



Property Investment Board

Date: FRIDAY, 25 NOVEMBER 2022
Time: 11.00 am
Venue: COMMITTEE ROOMS, 2ND FLOOR, WEST WING, GUILDHALL

Members: Deputy Andrien Meyers (Chair) Deputy James Thomson
Deputy Randall Anderson (Deputy Chairman) Alderman Alison Gowman
Deputy Christopher Hayward Claudine Blamey
Martha Grekos David Brooks Wilson
Deputy Madush Gupta
Paul Singh

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Accessing the virtual public meeting

Members of the public can observe this virtual public meeting

A recording of the public meeting will be available via the above link following the end of the public meeting for up to one civic year. Please note: Online meeting recordings do not constitute the formal minutes of the meeting; minutes are written and are available on the City of London Corporation's website. Recordings may be edited, at the discretion of the proper officer, to remove any inappropriate material.

John Barradell
Town Clerk and Chief Executive

AGENDA

Part 1 - Public Agenda

1. **APOLOGIES FOR ABSENCE**
2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**
3. **MINUTES**
To approve the public minutes and non-public summary of the Property Investment Board meeting held on 23rd September 2022.

For Decision
(Pages 7 - 10)
4. **PUBLIC OUTSTANDING ACTIONS**
Joint Report of the Town Clerk and the City Surveyor.

For Information
(Pages 11 - 14)
5. **OPPORTUNITY LONDON CAMPAIGN**
Joint Report of the Executive Director, Environment and the City Surveyor.

For Decision
(Pages 15 - 22)
6. **THE CITY SURVEYOR'S DEPARTMENTAL RISK REGISTER - NOVEMBER 2022 UPDATE**
Report of the City Surveyor.

For Information
(Pages 23 - 44)
7. **CITY SURVEYOR'S BUSINESS PLAN 2022-27 - QUARTER 2 2022/23 UPDATE**
Report of the City Surveyor.

For Information
(Pages 45 - 58)
8. **CITY SURVEYOR'S DEPARTMENTAL BUSINESS PLAN 2023/24**
Report of the City Surveyor.

For Decision
(Pages 59 - 68)

9. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**

10. **ANY OTHER BUSINESS THAT THE CHAIR CONSIDERS URGENT**

11. **EXCLUSION OF THE PUBLIC**

MOTION – That under Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Local Government Act.

For Decision

Part 2 - Non-Public Agenda

12. **NON-PUBLIC MINUTES**

To approve the non-public minutes of the Property Investment Board meeting held on 23rd September 2022.

For Decision
(Pages 69 - 74)

ALL ESTATES

13. **CITY SURVEYOR REVENUE BUDGETS (CITY FUND AND CITY'S CASH) - LATEST APPROVED 2022/23 AND ORIGINAL ESTIMATES 2023/24**

Joint Report of the Chamberlain and the City Surveyor.

For Decision
(Pages 75 - 108)

14. **INTEGRATED FACILITIES MANAGEMENT AWARD REPORT – FURTHER COMPETITION**

Report of the City Surveyor.

Appendix 2 and 5 to be issued separately.

For Decision
(Pages 109 - 118)

15. **CITY'S ESTATE AND CITY FUND RENTAL ESTIMATES MONITORING REPORT - SEPTEMBER 2022 QUARTER**

Report of the City Surveyor.

For Information
(Pages 119 - 124)

16. **IMPACT OF CONSTRUCTION MARKET AND INFLATION ON PROPERTY INVESTMENT BOARD PROJECTS**

Report of the City Surveyor.

For Information
(Pages 125 - 136)

17. **CITY FUND & CITY'S ESTATE - QUARTERLY DELEGATED AUTHORITIES UPDATE - 1ST JULY TO 30TH SEPTEMBER 2022**

Report of the City Surveyor.

For Information
(Pages 137 - 144)

18. **REPORT OF ACTION TAKEN BETWEEN MEETINGS**

Report of the Town Clerk.

For Information
(Pages 145 - 150)

19. **NON-PUBLIC APPENDICES TO ITEM 7 (CITY SURVEYOR'S BUSINESS PLAN 2022-27 - QUARTER 2 2022/23 UPDATE)**

To be read in conjunction with Item 7 (City Surveyor's Business Plan 2022-27 Quarter 2 2022/23 Update)

For Information
(Pages 151 - 156)

CITY FUND ESTATE

20. **CITY FUND - FUNDING STRATEGY 15/17 ELDON STREET EC2 AND 6 BROAD STREET PLACE EC2 REFURBISHMENT PROJECT - UPDATE REPORT**

Report of the City Surveyor.

For Decision
(Pages 157 - 170)

21. **CITY FUND – REFURBISHMENT/EXTENSION OF 1-6 BROAD STREET PLACE AND 15-17 ELDON STREET**

Report of the City Surveyor.

For Decision
(Pages 171 - 216)

22. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**

23. **ANY OTHER BUSINESS THAT THE CHAIR CONSIDERS URGENT AND WHICH THE BOARD AGREES SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

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PROPERTY INVESTMENT BOARD

Friday, 23 September 2022

Minutes of the meeting of the Property Investment Board held at Guildhall, EC2
on Friday, 23 September 2022 at 11.00 am

Present

Members:

Deputy Andrien Meyers (Chair)
Deputy Randall Anderson (Deputy Chairman)
Martha Grekos
Paul Singh
David Brooks Wilson
Claudine Blamey

Observers

Alderman & Sheriff Alison Gowman
Ann Holmes
Alderman Christopher Makin

Officers:

Alan Bennetts	- Comptroller & City Solicitor's Department
Paul Wilkinson	- City Surveyor
Nicholas Gill	- City Surveyor's Department
Andrew Cross	- City Surveyor's Department
Tom Leathart	- City Surveyor's Department
Neil Robbie	- City Surveyor's Department
John Cater	- Town Clerk's Department
Sanjay Odedra	- Communications Team
John Galvin	- Town Clerk's Department
Harinder Thandi	- Chamberlain's Department

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Alderman & Sheriff Alison Gowman, Deputy Christopher Hayward, and Deputy James Thomson.

2. MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA

There were no declarations.

3. MINUTES

RESOLVED – That the public minutes and non-public summary of the meeting held on 19th July 2022 be approved, subject to David Brooks Wilson being included in the list of those Members giving their apologies for absence.

4. **THE CITY SURVEYOR'S DEPARTMENTAL RISK REGISTER - SEPTEMBER UPDATE**

The Board received a Report of The City Surveyor concerning the City Surveyor's Departmental Risk Register.

Reflecting on SUR SMT 005 (Construction Price Inflation), a Member queried whether the increase in tender prices would, as forecast in the Report, rise by over 21% between now and Q1 2026; 21% seemed high and, in his view, it was more likely that these prices would rise at between 12 – 15% over this period. Officers responded that they would go back to colleagues in the City Surveyors property projects team and come back to the Board with further analysis.

A Member queried whether, given the government's scheme to support non-domestic energy users would last for the next six months, the City Corporation had plans in place to ensure that it was back in the market before those six months had elapsed to secure longer-term arrangements. Officers would come back to the Board with further information.

Reflecting on CR37 (Maintenance and renewal of Physical Assets- Investment property and Corporate (operational) property (excluding housing assets)), a Member queried whether, given their distinctiveness, it would be more helpful to split Investment property from Corporate (operational) property going forward. The City Surveyor welcomed this suggestion and would co-ordinate with colleagues to make this change for future iterations of the Report.

Given the requirement to keep track of these actions, the Chair asked the Town Clerk that agendas for future meetings of the Board should include an Outstanding Action Log. Officers were encouraged to come back to Members in the meantime

RESOLVED – That the Board noted the Report.

5. **CITY SURVEYOR'S BUSINESS PLAN 2022-27 - QUARTER 1 2022/23 UPDATE**

The Board received a Report of The City Surveyor concerning the Departmental Business Plan Quarter 1 update.

The City Surveyor commented that a projected overspend was anticipated over this financial year, which directly related to energy and inflation related contracts, some support will come from the corporate centre in February, but the Department will need to fill the gap.

Referencing paragraph 12 on page 39 of the pack, a Member queried how much of the 13% carbon emission reduction was related to meaningful action on behalf of the City Corporation, as opposed to outside factors. Officers would come back the Board with further analysis; the Chair asked that this was added to the outstanding action log.

RESOLVED – That the Board noted the Report.

6. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**
There were no questions.
7. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
The Chair thanked Members for their recent engagement concerning the arrangements and start time for meetings of the Board. He informed Members that the feedback from the questionnaire had indicated a solid preference for remaining with the status quo, i.e., meetings to be bimonthly and to commence at 11am.
8. **EXCLUSION OF THE PUBLIC**
RESOLVED – That under Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Local Government Act.
9. **NON-PUBLIC MINUTES**
RESOLVED – That the non-public minutes of the meeting held on 19th July 2022 be approved.
10. **CITY'S ESTATE AND CITY FUND RENTAL ESTIMATES MONITORING REPORT - JUNE 2022 QUARTER**
The Board received a Report of The City Surveyor concerning City's Estate and City Fund Rental Estimates for the June 2022 Quarter.
11. **ORACLE PROPERTY MANAGER (OPN) REPLACEMENT**
The Committee received a Report of The City Surveyor concerning the Oracle Property Manager (OPN) Replacement Project.
12. **REPORT OF ACTION TAKEN BETWEEN MEETINGS**
The Board received a Report of the Town Clerk concerning action taken by the Town Clerk since the last meeting of the Board in July, in consultation with the Chair and Deputy Chairman, in accordance with Standing Order Nos. 41(a) and (b).
13. **CITY'S ESTATE - SALE OF LONG LEASES AT STORE STREET - REQUEST FOR DELEGATED AUTHORITY**
The Board considered a Report of The City Surveyor concerning the Sale of Long Leases at 25 – 27 Store Street, WC1.
14. **CITY FUND - LONDON WALL WEST - REDEVELOPMENT OF BASTION HOUSE/MUSEUM OF LONDON SITE ON 140-150 LONDON WALL**
The Board considered a Report of The City Surveyor concerning London Wall West.
15. **CITY FUND - LEADENHALL MARKET - EXPANSION OF LEASE TERMS**
The Board considered a Report of the Board concerning Leadenhall Market.

16. **CITY FUND – REFURBISHMENT/EXTENSION OF 1-6 BROAD STREET PLACE AND 15-17 ELDON STREET**

The Board considered a Report of The City Surveyor concerning 1 – 6 Broad Street Place and 15 – 17 Eldon Street.

17. **NON-PUBLIC APPENDIX (F) TO CITY SURVEYOR'S BUSINESS PLAN 2022-27 - QUARTER 1 2022/23 UPDATE REPORT (ITEM 5)**

The Board received the non-public appendix to Item 5 (The City Surveyor's Business Plan 2022 – 27)

18. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**

There were no questions.

19. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE BOARD AGREES SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

There were three items of urgent business.

The meeting ended at 12.00 pm

Chair

Contact Officer: John Cater
john.cater@cityoflondon.gov.uk

Action Reference	Action	Owner	Update
220923(P4A)	4. THE CITY SURVEYOR'S DEPARTMENTAL RISK REGISTER - SEPTEMBER UPDATE Reflecting on SUR SMT 005 (Construction Price Inflation), a Member queried whether the increase in tender prices would, as forecast in the Report, rise by over 21% between now and Q1 2026; 21% seemed high and, in his view, it was more likely that these prices would rise at between 12 – 15% over this period. Officers responded that they would go back to colleagues in the City Surveyor's Property Projects team and come back to the Board with further analysis.	City Surveyor – JG	There is a specific paper on the November Property Investment Board agenda which details the impact of inflation on our construction projects. The highlights from this paper have been updated into the risk register.
220923(P4B)	4. THE CITY SURVEYOR'S DEPARTMENTAL RISK REGISTER - SEPTEMBER UPDATE A Member queried whether, given the government's scheme to support non-domestic energy users would last for the next six months, the City Corporation had plans	City Surveyor - JG	The strategy employed by the City /our brokers is to purchase energy in advance (PIA). This enables us to take advantages of dips in the market, allowing us to provide a market reflective price by purchasing small amounts at opportune moments across the year to spread the risk. This approach has allowed us to sell energy back to the grid. In

	in place to ensure that it was back in the market before those six months had elapsed to secure longer-term arrangements. Officers would come back to the Board with further information.		<p>fact, we sold 1.4 MW back to the grid in April 2021, valued at approximately £50,000.</p> <p>We are currently in discussions with our supplier to ascertain how the government support will affect our prices but anticipate that any support will be for an initial 6 months and then at a floor price of £211MWh for electricity and £75 MWh for gas.</p>
220923(P4C)	<p>4. THE CITY SURVEYOR'S DEPARTMENTAL RISK REGISTER - SEPTEMBER UPDATE</p> <p>Reflecting on CR37 (Maintenance and renewal of Physical Assets- Investment property and Corporate (operational) property (excluding housing assets)), a Member queried whether, given their distinctiveness, it would be more helpful to split Investment property from Corporate (operational) property going forward. The City Surveyor welcomed this suggestion and would co-ordinate with colleagues to</p>	City Surveyor - JG	<p>In future reports to this Committee we will split the risks such that only those relevant to Members of Property Investment Board are presented to this forum. The full set of departmental risks will be available to Members upon request.</p> <p>With specific regard to risk CR37, this is an overarching risk focussed on the adequacy of funding for the maintenance and renewal of our physical assets. The risk, in its mitigation, captures the five main funding routes available to manage this risk. Four of these focus on the operational estate, whilst one (the revenue programme) is applicable to the investment portfolio. We will make this clearer in future reports.</p>

	make this change for future iterations of the Report.		
220923(P5)	<p>5. CITY SURVEYOR'S BUSINESS PLAN 2022-27 - QUARTER 1 2022/23 UPDATE</p> <p>Referencing paragraph 12 on page 39 of the pack, a Member queried how much of the 13% carbon emission reduction was related to meaningful action on behalf of the City Corporation, as opposed to outside factors. Officers would come back to the Board with further analysis; the Chair asked that this was added to the outstanding action log.</p>	City Surveyor – JG	<p>The weather correction figure takes into consideration weather events. It is a process of correcting for weather variations so that energy consumption (measured in kWh) over a particular period of time (i.e. a year) can be fairly compared against the energy consumption over another particular period of time.</p> <p>The reason for trying to exclude the impact of weather variations is to allow a comparison in terms of energy performance from one period to another. Without correcting for the influence of the weather, such changes in performance (increases or decreases) can be very difficult to determine. In other words, it accounts for differences in the weather to ensure an “apples to apples” comparison. Otherwise, extremely cold years may show higher kWh consumption (such as a “beast from the east” in 2018).</p> <p>This is a kWh figure only and therefore decarbonisation of the grid is not applicable in this case.</p>

			Weather correction is a standard reporting methodology used in the energy industry.
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Committees	Dated:
Policy and Resources Committee	17/11/22
Planning and Transportation Committee	01/11/22
Property Investment Board	25/11/22
Subject: Opportunity London Campaign	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	7,8,10
Does this proposal require extra revenue and/or capital spending?	N
What is the source of Funding?	Local Risk, City Fund
Has this Funding Source been agreed with the Chamberlain's Department?	Y
Report of: Executive Director of Environment / City Surveyor	For Decision
Report author: Simon McGinn, Assistant Director Partnership and Engagement	

Summary

This report also seeks your agreement to continue the City Corporations sponsorship of the Opportunity London campaign and sets out what it has delivered to date, the costs of continued sponsorship and outlines an umbrella programme of key property related events for 2023 that the City Corporation could seek to attend in conjunction with Opportunity London, together with associated costs.

The report specifically seeks agreement for the City Corporation to attend MIPIM 2023 in Cannes between 14-16 March 2023 along with the GLA and London Councils as a partner in the Opportunity London campaign. MIPIM is Europe's largest property market conference where it is anticipated circa 25,000 paying delegates will attend with circa 600 from the international property investor sector.

The annual programme and costs would comprise the following:

MIPIM, 14-16 March 2023	-	£65,000
Opportunity London sponsorship	-	£25,000
UK REiif 16-18 May 2023	-	£10,000
LREF, September 2023	-	£10,000
Expo Real 4-6 October 2023	-	£15,000
Foreign conference and City promotion	-	£15,000
Total	-	£140,000

The cost of the above will be paid for out of the Environments Departments Partnership and Engagement local risk budget (£115,000), the City Surveyors local risk budget

(£20,000 to attend MIPIM) and the Director of Communications local risk budget (£5,000 to attend MIPIM)

Recommendation(s)

- I. That the Policy and Resources Committee and Planning and Transportation Committee agree that £25,000 from the Environment Departments (Partnership and Engagement) local risk budget should be used to fund the ongoing sponsorship of Opportunity London
- II. That the Policy & Resources, Planning & Transportation Committee, and the Property Investment Board, approve that the City of London Corporation should attend MIPIM 2023 with a total budget of £65,000 to be funded via Environment Departments (Partnership and Engagement) local risk budget (£40,000) City Surveyors local risk budget (£20,000) and the Central Communications Director local risk budget (£5000)
- III. That the Policy and Resources Committee and Planning and Transportation Committee agree that £50,000 from the Environment Departments (Partnership and Engagement) local risk budget should be used to fund the attendance of an umbrella programme of property related events being supported by Opportunity London

Main Report

Background

1. London's reputation as the world-leading city for business is continuing to be challenged by the impacts of Brexit, the Covid pandemic, global events and economic uncertainty. In addition, London has also been affected by the "levelling up" agenda which has redistributed benefits to other parts of the UK despite London experiencing a considerably higher unemployment rate than the national average. In such times it is vital that London and the City continue to promote the benefits of investing and working in London to attract continued inward investment. While London & Partners is the key promotional agency to focus on bringing inward investment into the capital, it has no remit to promote London to the global investment-decision makers who decide where and when to invest wealth.
2. As part of the City Corporation's response to the ever-present threat to maintaining London and the City as a place to invest and do business, the Policy and Resources Committee agreed in February 2022 to become the first key public sector partner to join a new 'Opportunity London' campaign to promote London in key global and UK regions. New London Architecture (NLA) has co-ordinated delivery of the partnership and has brought on board a number of public sector partners including the GLA and London Councils together with private sector partners. A contribution of £25k was agreed with a recommendation that this be reviewed to determine the success of the campaign and future sponsorship.

3. In January 2022 Policy and Resources Committee agreed that the City Corporation should send a delegation to MIPIM 2022, including the then Chair of Policy and Resources Committee, the City Surveyor and Executive Director of Environment. The timing of MIPIM 2022 clashed with the City elections meaning the Chairs of Planning and Transportation and Property Investment Board were not available to attend. MIPIM 2022 was attended by 22,000 delegates with London activities contained in a London Stand pavilion, immediately adjacent to a pavilion hosted by the Department of Innovation and Trade. The City Corporation attended for two days as part of a united Opportunity London umbrella, along with the Deputy Mayor for Planning and Regeneration and Skills and representatives of London Councils. As part of the attendance there were opportunities to promote the City on the London Stand speaking in two sessions in the full conference programme, attending breakfasts, lunches and dinners hosted by Opportunity London, the London Property Alliance (CPA/WPA), London First and property investors. Meetings were also held on the stand with City investors to promote key City messages and receive updates on their investment strategies.

Current Position

Opportunity London

4. As part of the agreement of Policy and Resources Committee to sponsor the Opportunity London campaign it was agreed to undertake a review to assess the success of the campaign before committing any further funding. The City Corporation was a founder partner of the initiative making an initial contribution of £25,000. This has been used to seed fund the development of the initiative and was crucial in demonstrating to potential partners the value of the campaign. The GLA has contributed £65,000 and London Councils £45,000 as sponsorship. The total sponsorship received from the public and private sectors was £310,000 set against a challenging target of £500,000. Discussions are ongoing to bring on board further private sector partners.
5. Opportunity London has delivered the following achievements since March 2022:
 - Research / positioning piece for Opportunity London by Prof Greg Clark "[Pioneering the revised world city](#)".
 - Design, web development and content gathering for a new website: www.opportunity.london.
 - Delegation to MIPIM in Cannes in March 2022 (including funding for ticket / travel / expenses for Executive Member for Housing & Planning at London Councils) including speaking engagement programme, promotional 'business cards' and co-hosted lunchtime event at The Majestic Hotel with the London Property Alliance (CPA/WPA), where Catherine McGuinness, Jules Pipe and Darren Rodwell spoke about the initiative and London's ambitions.
 - Collective 'Opportunity London' Stand at inaugural UKREiiF event in Leeds in May 2022 and 4 dedicated London sessions within the main programme. 75 public sector delegates attending from 18 London Boroughs, GLA, Central London Forward, TfL.

- Opportunity London dinner at the Labour Party Conference, with Chair of Policy and Resources in attendance alongside various London Borough Leaders, Sadiq Khan, Deputy Mayor for Housing, David Lammy MP and James Murray MP.
 - Opportunity London dinner at the Conservative Party Conference, Deputy Chair Policy and Resources Committee in attendance alongside Chair of EC BID, Paul Scully, Minister for London and Elizabeth Campbell, Leader of RBKC and Executive Member for Business, Economy and Culture at London Councils.
 - [Opportunity London Investment Summit](#) at the Royal Academy as part of LREF.
 - Opportunity London display area at the London Real Estate Forum at The Barbican.
 - PR and comms campaign organised by London Communications Agency.
 - Funding for dedicated post within London & Partners to link up with their existing London promotion / FDI work.
6. The achievements above together with the sponsorship raised are considered to have provided a solid platform to support promotion of key messages and inward investment opportunities into London and the City. There is no other vehicle that collectively promotes London as a place to invest and given the current economic climate and global uncertainty it is imperative that London presents a strong and collective message that it remains open to business. It is considered that a further investment of £25,000 in March 2023 when the current sponsorship runs out would be value for money. This money would go toward the cost of delivering the partnership, communications and various events hosted to promote London.

MIPIM

7. Opportunity London has identified an umbrella programme of events to engage with key international and domestic investors funding delivery of development schemes in London. MIPIM is the key event where exposure to international investors would be maximised. MIPIM is Europe's largest property market conference where it is anticipated circa 25,000 paying delegates will attend with circa 600 from the international property investor sector. Opportunity London has been in discussions with the organisers of MIPIM to explore opportunities and associated costs in respect of delivering a co-ordinated London programme and stand for MIPIM 2023. A key failure of MIPIM 2022 was the lack of sufficient investment and coordination by the organisers in curating the London Stand, which in part was due to uncertainty created by the backdrop of the Covid pandemic. NLA who deliver Opportunity London, has over 20 years' experience of delivering a London Stand at MIPIM and whilst they are no longer responsible for delivering the London Stand, have sought to bring forward a coordinated package for the City and Opportunity London to utilise to promote London as a place to invest and do business. The organisers have agreed to pay for the Central London Model to be shipped across and subsidised three stands for the City, London Councils and Opportunity London facing each other within a clearly branded area. The costed package for the space and stands including eight passes would, at current exchange rates, be £35,800. The total cost of attending

MIPIM including hotels, flights, transfers and a City hosted lunch would be £62,800 with a £2,200 contingency

MIPM Budget

	Estimate
London Stand, includes 8 passes	£35,800
Flights and transfers	£6,000
Hotel	£16,000
City hosted event	£3,000
Incidentals	£2,000
Contingency	£2,800
Total	£65,000

8. As with previous years at MIPIM it is not intended to hold meetings relating to individual developments which can be done in London. The programme will be focussed on strategic engagement with investors both in terms of identifying opportunities to support the promotion of London and the City and through engagement with those investors looking to invest in London. MIPIM is a key opportunity to raise the profile and champion the work of Planning and Transportation Committee in granting schemes and to highlight policies that will encourage international investment and reinforce the City's international position. It will also provide opportunities to promote our commitment to deliver key strategic property projects to demonstrate our ongoing efforts to support the economic wellbeing of London. Attendance of MIPIM will also provide opportunities to work with key partners such as the GLA, London First, London Council and the CPA and to engage with leaders of other UK cities and regions. The proposed team to attend MIPIM will specifically support the delivery of the tailored programme and provide the necessary support to ensure all aspects run smoothly. The proposed team to attend MIPIM 2023 is the Chair of the Policy & Resources Committee, the Chair of the Planning & Transportation Committee and the Chair of the Property Investment Board who will be accompanied by the Executive Director Environment, the City Surveyor, The Assistant Director Partnership and Engagement, Head of Planning Delivery and one member of the Communications team will also be in attendance.

9. Opportunity London has targeted the promotion of key events in the UK and Europe and has ambitions to deliver partner delegations to key global regions such as North America and the Far East. In addition to MIPIM, Opportunity London has identified UK REiff (hosted in Leeds), LREF (London) and Expo Real (Munich) as key opportunities for attendance. They are also exploring jointly with the CPA opportunities to send a delegation of partners to New York to engage with investors and explore learning opportunities. Other foreign visits may also be forthcoming which may be appropriate for either the Chair of Policy and Resources, Chair of Planning and Transportation or Chair of Property Investment Board to attend. Whilst such trips will be to a degree subsidised, the costs of

flights and accommodation would need to be paid for. The estimates for attendance of this umbrella programme of events are set out below and in combination with attendance of MIPIIM are considered to be a comprehensive annual programme of events that would provide appropriate opportunities for Members to engage with local and international investors, promoting key City messages:

UK REiif 16-18 May 2023	-	£10,000
LREF, September 2023	-	£10,000
Expo Real 4-6 October 2023	-	£15,000
Foreign conference and City promotion	-	£15,000
Total	-	£50,000

Proposals

10. It is proposed that:

- The City Corporation agree to extend sponsorship of the Opportunity London initiative in March 2023 at a cost of £25,000 to be taken from the Environment Department, Partnership and Engagement local risk budget 2022/23
- The Chair of Policy and Resources, Chair of Planning and Transportation and Chair of Property Investment Board lead a delegation to attend MIPIIM 2023 at a cost of £65,000 to be taken from the Environment Department, City Surveyors and Communications Directors local risk budget 2022/23
- That the City Corporation agree attendance to the umbrella programme of events in conjunction with Opportunity London partners at a cost of £50,000 to be taken from the Environment Department, Partnership and Engagement local risk budget 2023/24

Options

11. The City could decide not to invest in any of the proposed activities to promote London as a place to invest and do business or it could decide to support MIPIIM, Opportunity London or the proposed Opportunity London umbrella programme in isolation. The proposal sets out an annual investment campaign that is balanced and which reaches out to UK, European and international audiences. It is considered that there are significant opportunities and benefits to be derived from providing a collective voice in promoting domestic and international investment into London and the City and specifically provides the opportunity to promote key City messages about being open for investment, including demonstrating our track record in supporting ongoing regeneration of the City and commitment to delivery key strategic projects

Corporate & Strategic Implications

Strategic implications: The Opportunity London campaign, including attending MIPIIM and the umbrella programme of events aligns with the City Corporation's corporate priorities in terms of supporting a thriving economy and will be instrumental in helping to support our aspirations to create "a global hub for innovation in financial and professional services, commerce and culture." Attracting inward investment can also help to give us access to the

skills and talent that we need and will in turn help inspire enterprise, excellence, creativity and collaboration

The Opportunity London campaign also aligns with the London Mayor's 2021 election manifesto where he has pledged to "champion the city across the globe as a location for investment and the best place to start and grow a business."

Financial implications: The overall funding of £140,000 will be funded via Environment Departments (Partnership and Engagement) local risk budget (£115,000), City Surveyors local risk budget (£20,000) and the Central Communications Director local risk budget (£5,000).

Resource implications: The Chair of Policy and Resources, Planning and Transportation and Property Investment Board will attend MIPIM together with the City Surveyor, Executive Director Environment and support team of three. The precise make-up of the representatives to attend the umbrella events will be determined by the event in consultation with the Chairs.

Legal implications: The main purpose of the City's involvement would be to support key adopted strategies to promote the City as a leading world business centre and to encourage inward investment. As such, its power to undertake the activity in its City Fund capacity and to incur City Fund expenditure is in Section 1 of the Localism Act 2011.

Risk implications: None identified

Equalities implications: None identified

Climate implications: Given the location of MIPIM it would take 13 hours to travel by train. It is proposed to travel through a combination of British Airways (BA) and EasyJet. EasyJet takes steps to partly address the impact on the environment or every single flight they offset all the carbon emissions from the fuel used, by supporting projects that protect against deforestation, plant trees or drive the uptake of renewable energy. BA do not offset for trips outside of the UK, but it is possible to pay an additional contribution to offset the carbon emissions of the flight. Where using BA an offset payment will be made.

Security implications: None identified

Conclusion

12. In the face of the challenges posed by Brexit and the global pandemic, the Opportunity London campaign provides a crucial, multi-agency platform to promote London and the City's development opportunities to domestic and international investors. Building on the success of MIPIM in previous years, the proposed umbrella campaign which includes attendance of MIPIM 2023, will enable a consistent narrative with the key decision makers in the international global investment world and will provide the targeted resources needed to ensure that London remains at the forefront of investment decisions.

13. MIPIM 2023 provides a significant opportunity for the City Corporation to attend and promote the City as a place to invest and do business. MIPIM is Europe's largest international property conference with key global investors in attendance. By participating as part of the London Stand the City can join key London strategic partners as part of Opportunity London, including the GLA, London and Partners and London Councils. The respective Chairs attending and officer team

will be able to engage directly with the property industry over a three-day period, promoting investment into London and the Square Mile.

Report author

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Committee(s)	Dated:
Operational Property and Projects Sub Committee – For information	23 November 2022
Property Investment Board – For information	25 November 2022
Subject: The City Surveyor's Departmental Risk Register – November 2022 Update	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 (CS 357/22)	For Information
Report author: John Galvin / Faith Bowman City Surveyor's Department	

Summary

This report has been produced to provide your Committee with a quarterly update on the management of risks within the City Surveyor's Department.

The City Surveyor department managing one corporate risk. There are a further eight risks on its Departmental Risk Register. Five of these departmental risks are recorded as red. The red risks currently being managed are:

- Corporate Risk:
 - CR 37 – Maintenance and renewal of physical assets – Investment property and Corporate (operational) property (excluding housing) – PIB & OPPSC
Current risk score 16 (Red)
- Departmental Risks:
 - SUR SMT 005 – Construction Price Inflation – PIB & OPPSC
Current risk score 16 (Red)
 - SUR SMT 006– Construction Consultancy Management PIB & OPPSC
Current risk score 16 (Red)
 - SUR SMT 007 – Energy Pricing – OPPSC
Current risk score 16 (Red)
 - SUR SMT 009 – Recruitment and retention of property professionals – PIB & OPPSC
Current risk score 16 (Red)
 - SUR SMT 010 – Insurance – Investment and Corporate Estates – PIB & OPPSC
Current risk score 16 (Red)

Recommendation(s)

Members are asked to note this report, and the actions taken within the City Surveyor's Department to effectively monitor and manage risks arising from our operations.

Main Report

Background

1. The City of London Corporation's Risk Management Policy and Strategy (RMP&S) requires each Chief Officer to report regularly to Committee the key risks faced in their department. The Property Investment Board (PIB) and Operational Property and Projects Sub Committee (OPPSC) has determined that they will receive the City Surveyor's risk register on a quarterly basis.
2. From this report forward we will be reporting through to your Committee only on 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 risks relevant to this Committee are included as Appendix B to this report.
4. Risks are reviewed regularly by the department's Senior Management Team (SMT) in line with the organisation's RMP&S. 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 captured. This ensures that the risk management process remains 'live'.

Current Position

6. The City Surveyor is currently managing one Corporate Risk. This is currently rated as red. The Departmental Risk Register contains a further five red and three amber risks.

Changes since last review

7. There has been an escalation in the risk score to two of the department's risks, and further details on the specifics of these are contained below. Members will be aware that over the last six months there has been an increasing portion of CSD's risks scored at a red rating. This is as a result of both external and internal factors.

In the macro-environment inflation has been a major driver of uncertainty, and this is reflected within our risk register. Internally the department has been challenged by tightening budgets. This has hampered our capacity to fund activities that would mitigate risks.

Risks such as 'recruitment and retention of property professionals' (SUR SMT 009) reflect the nexus of these two factors, where inflationary forces in the external environment have outstripped our local budget's capacity to mitigate.

The department will continue to analyse the external environment for both challenges and opportunities and seek to work with internal colleagues to address budget adequacy. This latter point was raised with Members and colleagues at the Member Bilateral session on November 3. However, it should be recognised that in the medium-term, more risks may be at a red level, and for a longer period, than we would otherwise desire and has historically been the case.

8. The changes to the risk register are noted below:

A. SUR SMT 006 – Construction Consultancy Management

Current score – 16 (Red) – PIB and OPPSC

This risk has increased from amber to red

Currently Property Professionals across the industry are moving on to different companies at a greater speed. As a result, the Delivery Lead on projects changes and replacements are often not of the same calibre as those engaged at earlier stages. The department is working closely with colleagues in Procurement to adapt scoring criteria (rebalancing the cost / quality ratio) and to undertake more thorough assessment of bid submissions to ensure quality consultants remain in place for longer.

B. SUR SMT 010 – Insurance – Investment and Corporate Estates

Current score – 16 (Red) – PIB and OPPSC

This risk has increased from amber to red

The organisation needs to revalue its estates – both investment and corporate – to accurately quantify the fire insurance rebuilding costs. The department is working with colleagues in Chamberlain's department to identify funding. This has, as of November, just been identified, and mobilisation will commence shortly. However, the delay has meant that the risk score has increased to red.

Heatmap

9. Through the performance dashboard tool, Power BI, it is possible to create heatmaps of the department's risks. This is a graphical summary of the current departmental risks (left). A comparison with the those presented at the last report (September) is included as the table on the right. Note that the table includes the Corporate Risk that is being managed by the department.

10. The Heatmaps do not track individual risks over time, rather it is a snapshot comparison of the overall risk profile. Members will note the increasing portion

of red risks (currently 6 risks, up from 4 in September), as highlighted in paragraph 8 above.

	Minor	Serious	Major	Extreme
Likely			6	
Possible		1	2	
Unlikely				
Rare				

Table 1: November 2022 Risk Heatmap

	Minor	Serious	Major	Extreme
Likely			4	
Possible		1	4	
Unlikely				
Rare				

Table 2: September 2022 Risk Heatmap

Conclusion

11. Members are asked to note the recent changes to the departmental risk register, and the actions taken by CSD to mitigate the likelihood and/or impact of the risks.

Appendices

- Appendix A Risks by Committee
- Appendix B The City Surveyor's Corporate and Departmental Risk Register relevant to this Committee

Background Papers

- The City Surveyor The City Surveyor's Departmental Risk Register – June 2022 Update (CS 219/22)
- The City Surveyor The City Surveyor's Departmental Risk Register – September 2022 Update (CS270/22)

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Faith Bowman

Departmental Performance & Services
City Surveyor's Department

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Risks by Committee

1. The City Surveyor's Department (CSD) is currently managing one risk at the Corporate level (CR 37) and a further 8 at the departmental level.
2. Outlined in the table below is how these risks relate to the two reporting Committees, Operational Property and Projects Sub Committee (OPPSC) and Property Investment Board (PIB).
3. Of the nine total risks, eight relate to OPPSC and 6 to PIB. For risk CR37, only one mitigating action relates to the activities of PIB (Action CR37D).
4. From November 2022 only risk relevant to the specific Committee will be presented to that Committee. The full list of risks and their mitigations are available upon request.

Code	Title	OPPSC	PIB	Score
CR37	Maintenance and renewal of Physical Assets- Investment property and Corporate (operational) property (excluding housing assets)	X	X (action CR37d)	16
SUR SMT 005	Construction Price Inflation	X	X	16
SUR SMT 007	Energy Pricing	X		16
SUR SMT 009	Recruitment and retention of property professionals	X	X	16
SUR SMT 006	Construction Consultancy Management	X	X	16
SUR SMT 010	Insurance - Investment and Corporate Estates	X	X	16
SUR SMT 002	Insufficient budget to meet user and asset demand at Guildhall	X		12
SUR SMT 003	Investment Strategy Risk		X	12
SUR SMT 008	Special Structures	X		6

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SUR Departmental risks - detailed report EXCLUDING COMPLETED ACTIONS for COMMITTEE

Report Author: Faith Bowman
Generated on: 10 November 2022



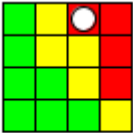
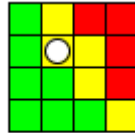

Rows are sorted by Risk Score

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
CR37 Poor maintenance and renewal of physical Assets- Investment property and Corporate (operational) property (excluding housing assets)	<p>Cause: Poor property condition combined with insufficient budget to maintain assets in line with commitments/expectations.</p> <p>Event: Misalignment between the relevant Asset Management Strategy, City's lease obligations to third parties in occupation and the available funds to reach / maintain this standard</p> <p>Impact: Built estate becomes not fit for purpose/ functions/occupancy. The City becomes in breach of legal repairing covenants. Cost of maintenance and utility costs increases, placing further pressure on City resources. In extreme circumstances there will be H&S implications, leading to potential enforcement action, legal action by tenants or asset failure in whole or part with detrimental effects leading to impact on occupiers</p>	<p>Likelihood</p> <p>Impact</p>	16	<p>This risk results from both a workshop with the Executive Leadership Board (ELB) and a risk arising from the departmental risk register.</p> <p>The mitigation captures the 5 repairs and maintenance funding streams:</p> <ul style="list-style-type: none"> . Cyclical Works Programme (CWP) . Ring-fenced properties . Local maintenance budgets . Major Capital projects . Investment estate revenue programme <p>Note that the majority of this risk relates to the Corporate (operational) properties (excluding housing). The main item for Members of Property Investment Board relate to mitigation action CR37d below.</p>	<p>Likelihood</p> <p>Impact</p>	4	31-Mar-2023	<div></div>
04-Nov-2019				10-Nov-2022			Reduce	Constant

Paul Wilkinson							
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Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
CR37a	Cyclical Works Programme (CWP)	<p>The CWP bid for 23/24 is circa £34m. These works are essential to keep the operational properties in a good standard.</p> <p>Funding allows the progression of £12m of works (exclusively compliance & emergency H&S works). This figure includes inflation allowance.</p> <p>The Resource Allocation Sub Committee (RASC) Away Day discussed the maintenance requirement of the City's properties and is seeking further prioritisation guidance (aligned to a refreshed Corporate Plan).</p>	Peter Collinson	10-Nov-2022	31-Mar-2023
CR37b	Ring fenced properties and budgets (CoLP estate, New Spitalfields, Billingsgate and the three private schools	<p>CSD is communicating with ring fenced departments to identify appropriate building maintenance requirements and spend (forward maintenance). These department occupiers allocate their own funds for the maintenance of the built assets. Whilst the City Surveyor's Department recommends work to be undertaken, it is the occupying department who holds the budget responsibility and thus decides with final control over maintenance activity.</p> <p>This element is being mitigated through the delivery of the recommendations arising from the recent Internal Audit. Whilst there has been progress in some areas, the actions have not been implemented comprehensively across the Corporation. The department is engaging with the Town Clerk to progress a resolution.</p> <p>The master planning of certain sites (such as the Boys' School) helps add clarity around required spend.</p>	Peter Collinson; Peter Young	10-Nov-2022	31-Mar-2023
CR37c	Repairs and Maintenance Budget	The local repairs and maintenance budget has come under significant pressure. The intelligent prioritising of works helps mitigate the impact of this issue. This reflects good practice and helps inform the CWP scoring matrix. The implementation of the new Computer Aided Facilities Management (CAFM) system Concerto increases the intelligence that can be drawn from our systems.	Peter Collinson	10-Nov-2022	31-Mar-2023
CR37d	Revenue Programme (Investment Estate Only)	The allocation of sufficient funds to maintain our investment portfolio to a high standard is required to maximise income generation and asset appreciation. Discussions are on-going with internal colleagues such that sufficient provision is made from the rent received. For the coming year 4.6% of projected rent has been allocated, broadly in line with the 5% industry 'rule of thumb'. One of the post-Covid trends is a 'flight to quality' from occupiers, making the condition of our assets critical to future income.	Nicholas Gill	10-Nov-2022	31-Mar-2023

CR37f	Annual Major Capital Bids	<p>The City Surveyor's Department is progressing major capital projects, and these projects are all essential to keep the operational estate including the Guildhall in a good standard. Significant works have been identified from the recent Smithfield Market Condition Survey and if not funded present a live Health and Safety risk. Some departments submit their own bids based upon advice from the City Surveyor. If more H&S works are required this limits the scope for further improvement projects.</p> <p>Over the August period all projects have been reviewed to consider the impact of increased inflation, together with any mitigations in place. For projects pre-GW5 further assessments are being undertaken to consider the balance between desirable/mandatory and any timing constraints.</p> <p>There will be no capital bids for 2023/24 – however there will be a small emergency funding pot should any immediate H&S issue arise.</p>	Peter Collinson; Nicholas Gill; Peter Young	10-Nov-2022	31-Mar-2023
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Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
SUR SMT 005 Construction Price Inflation	Cause: Market conditions have led to input price inflation Event: Project and programme cost escalation Impact: Inability to delivery capital and revenue projects within budget	<div> <div>Likelihood</div>  <div>Impact</div> </div>	16	<p>Material costs and labour availability are combining to raise costs. This cost increase has already been seen in our tender returns, and this explains why this risk notes its likelihood as “likely”.</p> <p>The recent sharp uplift in fuel and energy prices is creating negative impacts across the supply chain and may lead to this risk being less transitory than first envisaged.</p> <p>We are currently experiencing the following issues:</p> <ul style="list-style-type: none"> . Contractor claims – have increased (this is in-line with the broader industry) . Contractor financial stability – is being monitored closely, and we are ensuring that contingencies are in place where relevant. . Market interest – contractors are being selective, and often declining to tender. . Shortage of labour and materials – manifesting in significant increases in prices (tendered projects are often circa 20% above the pre-tender estimate). <p>Cost Consultants were forecasting a continued rise in the Tender Price Inflation (which monitors the movement of prices in tenders for construction contracts in the UK) at between 8%-12%, and the true</p>	<div> <div>Likelihood</div>  <div>Impact</div> </div>	6	31-Mar-2023	

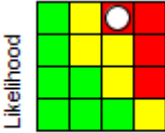
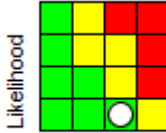

14-Oct-2021 Ola Obadara				<p>reflection on recently tendered projects by the City Corporation was circa 20%-30%. However, material prices appear to have turned a corner, as evidenced by the BEIS's 'All Work' material price index falling by a notable 1.42% in August. This was the first monthly fall in material price inflation since July 2020.</p> <p>There is the risk that there are further price rises. This will lead to some cancelled projects, or projects facing uplifts in costs. This therefore has a knock-on impact on other corporate priorities which require project delivery.</p> <p>These increased costs may impact the organisation's ability to deliver capital and revenue projects within budget.</p> <p>The department has been working with Corporate colleagues, and this has resulted in the project review process being undertaken through August.</p> <p>A paper has been prepared for November's Property Investment Board (PIB) detailing the impact on investment projects.</p> <p>10 Nov 2022</p>				Reduce	Constant
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Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 005a	Procurement Strategy	The department is working with legal and procurement to identify different buying options,	Ola	10-Nov-	31-Mar-

		<p>thereby managing the risk to the department / organisation. 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. This is the current market norm for these projects. The change enables contractors to better transfer their risk and leaves the City with a degree of cost uncertainty, even post Gateway 5. Whilst this transfer is not desired, it offers far better market coverage and reflects the prevailing external conditions. This will be kept under review</p>	Obadara	2022	2023
SUR SMT 005c	Capital Project Review	<p>Over the August period all projects were reviewed by the Chair & Deputy of OPPSC to consider the impact of increased inflation, together with any mitigations in place.</p> <p>For projects pre-GW5 further assessments are being undertaken to consider the balance between desirable/mandatory and any timing constraints. The department is pro-actively engaging in this process.</p> <p>Initial conclusions have been presented to Finance Committee in September. More detailed recommendations, in conjunction with Chief Officers, has been presented to Resource Allocation Sub Committee and Policy & Resources in October.</p>	Ola Obadara	10-Nov-2022	30-Sep-2022
SUR SMT 005d	Contracts	Chamberlain's procurement and the department will explore the potential inclusion of fluctuating provisions in our contracts. Currently contractors are expected to take inflation into account when tendering, sharing this risk may attract greater interest for contractors to price and deliver.	Ola Obadara	10-Nov-2022	31-Mar-2023
SUR SMT 005e	Contract Engagement	We are looking to engage early with our contractors on a consultancy basis to obtain as much information as possible prior to contract.	Ola Obadara	10-Nov-2022	31-Mar-2023
SUR SMT 005f	Specification and Materials	Ensuring materials are readily available before and during the design phase and, if possible, procure in advance of the contract. Further consideration is being given to the origin of source materials to ensure supply.	Ola Obadara	10-Nov-2022	31-Mar-2023
SUR SMT 005g	Scope of works	In the event of the above mitigations being insufficient to contain the quantum of cost, some projects may need to be de-scoped, delayed or even cancelled. Should this action be required, there will be a knock-on impact on the delivery of departmental and corporate objectives. This will be kept under review.	Ola Obadara	10-Nov-2022	31-Mar-2023

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
SUR SMT 009 Recruitment and retention of property professionals <								

			owner	Date	
SUR SMT 009a	Advertising	The department and the HR Business Partner has produced a recruitment best practice document, which includes ensuring that vacant posts are advertised in areas which will generate interest from suitably qualified candidates, including those currently under-represented within our workforce.	Alexandra Rodriguez; Paul Wilkinson	10-Nov-2022	31-Mar-2023
SUR SMT 009b	Best Practice	Including delivery of appraisals, regular one-to-ones, team and group meetings. This aims to improve communications at all levels, ensuring that CSD is a positive work environment and that issues/blockers can be raised and addressed. In some areas career graded roles have been instituted, and deployment can be further explored.	Paul Wilkinson	10-Nov-2022	31-Mar-2023
SUR SMT 009c	Communication	Quarterly meetings from the department's Chief Officer so all staff feel engaged with the activities of the department.	Paul Wilkinson	10-Nov-2022	31-Mar-2023
SUR SMT 009d	Engagement with HR	Some of the items highlighted as the 'causes' of this risk are outside the control of CSD, and engagement with our Corporate partners will be critical to overcoming these items. This departmental risk directly supports the Corporate focus on the "Skills & capacity of our people".	Paul Wilkinson	10-Nov-2022	31-Mar-2023
SUR SMT 009e	Equalities, Diversity and Inclusion	The department has an active ED&I network, which regularly engages with the City Surveyor and the Senior Management Team. This is seeking to make the department a more attractive destination for under-represented groups and seek to retain and progress staff from all backgrounds.	Ola Obadara	10-Nov-2022	31-Mar-2023
SUR SMT 009f	Pay and Review Survey	The Corporation is reviewing pay & reward, and wherever possible, CSD will feed into this process. The department has highlighted that there are specific pressures within this department which may make the issue more acute within CSD roles. The organisation has offered staff a pay settlement for 2022/23 which has come into effect from October.	Paul Wilkinson	10-Nov-2022	31-Mar-2023
SUR SMT 009g	Staff Survey 2022	The Your Voice Matters survey was undertaken earlier in 2022. Detailed results are now available and have been communicated to Directors. Analysis within the department have highlighted positives / areas for consideration, and particularly with respect of the second of these we are working with Corporate Colleagues to develop a response (these themes are reflected in the "risk cause" above). The department will be supporting the 'In Conversation With' event with the Town Clerk. This will increase visibility of senior managers to staff across the department and help communicate vision and aims.	Paul Wilkinson	10-Nov-2022	31-Mar-2023

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
SUR SMT 006 Construction Consultancy Management <div>Page 37</div>	Cause: Poor performance by consultants Event: Abortive work, delays, or non-performance. Impact: Additional costs, project delays	 Likelihood Impact	16	<p>This risk is being managed but it will take some time to resolve issues arising from contractors previously appointed. This relates to abortive design / development.</p> <p>Aligned with other departmental risks, the department is stretched for resource. This had led to fewer leads being responsible for a greater number of projects. This reduces scrutiny capacity and can increase the likelihood of errors.</p> <p>There is a link to our internal recruitment and retention risk (SUR SMT 009) as property professionals across the industry are moving companies at a greater rate. This means that the delivery lead often changes throughout the life of the project, and replacements are often not at the same quality as those engaged at earlier stages.</p>	 Likelihood Impact	4	31-Mar-2023	
							Reduce	Constant
14-Oct-2021 Ola Obadara				10-Nov-2022				

Action no	Action description	Latest Note			Action owner	Latest Note Date	Due Date
SUR SMT 006a	Commissioning stage	The department has commenced going to market at RIBA stage 3 rather than RIBA stage 4. This will prevent abortive design and development. This change followed close work with the			Ola Obadara	10-Nov-2022	31-Mar-2023

		procurement team in Chamberlain's. The impact of this change will be tracked over the coming months.			
SUR SMT 006b	Legal	The team is working closely with the legal department to ensure that procurement activity aligns with project objectives and the consultants meet quality requirements.	Ola Obadara	10-Nov-2022	31-Mar-2023
SUR SMT 006c	Procurement	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.	Ola Obadara, Procurement	10-Nov-2022	31-Mar-2023

11

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 010a	Register of data	A property schedule exists and this has been updated with the survey carried out on Special Sites (by RLF). However, any ad-hoc valuations from IPG need to be fed into this spreadsheet to ensure comprehensive accuracy.	Nicholas Gill	10-Nov-2022	31-Mar-2023
SUR SMT 010b	Funding	<p>Funding will need to be identified. In earlier years this budget was met from CS Local Risk, however this budget line can no longer accommodate this spend.</p> <p>Where leases allow, the cost can be recovered from commercial tenants, and operational occupiers as appropriate. Authorisation for funding has been received and finance is in the process of coding.</p>	Nicholas Gill; John James	10-Nov-2022	31-Mar-2023
SUR SMT 010c	Delivery	Deliver - Once funding has been identified.	Nicholas Gill	10-Nov-2022	31-Mar-2023

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date/Risk Approach	Current Risk score change indicator
SUR SMT 003 Investment Strategy Risk 								

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
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Page 42	SUR SMT 003a	<p>Macro-economic</p> <p>The strategy is to maintain a diverse portfolio that reduces the impact of this risk. This includes:</p> <ol style="list-style-type: none"> 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 	<p>The actions described are being undertaken and reviewed regularly with the Assistant Directors.</p> <p>Consideration includes the potential for recession, inflation, energy pricing etc, and how this will impact tenants and the wider market.</p>	Nicholas Gill	10-Nov-2022	31-Mar-2023
	SUR SMT 003b	<p>Portfolio</p> <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>This is achieved through regular market scanning, and the integration of learning into the Corporation's approach.</p>	Nicholas Gill	10-Nov-2022	31-Mar-2023
	SUR SMT 003c	<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>	<p>Ensure that the properties offered by the COL are meeting the emerging needs of tenants.</p>	Nicholas Gill	10-Nov-2022	31-Mar-2023
	SUR SMT 003d	<p>Office risk</p> <p>A slow return of workers to the office may lower demand for office spaces, or the types of spaces required may necessitate additional works prior to letting</p>	<p>The department is monitoring the return to the office through data supplied by partners (such as football 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 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, and the Investment Property Director presented to the June RASC Away Day to highlight market trends.</p>	Nicholas Gill	10-Nov-2022	31-Mar-2023
	SUR SMT 003e	<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</p>	<p>The moratorium on enforcement action concluded in March 2022. Arrears built up from 03/20 – 07/21 will be ring-fenced for six months. Arrears outside of this period are being handled in line with existing process/procedures</p> <p>.Engagement with peers to understand wider market impacts. Regular arrears monitoring,</p>	Nicholas Gill	10-Nov-2022	31-Mar-2023

	on tourism, which has seen a significant decline over the last 12+ months. The speed at which this return is yet to be understood.	including the provision of bi-monthly dashboards Rental collection snapshot is being produced by Chamberlain's Department.			
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Committee(s)	Dated:
Operational Property and Projects Sub Committee – For information	23 November 2022
Property Investment Board – For information	25 November 2022
Subject: City Surveyor's Business Plan 2022-27 Quarter 2 2022/23 Update	Report – public Appendix A to E – public Appendix F – non-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 (CS 361/22)	For Information
Report author: John Galvin / Faith Bowman City Surveyor's Department	

Summary

This report provides Members of Property Investment Board (PIB) and Operational Property and Projects Sub Committee (OPPSC) details of progress in quarter 2 (July to September) 2022/23 against the 2022-27 Business Plan.

Of the thirteen key performance indicators being monitored eight were assessed as being green, on target. There were three indicators which were assessed as amber. One further indicator is assessed in quarters 1 and 3, and one is assessed annually.

Against a local risk budget of £30.658m, the City Surveyor is currently forecasting an overspend of £4.067m (13.3%). Of this overspend, £2.316m (57.0%) relates to inflationary increases for energy and other corporate contracts. The department is working to mitigate those elements of the overspend within its control. Whilst the department's local risk position is challenging, it continues to develop income and receipts for the organisation.

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 quarterly report on the progress made during quarter 2 of 2022-23 (July to September) against the 2022-27 Business Plan.

Current Position

2. This report provides the latest budget information which is set out in Appendix A. Appendix B provides a detailed table of the department's Key Performance Indicators (KPIs). Charts of performance indicators that are of interest to your Committee are included in Appendix C. Commentary on the commercial property market is included in Appendix D and progress against Climate Action Strategy (investment property) milestones is included in Appendix E.
3. In order to reduce paperwork for both Members and Officers, Arrears information has been included in Appendix F (non-public). This was previously reported as a stand-alone report.
4. A separate monitoring report on the risks within the department is also circulated for this meeting.

Financial Statement

5. At quarter 2, the City Surveyor is forecasting an overspend of £4.067m (13.3%) against his overall local risk budget £30.658m. Of this overspend, £2.316m relates to inflationary increases for energy, corporate contracts and the July 2022 pay award. A provision has been made centrally for these costs and budgets will be allocated in period 10 (January) when actual costs are clearer.
6. The remaining £1.751m projected overspend comprises of £0.852m on the City Surveyor departmental budget due to the residual 12% savings agreed but which will not be realised in full until 2023/24 and cross-cutting fundamental review savings relating to the consolidation of asset and project management. A further £0.470m overspend on the City Fund Estate due to additional business rates costs and reduced service charge recovery due to voids. Finally, there is a £0.309m overspend on the Central Criminal Court from additional cleaning and security resulting from the pandemic.
7. The City Surveyor is continuing to seek further efficiencies to bring the forecast outturn closer to balance by holding staff posts vacant, address the Central Criminal Court overspend by reassessing the current agreement with the Court Service and finalise the residual fundamental review and TOM savings for the department. However, given the scale of the forecast overspend at quarter 2, it is likely that the City Surveyor will carry forward an overspend and consideration will need to be given as to how this is recovered in 2023/24.
8. The department has a positive record of delivering additional income and capital receipts across the organisation and not benefiting the department's budgets. This includes receipts items such as highway disposals, licence fees and additional rent for other budget holders in departments. For quarters 1 and 2 of 2022/23, £8.548m was generated for the organisation in this fashion. The organisation is also seeking to increase the income generated by its property assets (whether this be advertising, sponsorship, events filming etc).

Quarter 2 2022/23 update

9. A RAG status is used to summarise the progress of the performance indicators we are measuring on a quarterly basis. The table below provides an 'at a glance' status report for the City Surveyor's KPIs at the end of quarter 1.

Status ¹	Green	Amber	Red	TBC	N/A
Operational Property and Projects Sub Committee	6	2			
Property Investment Board	6	1			2
Overall ²	8	3			2

10. Of the thirteen KPIs monitored, eight were assessed as being on target (green), and three was marginally behind target (amber). Two further measures are reported either bi-annually or at the end of the reporting year.

11. The amber KPI is as follows:

A. KPI. 2 – Space Utilisation (OPPSC)

Target – to reduce space cost per FTE at Guildhall to under £4,728 per annum (this is a 5% reduction on the 2021/22 figure)

Performance – current projections indicate a space cost of £5,867 per FTE per annum.

This KPI reviews performance against quarter 2 of 21/22, which still contained periods of covid lockdown. Thus, meeting the target was expected to be a challenge. We are continuing to reduce consumption when compared to the 2018/19 baseline year. Further planned interventions combined with the full impact of previous energy efficiency interventions is expected to reduce the risk level of this measure in future quarters.

B. KPI. 3 – Delivery of Climate Action Strategy Milestones – operational estate (OPPSC)

Target – 5% year-on-year reduction in scope 1 and 2 carbon emissions from corporate properties and landlord areas

Performance – 5% increase compared to the same quarter 2021/22

The baseline comparator (July to September 2021) was impacted by lockdowns which artificially suppressed the use of energy and thereby

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

² Some KPIs relate to both PIB and OPPSC. Therefore, row indicating KPIs overall is not a total of the PIB and OPPSC rows.

impacted carbon emissions. Looking further back (to the equivalent period in 2018/19) there is a decrease in weather related consumption of 13%, and the team is confident that the long-term CAS targets will be met.

C. KPI. 4 – Delivery of Climate Action Strategy Milestones – investment property (PIB)

Target – Attainment of milestones
Performance – two months behind

One workstream element has been delayed by two months. This delay arose due to the time taken to complete a necessary cost review, together with a contractual scope issue with one consultant. These items have now been concluded and work is underway to recover time.

Conclusion

The second quarter of 2022/23 was positive in terms of performance. Whilst there are three measures behind target, the relevant teams are working diligently to recover time and ensure that programmes are delivered in line with expectations. The budget position remains challenging, principally driven by inflationary increases for energy and corporate contracts. The department will continue to bear down on spend within its control.

Appendices

- Appendix A Budget Monitoring Statement
- Appendix B Key Performance Indicator Table
- Appendix C Headline Performance Charts
- Appendix D Market Commentary
- Appendix E Climate Action Strategy – Investment Portfolio
- Appendix F Arrears (City's Estate and City Fund) – Non public

Background Papers

- The City Surveyor The City Surveyor's Business Plan 2022-27 (CS 454/21)
- The City Surveyor The City Surveyor's Business Plan 2022-27 – Quarter 1 2022/23 Update (CS 271/22)

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Budget Monitoring Statement Quarter 2 2022/23

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Budget Monitoring Statement

LOCAL RISK BUDGET Period 6 to 25th September 2022	Latest Approved Budget £000	Period 6 Profile £000	Period 6 Total Expenditure £000	Under / (Over) Spend for Period £000	Period 6 Projected Outturn £000	Under / (Over) Forecast for Year £000	Note
City Fund							
City Fund Estate & Leadenhall	(2,412)	(1,235)	(1,677)	(442)	(2,882)	(470)	1
Walbrook Wharf	(931)	(465)	(491)	(26)	(1,018)	(87)	2
Mayor's & City of London Court	(20)	(10)	(15)	(5)	(12)	8	
Central Criminal Court	(343)	(343)	(1,221)	(878)	(652)	(309)	3
Recoverable Projects	0	0	0	0	0	0	
Lower Thames St Roman Bath	(7)	(3)	(5)	(2)	(5)	2	
R&M & MI Work for other departments	(1,255)	(622)	(670)	(48)	(1,457)	(202)	4
Corporate FM cleaning & security	(90)	(45)	(58)	(13)	(109)	(19)	
	(5,058)	(2,723)	(4,137)	(1,414)	(6,135)	(1,077)	
City's Cash							
City's Cash Estate	(3,281)	(829)	(964)	(135)	(3,405)	(124)	5
Departmental	(8,897)	(4,447)	(5,164)	(717)	(10,175)	(1,278)	6
Mayorality & Shrievalty	(93)	(73)	(17)	56	(79)	14	
R&M & MI Work for other departments	(1,836)	(918)	(871)	47	(2,095)	(259)	7
Corporate FM cleaning & security	(602)	(301)	(322)	(21)	(645)	(43)	
	(14,709)	(6,568)	(7,338)	(770)	(16,399)	(1,690)	
Guildhall Administration							
Guildhall Complex	(7,864)	(3,993)	(4,765)	(772)	(9,164)	(1,300)	8
	(7,864)	(3,993)	(4,765)	(772)	(9,164)	(1,300)	
Total City Surveyor Local Risk excl BHE	(27,631)	(13,284)	(16,240)	(2,956)	(31,698)	(4,067)	
Central Funding for, Pay Award, Energy and Contractural inflation						2,316	9
Total City Surveyor City Fund & City's Cash	(27,631)	(13,284)	(16,240)	(2,956)	(31,698)	(1,751)	
Bridge House Estates							
Bridge House Estates	(2,765)	(1,088)	(425)	663	(2,765)	0	
Tower Bridge Corporate FM cleaning	(262)	(131)	(131)	0	(262)	0	
	(3,027)	(1,219)	(556)	663	(3,027)	0	
Total City Surveyor Local Risk incl BHE	(30,658)	(14,503)	(16,796)	(2,293)	(34,725)	(1,751)	

1. City Fund Estate forecast overspend largely due to empty rates and reduced service charge income. This is partly offset by a reduction in expenditure for Eldon St, 6 Broad St Place and Fleet St.
2. The Walbrook Wharf forecast overspend is due to the anticipated rise in energy costs.
3. The overspend is due to extra cleaning and security partly due to a new regime adopted during the COVID-19 pandemic, plus additional for energy and the July 2022 pay award.
4. Additional reactive repairs work especially for Port Health.
5. The forecast overspend includes a shortfall in service charge income, an overspend against rates and security, largely offset against an underspend in the revenue works programme.
6. The departmental overspend is due to the residual 12% savings agreed but which will not realise be realised in full until 2023/24. Further there are £280k of cross cutting Fundamental Review savings in respect of consolidation of Asset management and Project Management which the City Surveyor cannot

progress as they relate to other department's budgets. Finally the overspend on this line relates to £460k cost of the July 2022 pay award.

7. Additional reactive repairs and maintenance spend particularly at Mansion House, Epping Forrest, and London Central Markets
8. Guildhall forecast includes additional energy and pay award costs and loss of income for 65a Basinghall Street due to it now being void.
9. The Chamberlain advises that provision has been made centrally for inflation both in respect of energy and corporate contracts and for the July 2022 pay award. Budgets will be drawn down in period 10 when actual costs are clearer

Key Performance Indicators									
Ref	Title	Target	Group	Committee	Q1		Q2		
KPI. 1	Asset Realisation and additional income	£19.6m	CPG	OPPSC	on target	green	on target	green	
KPI. 2	Space Utilisation*	£4,728	CPG	OPPSC	n/a	n/a	£5,867	amber	
KPI. 3	Delivery of Climate Action Strategy Milestones - operational estate	<5%	OG	OPPSC	5%	amber	5%	amber	
KPI. 4	Delivery of Climate Action Strategy Milestones - investment property	on schedule	OG	PIB	on target	green	2 month delay	amber	
KPI. 5	Property contract Performance Compliance	> 90%	OG	OPPSC	98.52%	green	99.21%	green	
KPI. 6	Adherence to Budgetary Spend Profiles	95% - 105%	All	PIB; OPPSC	17.03%	green	36.19%	green	
KPI. 7	Capital Project - Project Risk Status	< 30%	PPG	PIB; OPPSC	20%	green	27%	green	
KPI. 8	Capital Project- Health & Safety*	> 80%	PPG	PIB; OPPSC	n/a	n/a	81%	green	
KPI. 9	Capital Project - Site sustainability waste management	> 90%	PPG	PIB; OPPSC	97%	green	94%	green	
KPI. 10	Rental Forecasts	£94.19m	IPG	PIB	£94.39m	green	£96.29m	green	
KPI. 11	Minimise Arrears (reducing target <9% June, <7% Sept, <5% Dec, <2% March)	<2% eoy	IPG	PIB	9.34%	green	5.21%	green	
KPI. 12	Minimise voids (*)	n/a	IPG	PIB	3.77%	green	n/a	n/a	
KPI. 13	Outperform MSCI**	exceed ben	IPG	PIB	n/a	n/a	n/a	n/a	
	*reported bi annually								
	** reported annually								
	eoy = end of year								

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Headline Performance Charts Quarter 2 2022/23

Appendix C Page 1 of 1

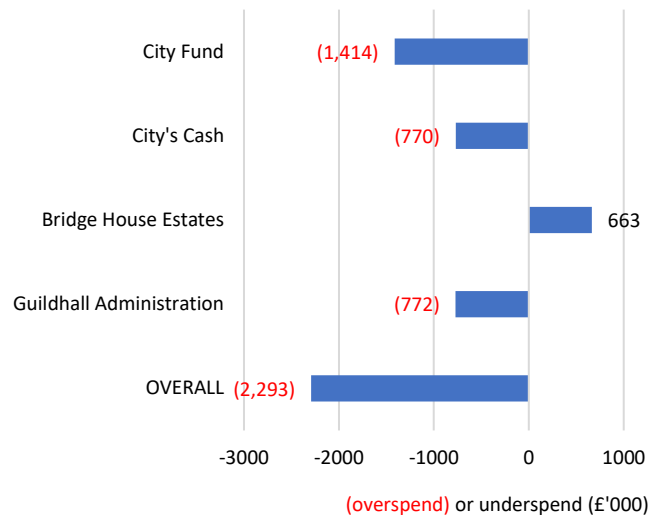


Figure 1 End of quarter variance against profiled local risk budget – (overspend) or underspend

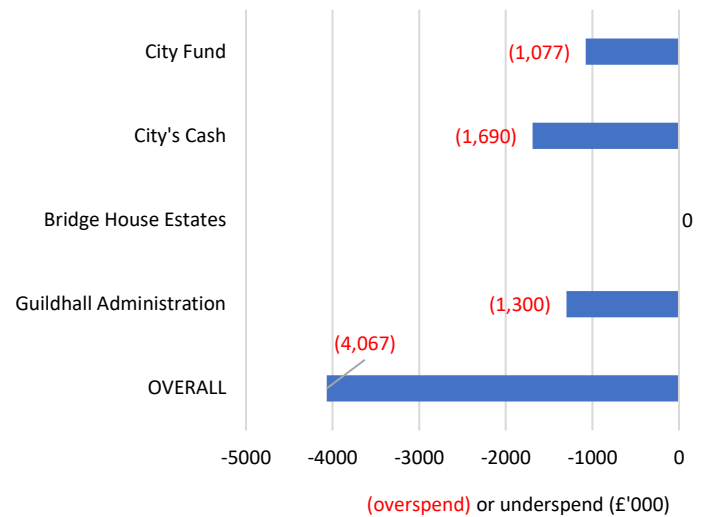


Figure 2 Projected year-end variance of the local risk budget – (overspend) or underspend

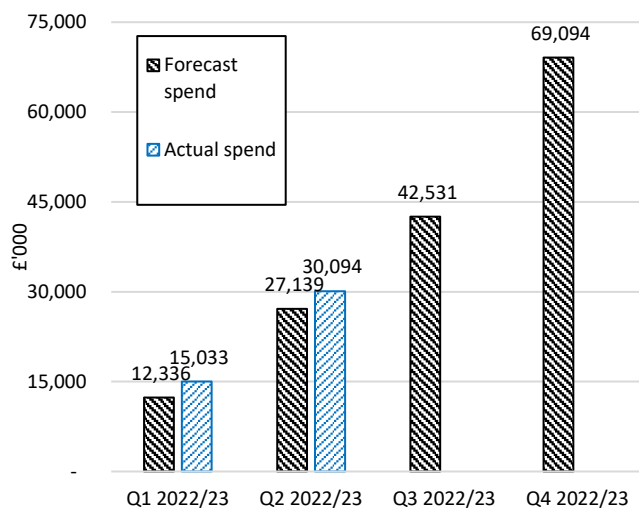


Figure 3 All project spend, forecast v actual

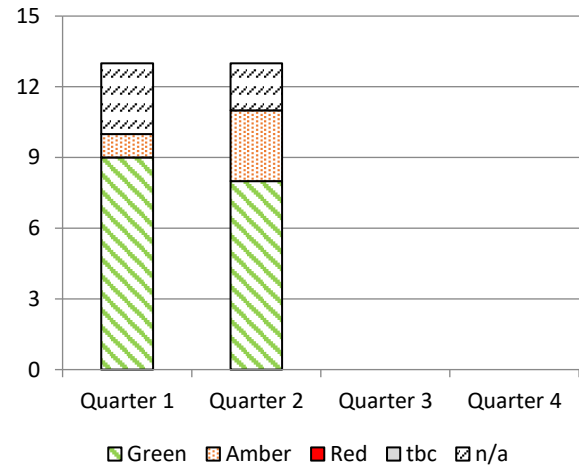


Figure 4 Performance of departmental KPIs overall

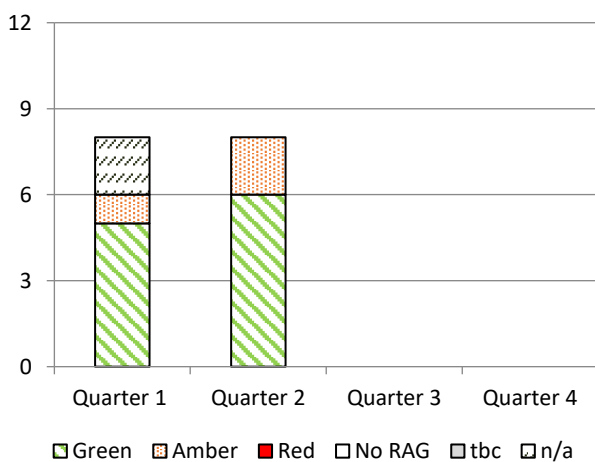


Figure 5 Performance of KPIs linked to Corporate Property (Operational Property and Projects Sub Committee)

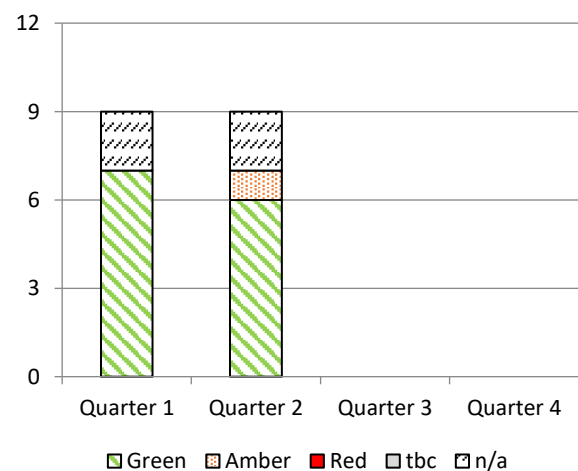


Figure 6 Performance of KPIs linked to Investment Property (Property Investment Board)

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July to September

1. In the West End office leasing market, Savills reported take up of 549,143 sq ft in September. This is 55% above the 10-year average monthly take-up figure. Savills saw 1.2m sq ft of leasing transactions complete overall in the quarter, across 119 deals, bringing year-to-date take-up to 3.48m sq ft, 19% above where it stood this time last year and 12% above the 10-year average. 86% of year-to-date take-up has been of Grade A standard.
2. The average quarterly prime rent reached £119.58 psf, taking the year-to-date average to £121.96 psf, up 2% on the end of 2021. Similarly, the average Grade A rent achieved so far this year stands at £83.67 psf, again, a rise of 2% from 2021. Comparatively, over the same time period, we have seen average Grade B rents fall by 2% to reach £53.86 psf.
3. Since July, supply has started slowly creeping up settling at 7.2m sq ft, which equates to a vacancy rate of 6.1%. This is 100bps lower than its peak in April 2021, however it is still considerably higher than the long-term average of 4.6%. Despite overall supply rising Savills have continued to see overall vacancy across the core decreasing. The buoyancy of the occupational and development markets, as a result of continued strong occupier demand for new space, has meant a quarter of next year's development pipeline has already been pre-let. Between 2023 and 2026 Savills are currently anticipating 12m sq ft to complete, of which 14% is pre-let. With uncertainty over build costs and increased demands and expense of sustainability requirements, some of the forecast development starts could get delayed.
4. In the City office leasing market, Savills reported a strong month in September following a subdued July and August – take-up in September soared to 737,475 sq ft, this is up 42% on the ten-year monthly average. The figure was achieved across 47 transactions – the highest number of monthly transactions since December 2019.
5. Despite a fruitful September, the quarterly take-up reached 1.2m sq ft – this is down 42% on the quarter's ten-year average. Moreover, year-to-date take-up reached 4.3m sq ft across 300 transactions. Comparatively, this is up 54% on the same point last year, but down marginally on the long-term average by 4%. As occupiers are facing increasing scrutiny with regard to achieving sustainability goals, whilst also striving to get people back to the office, there continues to be a preference for premium office space. This is reflected by 89% of take-up year-to-date being of Grade A quality.
6. Supply last month rose to 13.4m sq ft in the City, equating to a vacancy rate of 9.6%, the highest since the October to December quarter of 2005. The availability of prime office space remains slightly undersupplied, with 43% of current supply consisting of space that has been newly developed or comprehensively refurbished

and will inevitably contribute to year-on-year prime rental growth in the coming years.

7. Savills have continued to see an increase in average rents so far this year. The average Grade A City rent for the year to date is £67.18 psf – up on last year's annual figure by 4%. The preference for best-in-class space continues to direct occupier decision-making, where 68% of under offers are on recently completed space or are still in the development pipeline. With the continuation of an undersupply of the prime office availability, developments that have started construction and/or are nearing completion will be the target for demand, as there is less risk of significant delays, this will fuel the strong pre-letting trend.
8. In the West End investment Market, Savills recorded a slowdown in September transactional activity, with volumes of £174m across five transactions. Year-to-date volumes stand at £5.16bn which is in line with the 10-year average and 32% ahead of the 5-year average. However, analysis on a quarterly basis illustrates that both the volume and quantity of quarterly transactions were each down 25% on the 10-year averages. Such dampened activity is easily explained by the growing cost of finance, following the Bank of England's seventh base rate increase so far this year, coupled with a volatile SONIA (Sterling Overnight Index Average) swap rate.
9. In spite of the change in sentiment and in-keeping with the September trend of a busy marketing period, 21 buildings with a combined guide price of £770m were marketed during the month. There is now a burgeoning supply of potential options for brave buyers, Savills estimate some 70% of 2022 sales unsold. However, a significant amount of current stock is lingering; 39% of openly available assets were marketed pre-H2.
10. Due to the weakened Sterling and consequential currency discount for overseas investors, it will be interesting to monitor how overseas interest develops in the coming months and beyond, especially now owners are compromising on pricing.
11. In the City investment market, Savills confirmed the total transaction volumes for September 2022 were in line with the highest September on record with 5 transactions totalling £1.037bn transacted (2021 saw £1,013bn). 93% of September's volume was across two transactions: 21 Moorfields, EC2 and Kaleidoscope, EC1. Savills is tracking a further £1.9bn of stock which is under offer across 23 transactions, and a further £5.4bn across 90 transactions available in the market.
12. Despite expecting to bolster the economy with the announcement of a mini budget which included ambitious plans for growth, the announcement increased volatility in the financial markets, resulting in a fall in the value of the pound and followed by the Bank of England's bond buying intervention. The value of the British pound fell close to parity with the US dollar for the first time since 1985 reaching \$1.04. For context, before the Global Financial Crisis the value of the pound vs the dollar was as high as \$2 and before Brexit it offered between \$1.45 and \$1.70.
13. Having experienced some renewed confidence in the London market at the beginning of September, the increased volatility resulting from the mini budget led

to SONIA rising above 5.0% for the first time this year. Investors are showing signs of caution, however for those overseas investors (particularly \$ USD pegged currencies) who do not require 3rd party financing to close transactions are starting to see signs of real opportunity arising with the outward yield movement.

14. Savills Prime City yield was moved outward from 4.00% to 4.25% in October which is an outward movement of 50 bps from the historic low of 3.75% seen earlier this year. This compares to a West End Prime Yield of 3.50%, which was also moved outward from 3.25%.

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Committee(s)	Dated:
Operational Property and Projects Sub Committee – For decision	23 November 2022
Property Investment Board – For decision	25 November 2022
Subject: The City Surveyor's Departmental Business Plan – 2023/24	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 (CS 372/22)	For Decision
Report author: John Galvin City Surveyor's Department	

Summary

This report presents for approval the high-level Business Plan for the City Surveyor's Department for 2023/24.

Recommendation

Members are asked to:

- i. Note the factors taken into consideration in compiling the City Surveyor's Business Plan; and
- ii. Approve, subject to the incorporation of any changes sought by this Committee, the departmental Business Plan 2023/24.

Main Report

Background

1. As part of the new framework for corporate and business planning, departments were asked to produce standardised high-level, 2-side Business Plans for the first time in 2017 for the 2018/19 year. Members generally welcomed these high-level plans for being brief, concise, focused and consistent statements of the key ambitions and objectives for every department.
2. For 2023/24, the high-level Business Plan has been further evolved to add more narrative and improve readability. The Business Plan now incorporates Target Operating Model (TOM) departmental structure changes. As a high-level plan, this document does not capture the granularity of departmental work but gives the overall

picture of departmental activity, customer feedback, trends where applicable and direction of travel.

Draft final high-level Business Plan for 2023/24

3. This report presents, at Appendix A, the draft final high-level Business Plan for 2023/24 for the City Surveyor's Department.
4. Members will note the consistency year-on-year with regards to the department's aims and objectives. We would not ordinarily expect these broad aspirations to change on an annual basis.
5. Our major workstreams have experienced greater change since the 2022/23 plan. This reflects changes to both the external and internal environments, the former impacted significantly by inflation, and the latter reflecting the implementation of the TOM.

Reporting and Scrutiny

6. The plan was developed through consultation with the department's Senior Management Team, and colleagues from across the wider City Corporation. The involvement of colleagues from Town Clerk's Department, and across Chamberlain's Department, has been instrumental in refining deliverables and priorities.
7. The City Surveyor's Department reports quarterly through to its main Committees (Property Investment Board and Operational Property and Projects Sub Committee) with respect to the Key Performance Indicators and the Key Risks. This gives Members the regular opportunity to scrutinise the department's progress towards achieving its objectives.
8. Members have further opportunity to scrutinise departmental performance through thematic meetings through the year. This has recently included considering financial pressures through the Bilateral process, which most recently occurred in November 2022. Audit and Risk Management Committee further scrutinise the risk management process, and this was undertaken in December 2021.

Feedback

9. Customer feedback is collected through a programme of externally commissioned surveys. This includes both internal corporate and external commercial occupiers. After a hiatus for COVID-19, the department is planning to recommence this analysis for 2023/24.
10. Staff feedback is similarly important. Following the 2022 Your Voice Matters survey the department has developed an action plan. This focusses on six key areas of feedback from our employees, and this is highlighted within the business plan.

Standing Order 56 and the use of physical space

11. In line with Standing Order 56, the department has reviewed its space allocation, and has plans to do so again following the adoption of recommendations arising from the Workplace Posture review. In relation to the assets allocated for the delivery of services, these are currently 100% utilised.

12. As highlighted within the high-level plan, the department consolidated its staff onto the fourth floor at Guildhall in 2019-20. This activity reduced our occupied footprint by 24%.
13. Throughout the COVID-19 remote working period assessments were done and it was found that the space allocated to the department was appropriate to meet the 3-days in office requirement.
14. The organisation is developing its Workplace Posture on what the workplace may look like in the future. Following adoption, the department will again review its occupancy with the view that further savings can be made.
15. At Walbrook Wharf there are plans in place to relocate Occupational Health to Guildhall to release space for commercial letting and income generation. Long-term options for the entire site are to be considered under the Walbrook Wharf Feasibility Study.

Corporate & Strategic Implications

16. The department engaging with Corporate colleagues as the new Corporate Plan is developed. As the design of the organisation changes the property assets required to deliver these aspirations will evolve. The department keenly aware of this transformation and is looking to pro-actively support this process.

Security implications

17. A number of projects / programmes that the department delivers have security elements associated with them. Security was reviewed under the Target Operating Model so the business plan reflects the outcome of this process.

Financial implications

18. The department faces considerable financial pressures. Inflation is impacting a number of departmental contracts and is a major issue within construction. These items have been flagged within the Business Plan as set out in Appendix A. These risks are being tracked through our departmental risk register. The department is engaging with Corporate colleagues and Members – notably through the bilateral process – to discuss these cost pressures where many are outside our control.
19. Members will be aware that much of the activity of the department is undertaken on behalf of client departments or the organisation generally. For instance, income generated by the investment estate appears under central risk and is therefore not covered in Appendix A.

Public sector equality duty

20. Equalities, Diversity and Inclusion (ED&I) has been a focus of the department. There is an active departmental ED&I Network responsible for developing and implementing actions to further equalities matters within the department. The key workstreams – recruitment, development, and advocacy – have been highlighted within the Business Plan.

Resourcing implications

21. The department is currently tracking a risk relating to the recruitment and retention of property professionals. Whilst the department is progressing mitigations, the risk articulates the potential impact on objective attainment. We are working closely with Corporate colleagues to ensure that departmental views are reflected within the Reward Refresh programme being led by HR.

Conclusion

22. This report presents the high-level Business Plan for 2023/24 for the City Surveyor's Department for Members to consider and approve.

Appendices

- Appendix A – Final high-level Business Plan 2023/24

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The City Surveyor's Department

The City Surveyor's Department (CSD) is responsible for the management of the City Corporation's property investment portfolio, corporate real estate, property/construction projects and the operational management of both portfolios.

What has changed since last year

External drivers:

- Move towards a post-COVID environment, and the normalisation of our fund management approach
- Inflation is impacting many aspects of departmental delivery, particularly on construction projects and energy pricing.
- Further macro-risks are emerging – including the prospect of recession – and the department is pro-actively adjusting its approach accordingly.

Internal drivers:

- Implementation of the third phase of the Target Operating Model (TOM), embedding efficiency across the department, including the continued integration of the Central Criminal Court into the department's activity.
- Ensuring that the department maximises its impact on a reduced resource base.
- Focus on the delivery of the organisation's Climate Action aspirations for 2027 and 2040.



Our aims and objectives are...

- **Strategic asset management** – We will develop and implement asset management strategies that align Corporate Property Asset Management Strategy, Investment Property Strategy, and risks. We will ensure that we unlock the potential of our property assets in a way that supports the efficient delivery of the Corporate Plan and Service Departments' business plans – including, where relevant, supporting and driving the rationalisation of our operational estate. We will ensure the conservation of the City's heritage assets.
- **Property assets and facilities management** – We will work to enable fit for purpose buildings – sustainable, energy efficient, safe and secure and accessible. Enhanced efficiencies will be driven by asset management and forward maintenance plans; provision of facilities management; and delivery of cyclical, minor improvement, and capital projects.
- **Fund management and income generation** – We will efficiently manage the City of London's investment property portfolios (City Fund, City's Estate and Bridge House Estates) to generate and grow income that can be reinvested into the organisation and underpin the delivery of corporate priorities.
- **Property Projects** – We will manage and deliver the City of London Corporation's major capital build projects to best practice ensuring delivery outcomes meets or exceeds our customers' expectations. We will continually explore innovative ways to add value to projects with a conscious approach to sustainability and energy efficiency, ensuring procurement processes and governance comply with statutory and City of London regulations.
- **Climate Action** – We will help transition the organisation to net-zero through the delivery of the Investment Property, Corporate Property, Capital Projects and Resilience workstreams.
- **Major Programmes** – in collaboration with the Town Clerk's Department, we will oversee the Markets Co-location programme, Salisbury Square development, Museum of London relocation, Barbican Renewal and Guildhall refurbishment major programmes.

Our major workstreams this year will be...

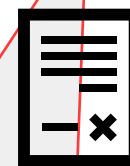
- Actively manage the £4.3b investment portfolio to generate income in support of the City of London's aspirations, ensuring the efficiency of our property portfolio.
- Maximise property returns for an acceptable level of risk, regularly scanning the market and macro-environment for opportunities and risks.
- Delivery of major Investment Property projects to deliver enhanced returns.
- Leverage benefits of the MRI Horizon asset management system, delivering improved business processes, and driving out waste through the intelligent use of data (in collaboration with Markets, Environment and Community and Children's Services).
- Assisting departments to achieve greater efficiency in the utilisation of property assets, supporting the rationalisation the organisation's property footprint.
- Pro-active management of the City's operational properties and tenancies. For 2023/24 there is an increased focus on the recovery from the COVID-19 pandemic.
- Transition to the workplace of the future – collaborative, engaging, supportive.
- Delivering facilities management, building engineering services and building surveying projects as well as technical advice to operational and investment properties.
- Driving the Climate Action Strategy (CAS) and supporting decarbonisation initiatives across our property assets. This includes a focus on delivering carbon reduction / climate action projects.
- Drive and deliver the cyclical works programme (CWP) to maintain our assets in line with occupier requirements and property needs.
- Providing property health and safety compliance and energy management
- Delivery of complex strategic programmes in an environment of increasing cost pressures.
- Emphasis on agility when responding to requests from the City for the delivery of property projects – within the current resource constraints.
- Increased focus on project delivery innovation in order to achieve greater value for money.
- Progression of the Museum of London and the Market co-location programmes.



Oversee 626 built assets across our Corporate portfolio



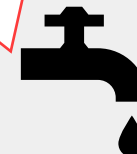
Managing the £4.3b Investment Property portfolio



Managing £20m of service contracts per annum



~ 80% projects to achieve BREEAM very good or above

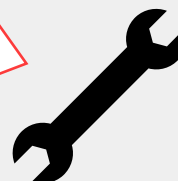


£30m of energy and water contracts under management



Ensuring 18 courts at the Central Criminal Court are available

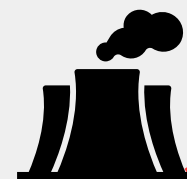
Our Impact



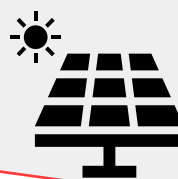
Managing 120,000 plant, equipment, and fabric assets



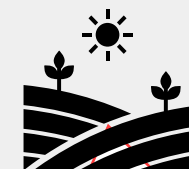
Whole life carbon successfully piloted at 6 sites



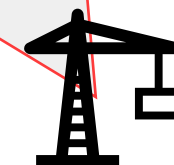
£5.6m of capital intervention to operational estate, saving 520t CO₂ & £500k per annum



Delivery of the Power Purchase Agreement (£8-£11m) of cost avoidance and clean power



Delivery of £9.6m in public sector decarbonisation projects in 2022/23



Delivering 30 – 40 major construction projects concurrently

Our strategic commitments

Climate Action Strategy (CAS)

- Achievement of net zero emissions through project delivery (by 2027 for Operational estate and by 2040 across the investment portfolio).
- Positioning investment portfolio to meet CAS targets.
- Integrate the City's climate resilience measures into our capital build and maintenance projects.

Corporate Property Asset Management Strategy

- Efficient – supporting the rationalising of the estate and improving utilisation.
- Effective – meeting and challenging the needs of asset occupiers.
- Sustainable – delivering CAS objectives, building resilience, championing sustainable growth, and conserving our heritage assets for future generations.

Investment Property Strategy

- Industry benchmark (MSCI) out-performance.
- Rental income sustainability.
- Capital realisation and maximisation for re-investment.
- Support strategic and policy requirements of the City Corporation.

Facilities Management (FM) Strategy

- Mobilise the integrated FM Strategy for implementation from April 2023.
- Create further efficiencies by adding disparate FM functions into the IFM model.

Project and Programme Delivery

- Continuing support to the major programmes (Courts & Police, Museum of London, London Wall master planning, Markets co-location).
- Guildhall Refurbishment (West and North wings).
- Working to address the backlog of repairs and maintenance through the Cyclical Works Programme.

Medium terms under consideration

Priority list
Operational Property Review - as part of the Resource Priority Refresh
Climate Action Strategy (CAS) implementation
Further FM consolidation
Guildhall Masterplan
Barbican Renewal Programme
Overarching strategy for security

Key Performance Indicators

KPI	Current Performance
Asset realisation and additional income	Ahead of target
Guildhall space utilisation	Slightly behind target
Delivery of CAS milestones (Corporate Properties & landlord areas)	Ahead of target
Delivery of CAS milestones (Investment Property)	Slightly behind target
Property contract performance compliance	Ahead of target
Adherence to budgetary spend profiles	Ahead of target
Rental forecasts	Ahead of target
Minimise arrears	Slightly behind target
Minimise voids	Ahead of target
Outperformance of MSCI	Year end indicator
Capital projects – project risk status	Ahead of target
Capital projects – health and safety	Ahead of target
Capital projects – site sustainability and waste management	Ahead of target



Our People

- The department is finding it increasingly difficult to recruit property professionals at the advertised grade. Further, retention has been an increasing issue due to pay & reward disparity. This is being tracked as a departmental red risk and we are engaging with Corporate colleagues to resolve
- The department has a track record of developing apprentices and will look to build upon this success.

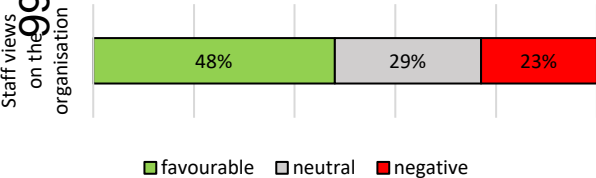
Your Voice Matters Staff Survey (2022)

Key themes highlighted by staff:

- Improving pay and reward
- Increasing workplace flexibility
- Reducing bureaucracy
- Improving TOM communication
- Improving Guildhall facilities
- Building upon a positive and supportive workplace culture.

An action plan is in place to progress these items

Staff Survey Engagement Score



Our equalities, diversity and inclusion Action Plan

The department is committed to promoting Equalities, Diversity and Inclusion (ED&I). The department's ED&I network has identified a number of actions to deliver through 2023/24, focussing on:

- Recruitment & Progression
- External Outreach
- Internal Outreach
- Volunteering

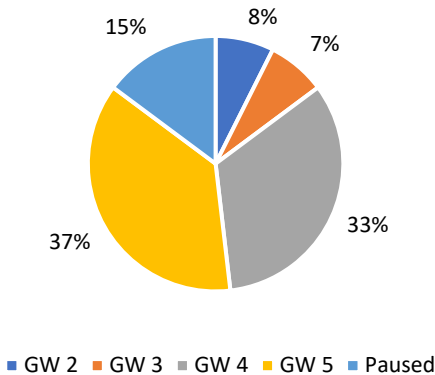
The Corporate Plan outcomes we have a direct impact on are

- 4 – Communities are cohesive and have the facilities they need
- 7 – We are a global hub for innovation in finance and professional services, commerce and culture.
- 11 – We have clean air, land and water and a thriving and sustainable natural environment
- 12 – Our spaces are secure, resilient and well maintained

Our stakeholder needs

- The department will be undertaking a survey of both our Investment and Corporate Property occupiers and stakeholders over 2023/24.
- Tracking feedback data over 2018-20 have shown improvements in scores across the board, with staff seen as helpful, proactive and friendly.
- Priority areas identified include the provision of repairs and maintenance, enhancing our understanding of business needs, and communications.

Property Projects by Gateway



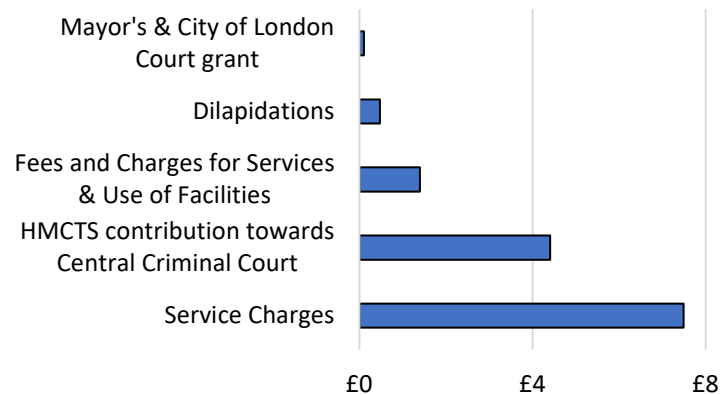
Key Risks



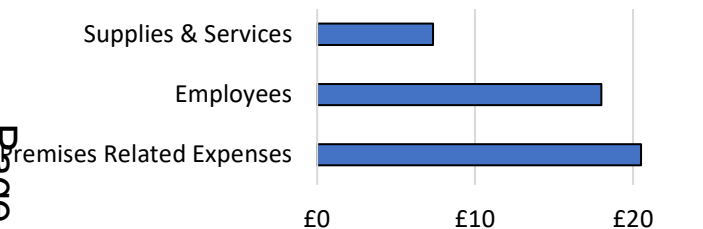
Table 1: November 2022 Risk Heatmap

Risk Title	Score
Maintenance & Renewal of Physical Assets	16
Construction Price Inflation	16
Energy Pricing	16
Recruitment and Retention of Property Professionals	16
Construction Consultancy Management	16
Insurance – Investment and Corporate Estate	16
Insufficient Budget to meet User and Asset Demand at Guildhall	12
Investment Strategy Risk	12
Special Structures	6

Where our 'local risk' money comes from



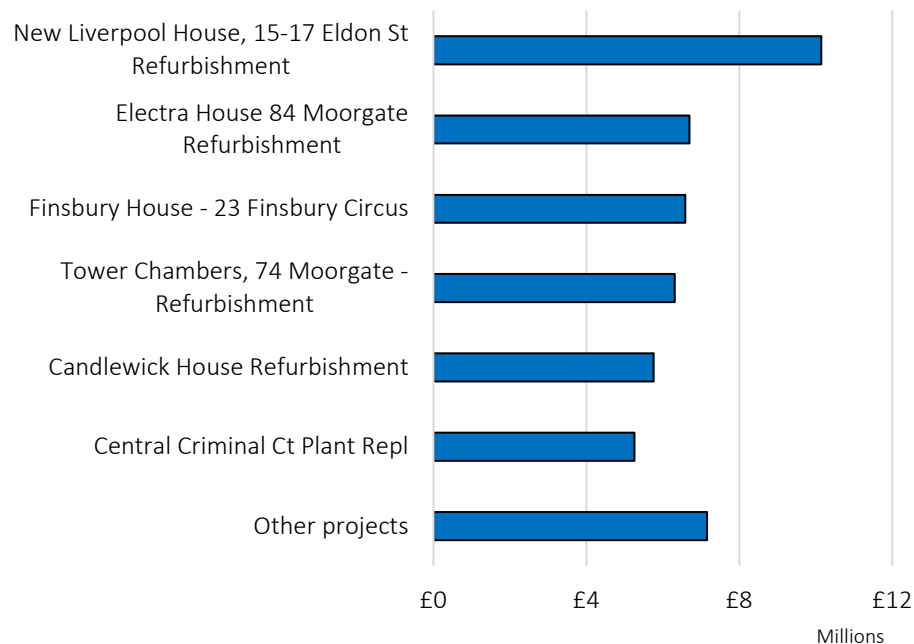
Where our 'local risk' money is spent



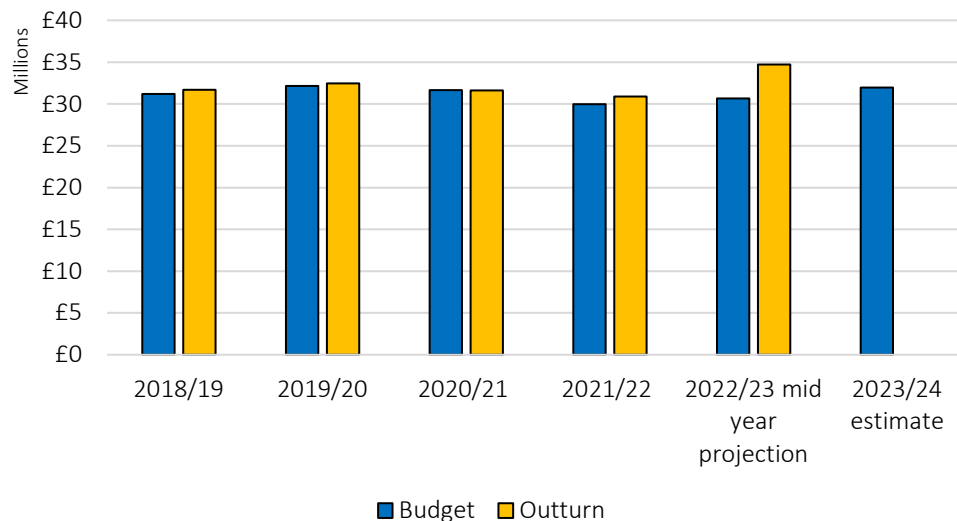
Operational Property requirements

- Workplace posture
 - CSD will review its space allocation following the adoption of the new 'workplace posture' across the organisation.
- Guildhall (4th floor offices and basement stores)
 - Staff accommodation was consolidated over 2019-20 reducing our office footprint by 24%
 - "Pinch point" analysis reveals that CSD has adequate space to meet 3 days in the office requirement.
 - Future options being considered as part of Guildhall Refurbishment Project
- Walbrook Wharf (contractor accommodation, waste transfer, vehicle park, 3rd party occupiers and commercial let)
 - Plans in place to re-locate Occupational Health releasing further space for commercial income.
 - Long-term option on the site to be considered under Walbrook Wharf Feasibility Study.

Capital Project Spend (City Surveyor's as Client)



Budget vs Actual



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