

<b>Committee(s):</b> Property Investment Board – For Information Corporate Asset Sub (Finance) – For Information	<b>Date(s):</b> 11 December 2019 29 January 2020
<b>Subject:</b> City Surveyor’s Business Plan 2019-24 Quarter 2 2019/20	<b>Public</b>
<b>Report of:</b> The City Surveyor (CS 496/19)	<b>For Information</b>
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### **Summary**

This report provides details of progress in quarter 2 (July – September) 2019/20 against the 2019-24 Business Plan, an update on the commercial property market, and a financial statement.

Of the seventeen Key Performance Indicators (KPIs) that are being monitored, fourteen were assessed as green (on target). Three further indicators will be assessed throughout out the year.

### **Recommendation**

Members are asked to note the content of this report.

### **Main Report**

#### **Background**

1. In line with the City Corporation’s performance management system, this is a quarterly report on the progress made during quarter 2 compared to the 2019-24 Business Plan.

#### **Current Position**

2. This report provides the latest budget information which is set out in Appendix A and performance indicator table in Appendix B. Furthermore, charts that your committee are particularly interested in are included in Appendix C. A summary of the property market is provided in Appendix D.
3. In addition, you receive regular monitoring reports covering Rent Reviews, Lease Renewals, Arrears, Vacancies and Delegated Decisions. These provide key indications of the current market situation, particularly for directly managed properties.
4. A separate monitoring report on the risks within our department is also presented at this meeting.

## Financial Statement

5. The 2019/20 quarter 2 figures reveal that, against a latest budget of £34m, the City Surveyor is forecasting an overspend on local risk of £795,000 (2.3%) at year-end. This includes £301,000 of the overspend from 2018/19 brought forward to be found by the City Surveyor in 2019/20
6. There are three principle areas of overspend at year end:
  - City Fund Estate, due to a compensation payment made for the early surrender of a lease at 15/17 Eldon Street, and to additional business rates at 1-7 Whittington Avenue due to voids;
  - Departmental, due to reduced fee income from property deals and the City Surveyor overspend in 2018/19 being carried forward;
  - City Cash operational properties, due to a continually high level of reactive repairs and maintenance works. The underspend on City Fund reactive works at year end is anticipated to largely disappear due to additional reactive works anticipated at Central Criminal Court.
7. The City Surveyor is continually reviewing how this overspend can be recovered in 2019/20 and steps have been put in place to bring the budget back into balance by year-end. These include freezing recruitment of some vacant posts and adopting measures to confine reactive repairs to urgent or high-risk items. The current year end overspend forecast on reactive repairs (mainly on City's Cash properties) is based on recent trends, before the measures to restrict spend were put in place. It is hoped that they will have a significant effect and progress will be reported at quarter 3.
8. On a more positive note, rental income, which is budgeted under central risk, is forecast to be £7.3m higher than the Original Budget for 2019/20. This extra income is principally on Bridge House Estates.

## Overall Progress

9. A RAG status<sup>1</sup> is used to summarise the progress of the performance indicators 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 2.

	Green	Amber	Red	TBC	N/A
Corporate Asset Sub Committee	12	0	0	0	0
Property Investment Board	10	0	0	0	3
Overall <sup>2</sup>	14	0	0	0	3

10. Of the seventeen KPIs being monitored, fourteen were assessed as being on target (green). Three indicators will be assessed throughout the year.

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

<sup>2</sup> Some KPIs relate to both PIB and CASC. Therefore, row indicating KPIs overall is not a total of the PIB and CASC rows.

## **Conclusion**

This report provides an update at quarter 2 against the department's Business Plan KPIs. Performance is positive overall, with no measures falling behind target.

## **Appendices**

- Appendix A – Budget Monitoring Statement
- Appendix B – Key Performance Indicator Table
- Appendix C – Headline Performance Charts
- Appendix D – Market Commentary

## **Background Papers**

The City Surveyor – Business Plan Progress Report quarter 1 (CS 368/18)

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