	Serious

Original Risk		
Risk Score	Likelihood	Impact
8	Unlikely	Major

Red	<b>Trend</b>	Constant
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Amber	<b>Target Date</b>	31-Mar-2026
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Amber	<b>Creation Date</b>	14-Oct-2021
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<b>Latest Note</b>	<p>This relates to abortive design / development. The department continues to suffer the impacts of this risk, with action being taken against consultants when their performance does not meet expectations.</p> <p>This issue is particularly pronounced in public sector projects, where budget constraints and procurement complexity often limit access to experienced personnel. In response, the department has initiated a Property Project Group Enhancement Plan to review and update all current consultant scopes of service</p>	<b>05-Nov-2025</b>
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<b>Risk Level</b>	Departmental
<b>Department</b>	City Surveyor's

<b>Risk Approach</b>	Reduce
<b>Risk Owner</b>	Ola Obadara

### Associated Actions

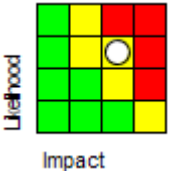
Ref No:	Description	Latest Note	Note Date	Owned By	Due Date
SUR SMT 006a Commissioning stage	Commissioning stage The department has commenced going to market at RIBA stage 3 rather than RIBA stage 4. This is designed to prevent abortive design and development.	Close work with the Procurement Team in Chamberlain's has resulted in deciding to change the stage at which the City is approaching the market. The impact will be tracked over the coming months.	05-Nov-2025	Ola Obadara	31-Mar-2026
SUR SMT 006b Legal	Legal The team is working closely with the legal department to ensure that procurement activity aligns with project objectives and the	Where performance has been poor action has been taken against consultants – these cases increase end-to-end timescales. Due to public sector contract constraints, our ability to seek immediate redress from construction consultancy contractors is limited so whilst	05-Nov-2025	Ola Obadara	31-Mar-2026

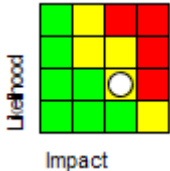
	consultants meet quality requirements	<p>action is taken, results take longer than would otherwise be possible in a commercial environment.</p> <p>The department is working with colleagues through the Construction Category Board on this item.</p>			
SUR SMT 006c Procurement	<p>Procurement</p> <p>Working with Procurement to increasing due diligence, particularly in regard to the quality of contractor appointed (rebalancing the quality/cost equation). This is with the view that we will get better quality applications, and this risk may reduce.</p>	PPG has an Enhancement Plan to review and update all current consultant scopes of service. This work is benchmarked against industry best practice to ensure clarity, reduce ambiguity, and improve efficiency. It also incorporates compliance with key legislative changes, including the Building Safety Act, the forthcoming Procurement Act, and future-proofing provisions such as AI clauses. Mitigation measures include clearer scope documentation, tighter performance management, early-stage quality assurance, and exploration of preferred supplier models to improve consistency and accountability across project teams.	05-Nov-2025	Ola Obadara	31-Mar-2026
SUR SMT 006d Scope of works	<p>Scope of works</p> <p>The team is reviewing and tightening up the scope of works specification. This will counter opportunistic interpretations of the scope of works that we were seeing from some consultants</p>	Consultant underperformance and poor scoping continue to present a high risk to project delivery. Errors at early stages largely driven by a shortage of skilled professionals in the industry are causing delays, increased costs, and scope creep. This issue is particularly pronounced in public sector projects, where budget constraints and	05-Nov-2025	Ola Obadara	31-Mar-2026


		procurement complexity often limit access to experienced personnel. In response, the department has initiated a PPG Enhancement Plan to review and update all current consultant scopes of service. This work is benchmarked against industry best practice to ensure clarity, reduce ambiguity, and improve efficiency. It also incorporates compliance with key legislative changes, including the Building Safety Act, the forthcoming Procurement Act, and future-proofing provisions such as AI clauses. Mitigation measures include clearer scope documentation, tighter performance management, early-stage quality assurance, and exploration of preferred supplier models to improve consistency and accountability across project teams			
SUR SMT 006e Review of appointment documents	<p>Review of appointment documents</p> <p>The team is working closely with the legal department to ensure that procurement activity aligns with project objectives and the consultants meet quality requirements</p>	<p>Action has been taken against consultants where performance has been poor and end to end timescales have increased.</p> <p>The team is also undertaking a peer review of documents to ensure that information provided by consultants is accurate and complete.</p>	05-Nov-2025	Ola Obadara	31-Mar-2026

<b>Risk Code</b>	SUR SMT 003	<b>Risk Title</b>	<i>Investment Strategy Risk</i>
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<b>Description</b>	<p><b>Cause:</b> The business environment declines, or changes resulting in misalignment of the portfolio with growth; flexible working reduces central London demand, retail tenant failure, or demand moves away from City of London assets.</p> <p><b>Event:</b> Lower rental levels achieved, lower demand, increased turnover of tenancies, increased tenant failure</p> <p><b>Impact:</b> Inability to maximise property returns and income for an acceptable level of risk and inability to realise capital as required to meet corporations MTFP.</p>
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<b>Current Risk</b>		
<b>Risk Score</b>	<b>Likelihood</b>	<b>Impact</b>
<b>12</b>	Possible	Major
Amber	<b>Trend</b>	Constant

<b>Target Risk</b>		
<b>Risk Score</b>	<b>Likelihood</b>	<b>Impact</b>
<b>8</b>	Unlikely	Major
Amber	<b>Target Date</b>	31-Mar-2026

<b>Original Risk</b>		
<b>Risk Score</b>	<b>Likelihood</b>	<b>Impact</b>
<b>6</b>	Possible	Serious
Amber	<b>Creation Date</b>	05-Mar-2015

<b>Latest Note</b>	<p>This risk captures a number of sub-risks which may impact the organisation's ability to maximise its property returns for an acceptable level of risk.</p> <p>The on-going mitigation of this risk is important for the organisation achieving its aspirations regarding Climate Action Strategy and Major Programmes, due to the income generated by the function.</p> <p>As the composition of the portfolio changes, new skills will be required by those working within the function.</p> <p>The demands of the Corporation's MTFP requiring realised capital to be applied outside the portfolio, will undermine reinvestment in the portfolio to achieve Strategy ambition and therefore alignment with growth.</p>	<b>05-Nov-2025</b>
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	The target date on this risk reflects a major review point. Investment Strategy will always be a risk, but the key drivers and extent of the risk will vary.	
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<b>Risk Level</b>	Departmental
<b>Department</b>	City Surveyor's

<b>Risk Approach</b>	Reduce
<b>Risk Owner</b>	Robert Murphy

### Associated Actions

Ref No:	Description	Latest Note	Note Date	Owned By	Due Date
SUR SMT 003a Macro-economic	Macro-economic  Within an overarching Investment Strategy the objective will be to maintain a diverse portfolio that reduces the impact of this risk. This includes: 1. Use (office, retail, industrial) 2. Location (City, Southwark, West End etc.) 3. Tenancies (Long term Headlease geared, FRI, directly managed) 4. Covenants (multinationals, SME) 5. Asset management (lease renewals, voids, arrears, etc. 6. Monitoring retail habits in change of building use	An overarching investment strategy was approved by Members, agreeing the approach to our real estate investments.  The delivery of this strategy will require and appropriately shaped resource base, and this has now been approved by the organisation's governance and will be implemented over the coming months. Consideration includes the potential for recession, inflation, energy pricing etc. and how this will impact tenants and the wider market.	05-Nov-2025	Robert Murphy	31-Mar-2026
SUR SMT 003b Portfolio	Portfolio	The overarching Investment Strategy defines the targets. Tactical implementation will be	05-Nov-2025	Robert Murphy	31-Mar-2026

	<p>Ensuring that the overall composition of the investment portfolio takes advantage of emerging segments of growth, whilst managing the exposure to property types which are showing reducing demand.</p> <p>Capital to reinvest in the portfolio must be sufficient to achieve the Investment Strategy objectives.</p>	achieved through regular market scanning, and the integration of learning into the Corporation's approach.			
SUR SMT 003c Climate Action	<p>Climate Action</p> <p>The alignment of our portfolio with the future strategic needs of occupiers, particularly supporting their ESG (Environmental-Social-Governance) needs. Climate Action is principally managed through the Climate Action Strategy.</p>	Ensure that the investment portfolios are aligned with the emerging demands of both investors and occupiers as well as the Corporation's Climate Action strategy and Design Standards. which includes CNZ and Resilient Building protocols.	05-Nov-2025	Robert Murphy	31-Mar-2026
SUR SMT 003d Office risk	<p>Office risk</p> <p>Reviewing post-pandemic office use and demand.</p>	<p>The department is monitoring key market use through data supplied by partners (such as footfall information), market research reports, and tenant feedback.</p> <p>The department continues to observe a 'flight to quality' – higher specified and higher quality spaces. Occupiers are increasingly considering their space as a tool in the 'war for talent'. Whilst some occupiers are</p>	05-Nov-2025	Robert Murphy	31-Mar-2026

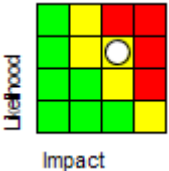
		<p>downsizing their space, others are looking to create a better environment for staff through lower densities / improved amenities. This learning informs the portfolio strategy (linked to action SUR SMT 003b).</p> <p>The team is working with Corporate colleagues in connection with the “Destination City” agenda, particularly in highlighting market trends to Members and key stakeholders.</p>			
SUR SMT 003e Retail	<p>Retail</p> <p>Changes in consumer preferences (moving to on-line retail) which has been accentuated through the COVID-19 pandemic. Elements of the City portfolio is also dependent on tourism which has seen fluctuating demand over the post-pandemic period.</p>	<p>The City Surveyor’s Department continues to engage with peers to understand retail market impacts. Regular arrears monitoring, including the provision of bi-monthly dashboards and the production of the Rental collection snapshot by the Chamberlain’s Department.</p> <p>In October 2025 Policy and Resources Committee approved the development of a Vision Study focusing on public realm enhancements within Leadenhall Market and the surrounding area, alongside a coordinated ground-floor use strategy.</p>	05-Nov-2025	Robert Murphy	31-Mar-2026
SUR SMT 003f Strategy	<p>Strategy</p> <p>The department will be reviewing its strategic approach to ensure that a portfolio approach is developed (rather than decisions being made on an asset-by-</p>	<p>The Investment Strategy was approved by Members, in July 2024. Resourcing has now been agreed by Members and the team is gearing up to re-shape its services to be able to achieve the Strategy.</p> <p>The Corporation’s financial needs may detract from the ability of the portfolios to fund the</p>	05-Nov-2025	Robert Murphy	31-Mar-2026

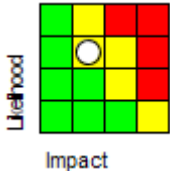
	asset basis). This will ensure the on-going allocation of funds is balanced between different risks/returns	activities of the Investment Strategy and modernise the portfolio.			
SUR SMT 003g Property Investment Strategy Risk	<p>Property Investment Strategy Risk</p> <p>This action seeks to ensure that the capital realisation programme is managed to account for potential risks arising from potential decreasing investor appetite to invest in the UK property market.</p>	<p>The UK property market is being impacted by the prospect of political risks impacting UK fiscal policy. There is a consequential increasing risk associated with pricing of capital investments and liquidity.</p> <p>The team is contingency planning, looking to bring forward alternative properties to be considered for realising capital. This is with the aim that the capital realisation programme will progress within the timeframe required. There are different challenges relating to City Fund and City's Estate, and differing approaches will result.</p>	05-Nov-2025	Robert Murphy	31-Mar-2026

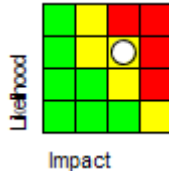
<b>Risk Code</b>	SUR SMT 005
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<b>Risk Title</b>	<i>Construction and Service Contracts Price Inflation beyond that which was anticipated or planned</i>
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<b>Description</b>	<b>Cause:</b> Market conditions have led to input price inflation <b>Event:</b> Project and programme cost escalation <b>Impact:</b> Inability to delivery capital and revenue projects within budget
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<b>Current Risk</b>		
<b>Risk Score</b>	<b>Likelihood</b>	<b>Impact</b>
<b>12</b>	Possible	Major
Amber	<b>Trend</b>	Constant

<b>Target Risk</b>		
<b>Risk Score</b>	<b>Likelihood</b>	<b>Impact</b>
<b>6</b>	Possible	Serious
Amber	<b>Target Date</b>	31-Mar-2026

<b>Original Risk</b>		
<b>Risk Score</b>	<b>Likelihood</b>	<b>Impact</b>
<b>12</b>	Possible	Major
Amber	<b>Creation Date</b>	14-Oct-2021

<b>Latest Note</b>	<p>This risk Material cost inflation and constrained labour availability continue to drive costs beyond what was anticipated or planned. This risk impacts the delivery of capital projects, facilities management (FM) services, reactive repairs, and revenue-funded works.</p> <p>Whilst the high levels of material inflation seen earlier has abated, the City has yet to see a significant levelling in tender returns. To mitigate greater allowances are made in the Costed Risk Provision (CRP). Further, more detailed contractor credit checks are being undertaken, however there remains a degree of financial risk.</p> <p>The risk was reviewed in detail in October and, whilst it was felt that the risk was receding, the scoring should be maintained at its current level.</p> <p>Market conditions will be kept under review. As such the target date should be considered a review point.</p>	<b>05-Nov-2025</b>
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<b>Risk Level</b>	Departmental
<b>Department</b>	City Surveyor's

<b>Risk Approach</b>	Reduce
<b>Risk Owner</b>	Ola Obadara

### Associated Actions

Ref No:	Description	Latest Note	Note Date	Owned By	Due Date
SUR SMT 005a Procurement Strategy	Procurement Strategy The department is working with legal and procurement to identify different buying options, thereby managing the risk to the department / organisation.	<p>This exploration included a review of the prior Single Stage tender process (which had been preferred for medium range projects - £2m - £50m).</p> <p>Following the review Two Stage contracts will be used more frequently which is the current market norm for these projects. This change enables contractors to better transfer their risk, however, leaves the City with a degree of cost uncertainty, even post Gateway 5. Whilst this transfer is not desired, it does offer far better market coverage and reflects the prevailing external conditions.</p> <p>Review/enhancement of costed risk provision to mitigate financial exposure, continued monitoring of market trends and contractor performance and adjust procurement strategies to reflect changing market</p>	05-Nov-2025	Ola Obadara	31-Mar-2026
SUR SMT 005d Contracts	Contracts Exploring the potential to include different clauses into contracts such that work offered by the	The department and the Chamberlain's Procurement team to have explored the inclusion of fluctuating provisions in our contracts. This has resulted in attracting a	05-Nov-2025	Ola Obadara	31-Mar-2026

	City remains attractive to suppliers.	greater number of contractors to bid on projects, however the inflation risk has been transferred to the organisation. The value of this approach will be continually reviewed.			
SUR SMT 005e Contractor Engagement	Contract Engagement  Expanding the amount of information available at an early stage of contract exploration. This will provide greater cost certainty.	The team plan to engage early with our contractors on a consultancy basis to obtain as much information as possible prior to contract.	05-Nov-2025	Ola Obadara	31-Mar-2026
SUR SMT 005f Specification and Materials	Specification and Materials  Ensuring materials are readily available before and during the design phase and, if possible, procure in advance of the contract. This limits the impact of further price rises in at risk commodities.	Inflation in raw materials has decreased, however, it should be noted that prices are not typically falling elsewhere. Further consideration is being given to the origin of source materials to ensure supply.	05-Nov-2025	Ola Obadara	31-Mar-2026