

Committee(s)	Dated:
Resource Allocation Sub (Policy and Resources) Committee – For information	02 May 2024
Subject: City Surveyor’s Business Plan 2023-28 Quarter 3 2023/24 Update	Report – public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	4, 7, 11, 12
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 045/24)	For Information
Report author: John Galvin / Faith Bowman City Surveyor’s Department	

Summary

This report provides Members of Resource Allocation Sub (Policy and Resources) Committee (RASC) details of progress in quarter 3 (October to December) 2023/24 against the City Surveyor’s 2023-28 Business Plan.

Seven of the City Surveyor’s Department (CSD) performance measures are overseen by RASC. Of these, two were ahead on target (green) and four marginally behind (amber). One measure, Capital projects health and safety, is reported every six months.

Against a local risk budget of £32.9m, the City Surveyor is currently forecasting an estimated overspend of £901,000 (2.7%). This figure includes City Bridge Foundation (CBF) services. Excluding these services, the City Surveyor is forecasting a £843,000 overspend (2.9%) against a budget of £29.5m. The departmental budget line is the principal driver for the overspend, arising from lower than anticipated staff vacancies, and some residual 12% savings still to be achieved.

The department is working to mitigate and reduce this forecast overspend. These figures currently exclude additional property income and disposal receipts generated by this department which will benefit the Corporation overall and be included in the relevant budget holding department’s accounts.

Recommendation(s)

- That Members note the content of this report.

Main Report

Background

1. In line with the City Corporation's performance management approach this is a regular update report on the progress made against the department's 2023-28 Business Plan (CS 372/22). The City Surveyor's Department (CSD) reports performance quarterly to Resource Allocation Sub (Policy and Resources) Committee (RASC) and once every six months to Investment Committee.
2. The department's business plan outlines twelve Key Performance Indicators (KPIs). RASC oversee progress against seven of these measures, whilst Investment Committee oversee nine (four measures are reported to both Committees).
3. Performance is assessed on a traffic light basis (RAG), where red denotes a high risk of non-attainment, amber indicates some concern, whilst green denotes the measure being on/ahead of target.

Current Position

4. This report provides the latest budget information which is set out in Appendix A. Appendix B provides a detailed table of the department's KPIs.
5. A separate monitoring report on the risks within the department is also circulated for this meeting.

Financial Statement

6. The monitoring for quarter 3 (Appendix A) reveals that the City Surveyor was forecasting an overspend of £843,000 (2.9%) against total budget for the year of £29.5m for his City Fund and City's Estate Services.
7. When the City Bridge Foundation (CBF) services are included, this increases to an overspend of £901,000 (2.7%) against a total budget for the year of £32.9m.
8. The principal drivers for this forecast are an overspend on departmental salary budgets due to the vacancy factor not being met, and some residual 12% savings that need to be identified.
9. Added to this is a forecast reduction in service charge income on City Fund due to void tenancies at Leadenhall Market's several strategic properties and some additional rates costs at Smithfield Market. This was partially offset by an underspend in professional fees and cyclical revenue works.
10. On a positive note, rental income which is shown under central risk is forecast to be surplus £5.6m compared to the original budget for City's Estate and City Fund Estate. This reflects the September 2023 rental estimates and includes

the acquisition of two industrial estates and the expiry of a number of rent free periods.

11. The City Surveyor is examining his budgets to see if further savings can be made to reduce the forecast overspend at year-end.

Quarter 3 2022/23 update

12. The table below provides an 'at a glance' assessment of the department's performance through the first half of the 2023/24 reporting year.

Status ¹	Green	Amber	Red	TBC	N/A
Resources Allocation Sub Committee	2	4			1
Overall (including non-RASC measures)	2	5			5

13. Of the twelve departmental KPIs monitored, two were assessed as being on target (green), whilst five were behind target (amber). Four KPI's are reported biannually, and one annually. Figures for these measures will be available in quarter four.
14. Of the seven measures reported to this Committee, two were on target, (green) and four were behind target (amber), with the final measure to be reported next period.
15. The amber KPIs relevant to RASC are as follows:

A. KPI. 1 Asset Realisation and Additional Income (operational non-housing)

This measure tracks the additional income and receipts delivered by the City Surveyor's Department – through both asset realisation and through the delivery of additional income for other departments. The target for this measure varies considerably year-on-year.

Target £5.1m by the end of the year
Performance behind target at quarter 3

Whilst several property transactions are progressing in line with expectations, the sale of the former nursery site at West Ham Park has not progressed due to planning issues and the purchaser is now unwilling to progress the purchase. This will impact the end-of-year attainment of this measure. A number of highway transactions are under negotiation and due for completion in quarter 4 and if these can be completed this will positively impact year-end performance, or potentially roll forward into 2024/25.

¹ Red = High Risk of Failure or Not Achieved; Amber = Some Concern; Green = On Target or Achieved.

B. KPI. 4 Property Contract Performance Compliance

This indicator provides an overall assessment of our suppliers' performance against their contract measures. This is across eight criteria spanning both operational performance and key City of London objectives.

Target of more than 80% of contract measures achieved
Performance 70%

The integrated Facilities Management (IFM) contract was mobilised in April 2023, and this is the third quarter since go-live. Performance across the IFM suppliers continues to improve and this quarter has gone up from last quarter. It should be recognised that the IFM contracts have now been in place nine months against a 10-year contract term, and performance is considered proportionate for this stage in the tenure.

C. KPI. 5 Adherence to Budgetary Spend Profiles

This objective of this indicator is that the actual spend, plus spend that has been receipted, will fall between 95% and 105% of the revised budget by year-end. This would indicate that services and projects are being delivered, and they are being delivered within their anticipated budgets.

Estimated target at quarter 55%
Performance 53%

Five investment projects have been deferred with an estimated cost of circa £125m. This will impact year-end performance on this measure. For this period, spend is in line with profile across the majority of the sub-categories, with overall expenditure only marginally behind profile.

D. KPI. 6 – Capital Projects – Project Risk Status

This indicator assesses the proportion of projects which are red (which may be due to cost, time, or a combination of both) against the total number of projects.

Target – Less than 30%
Performance – 46%

As reported previously to this Committee over 60% of the department's current projects were commenced in 2020 or before, meaning that their delivery has been significantly impacted by COVID-19. These projects have been subject to extended periods of reduced site capacity/productivity and from subsequent high levels of construction price inflation. This has resulted in a greater number of projects falling outside of time and/or price expectations. Whilst performance on current projects is positive, the volume of older projects will continue to provide a drag on performance overall.

Conclusion

The third quarter of 2023/24 has seen two on target and three measures behind target for the period.

Appendices

- Appendix A Budget Monitoring Statement
- Appendix B Key Performance Indicator Table

Background Papers

- The City Surveyor The City Surveyor's Business Plan 2023-28 (CS 372/22)
- The City Surveyor Business Plan Progress Report – Quarter 1 2023/24 Update (CS 278/23)
- The City Surveyor Business Plan Progress Report – Quarter 2 2023/24 Update (CS 310/23)

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