

<b>Committee(s)</b>	<b>Dated:</b> 18 November 2020
Corporate Asset Sub Committee – For Decision	
<b>Subject:</b> Cyclical Works Programme – Progress Report Q1/Q2 and programme levelling recommendations	<b>Public</b>
<b>Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?</b>	<b>N/A</b>
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>No</b>
<b>If so, how much?</b>	<b>£N/A</b>
<b>What is the source of Funding?</b>	<b>N/A</b>
<b>Has this Funding Source been agreed with the Chamberlain’s Department?</b>	<b>Yes</b>
<b>Report of:</b> The City Surveyor report ref CS 383/20	<b>For Decision</b>
<b>Report author:</b> Jonathan Cooper, City Surveyor’s Department	

### Summary

This report provides an overview of the progress and expenditure of the current Cyclical Works Programmes (CWP 17/18, CWP 18/19, CWP 19/20 and CWP 20/21) at the end of Q2 2020/21. It is noted that several projects were agreed to be carried over from the CWP 17/18.

Due to the economic impact of COVID-19 and subsequent reduced income revenue generation, the City Surveyor was tasked by the Chamberlain to review current programmes of work. This was to level the expenditure, smoothing some of the spend into a ‘fourth’ year to reduce the impact of committed expenditure within the next two years. The Chamberlain has confirmed acceptance of the proposals put forward by the City Surveyor, the resulting impact is outlined within this report. This provides the Chamberlain with an overall 4-year forecast expenditure across all funds and funding years.

The programmes are intended to deliver prioritised cyclical maintenance works (i.e. replacement or refurbishment of buildings, plant and equipment based on condition assessed at the end of normal useful service life and operational need) across the corporate operational estate, including The Barbican Centre and the Guildhall School of Music and Drama.

Governance of the CWP is overseen by your Committee and executed by the CWP Peer Review Group. Given the COVID situation overall progress is good – the budget carried forward from 17/18 (totalling c.£1.3million) will be sufficient to complete all relevant projects within this financial year, with some of the budget expected to be returned due to savings realised within the project.

With almost £7.5m spent or committed on CWP18/19, or 62% of the total, and CWP 19/20 progress has maintained momentum with £5.3m spent or committed (42% of total) at the half-way point. CWP 20/21 has started well, £949k (9%) spent or committed in the first 6 months. The progress can be considered good, given that most live sites were shut from Mid-March to late May.

## Recommendations

Members are asked to:

1. Note the progress of current CWP programmes of work
2. Approve the rephasing of existing three-year cyclical works packages so they are completed over four rather than three financial years as set out in Appendix A
3. Approve as consequence of this rephasing of projects into a fourth financial year, that £1.939m of spend for the 2018/19 programme be carried into 2021/22 financial year; that £3.142m of spend for the 2019/20 be carried into 2022/23 financial year; and that £1.376m of the 2020/21 programme be carried into 2023/24 financial year.

## Main Report

### Background

1. There is need to conduct planned refurbishment and replacement of buildings and their associated equipment in addition to routine serving and repairs. Resources being limited, such works need to be prioritised across the entire corporate operational estate. The Cyclical Works Programmes consider the requirements of each and prioritises individual projects in the context of the whole to ensure that the City's overall property maintenance objectives are met. The recent programme levelling exercise has also contributed to the City being able to maintain a balanced financial position.

### Current Position

The tables below outline overall programme performance, broken down to financial years. A fuller picture based on the fund and area of service can be found in Appendices B to E

#### 2. Cyclical Works Programme 2017/18 Progress

<b>Fund / Service</b>	<b>Total Budget</b>	<b>Total Actual Spend</b>	<b>Further Committed</b>	<b>Total Cost</b>	<b>Balance Un-committed</b>	<b>Total Progress</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>%</b>
<b>2017/18 Programme</b>						
<b>City's Cash</b>	<b>6,493</b>	<b>5,718</b>	<b>237</b>	<b>5,955</b>	<b>538</b>	<b>92%</b>
<b>City Fund</b>	<b>3,846</b>	<b>3,678</b>	<b>64</b>	<b>3,742</b>	<b>104</b>	<b>97%</b>
<b>Guildhall Admin</b>	<b>1,312</b>	<b>1,045</b>	<b>63</b>	<b>1,108</b>	<b>204</b>	<b>84%</b>
	<b>11,651</b>	<b>10,441</b>	<b>364</b>	<b>10,805</b>	<b>846</b>	<b>90%</b>

**TABLE 2: SPEND AGAINST 2020/21 TARGETS TO DATE AT 30/09/20**

<b>Fund / Service</b>	<b>Total Budget</b>	<b>Budget 2020/21</b>	<b>Actual Spend 2020/21</b>	<b>Spend Against Target</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>%</b>
<b>2017/18 Programme</b>				
<b>City's Cash</b>	<b>6,493</b>	<b>749</b>	<b>146</b>	<b>19%</b>
<b>City Fund</b>	<b>3,846</b>	<b>331</b>	<b>46</b>	<b>14%</b>
<b>Guildhall Admin</b>	<b>1,312</b>	<b>242</b>	<b>17</b>	<b>7%</b>
<b>TOTAL</b>	<b>11,651</b>	<b>1,322</b>	<b>209</b>	<b>16%</b>

3. This is the effective final year that these projects will need to be spent. Some key delayed projects are impacting the overall spend targets. It is expected that these projects will be delivered in Q3/4. These are noted below;
  - a. £95k lido leak repair is due on site early next year (likely February, but possibly before). It is expected that the Lido will close for a month to enable these and other essential works to be undertaken swiftly and safely.
  - b. £160k Moorgate sidings project is current being tendered, this was a late addition to the programme and works scoping has taken some time due to negotiations with TfL
  - c. Some project funding (c.£84k) to the Guildhall and can be classed as 'savings' against the respective projects
  - d. C.£316k of CWP Highways structures (West Smithfield/Thameslink) projects will be transferred to the Museum of London capital project. This to provide efficiencies due to the similar nature of work required
  - e. Several projects have since commenced (in October) but not captured as part of this Q1/2 report
  
4. Except for those listed in para 3 above, there are no projects not yet started with budgets greater than £50,000. confidence in delivering them is high. More detail based on fund and area of service is at Appendix B.
  
5. In the table below for 18/19, there is currently £4.485m of uncommitted expenditure. Officers have projected that £1.939m could be programmed within 21/22 to align with the programme smoothing exercise. This in effect means that £2.46m of expenditure is yet to be committed in this financial year. More detail based on fund and area of service is at Appendix C.

## 6. Cyclical Works Programme 18/19 Progress

TABLE 1: TOTAL PROGRAMME PROGRESS TO DATE AT 30/09/20						
Fund / Service	Total Budget	Total Actual Spend	Further Committed	Total Cost	Balance Un-committed	Total Progress
	£000's	£000's	£000's	£000's	£000's	%
<b>2018/19 Programme</b>						
City's Cash	5,915	3,680	697	4,377	1,539	74%
City Fund	4,587	1,997	345	2,342	2,246	51%
Guildhall Admin	1,429	681	47	728	701	51%
<b>TOTAL</b>	<b>11,931</b>	<b>6,358</b>	<b>1,089</b>	<b>7,447</b>	<b>4,486</b>	<b>62%</b>

TABLE 2: SPEND AGAINST 2020/21 TARGETS TO DATE AT 30/09/20					Yr 4
Fund / Service	Total Budget	Budget 2020/21	Actual Spend 2020/21	Spend Against Target	Budget 2020/21
	£000's	£000's	£000's	%	£000's
<b>2018/19 Programme</b>					
City's Cash / Guildhall	7,344	2,466	441	18%	946
City Fund	4,587	1,376	235	17%	993
<b>TOTAL</b>	<b>11,931</b>	<b>3,842</b>	<b>676</b>	<b>18%</b>	<b>1,939</b>

7. A large portion of the remaining work is the package of approximately £1m for delivery by the City's maintenance contractor Skanska in Open Spaces and several projects in the Barbican Centre and GSMD where progress has been delayed by various factors including complications in procurement, difficulty in gaining access and staff resource challenges. Several of these projects are on site and it is expected that these works will still complete before the end of the financial year.
8. Allowing these projects to be smoothed will allow some planning time for the respective project delivery teams to deliver the new 21/22 CWP works which are urgent and will be required to be delivered within the single financial year. These works total c.£3.4million. This will enable some of the 21/22 works to start in the first Q1.
9. The Project Managers for each project have only suggested the smoothing of projects that have no immediate impact on the service department or the operational maintenance of the building for which the project is planned.
10. C.£870k of these works of these works will be capitalised to align with auditing requirements

#### 11. Cyclical Works Programme 19/20 Progress

<b>TABLE 1: TOTAL PROGRAMME PROGRESS TO DATE AT 30/09/20</b>						
<b>Fund / Service</b>	<b>Total Budget</b>	<b>Total Actual Spend</b>	<b>Further Committed</b>	<b>Total Cost</b>	<b>Balance Un-committed</b>	<b>Total Progress</b>
	£000's	£000's	£000's	£000's	£000's	%
<b>2019/20 Programme</b>						
City's Cash	5,324	1,718	876	2,594	2,730	49%
City Fund	5,187	1,269	275	1,544	3,643	30%
Guildhall Admin	2,137	764	383	1,147	990	54%
<b>TOTAL</b>	<b>12,648</b>	<b>3,751</b>	<b>1,534</b>	<b>5,285</b>	<b>7,363</b>	<b>42%</b>

<b>TABLE 2: SPEND AGAINST 2020/21 TARGETS TO DATE AT 30/09/20</b>				
<b>Fund / Service</b>	<b>Total Budget</b>	<b>Budget 2020/21</b>	<b>Actual Spend 2020/21</b>	<b>Spend Against Target</b>
	£000's	£000's	£000's	%
<b>2019/20 Programme</b>				
City's Cash / Guildhall	7,461	2,482	820	33%
City Fund	5,187	1,009	283	28%
<b>TOTAL</b>	<b>12,648</b>	<b>3,491</b>	<b>1,103</b>	<b>32%</b>

12. As with all budgets a portion of this expenditure will likely be smoothed in to a later year to assist in the levelling exercise. More detail based on fund and area of service is at Appendix D.

13. Savings totalling c.£86k have already been realised against some projects that are now complete.

#### 14. Cyclical Works Programme 20/21 Progress

<b>TABLE 1: TOTAL PROGRAMME PROGRESS TO DATE AT 30/09/20</b>						
<b>Fund / Service</b>	<b>Total Budget</b>	<b>Total Actual Spend</b>	<b>Further Committed</b>	<b>Total Cost</b>	<b>Balance Un-committed</b>	<b>Total Progress</b>
	£000's	£000's	£000's	£000's	£000's	%
<b>2020/21 Programme</b>						
City's Cash *	5,175	492	104	596	4,579	12%
City Fund	4,783	79	167	246	4,537	5%
Guildhall Admin	843	8	99	107	735	13%
<b>TOTAL</b>	<b>10,801</b>	<b>579</b>	<b>370</b>	<b>949</b>	<b>9,851</b>	<b>9%</b>

\*£1m was removed from the original bid

<b>TABLE 2: SPEND AGAINST 2020/21 TARGETS TO DATE AT 30/09/20</b>				
<b>Fund / Service</b>	<b>Total Budget</b>	<b>Budget 2020/21</b>	<b>Actual Spend 2020/21</b>	<b>Spend Against Target</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>%</b>
<b>2020/21 Programme</b>				
City's Cash / Guildhall	6,018	810	500	62%
City Fund	4,783	705	79	11%
<b>TOTAL</b>	<b>10,801</b>	<b>1,515</b>	<b>579</b>	<b>38%</b>

15. Project expenditure is consistent with previous years, given that no works could be undertaken within most of Q1 in financial year due to the closing of all sites from March until late May due to COVID-19. More detail based on fund and area of service is at Appendix E.

16. £1million of non-health and safety related projects removed from City's Cash in order to meet finance requirements of the City, this has been deferred until later years and will form part of the usual bidding process. A list of those projects deferred are included within Appendix F.

The current position is that an actual spend of £2.359m has been achieved across all CWP programmes (excluding the 17/18 carry forward projects). This leaves budget of £6.489m unspent at present but planned to be complete within this year.

If the amount (£1.939m) requested to be carried forward within this report is agreed and completed then the expected financial outturn for the completed programme will be 95% of the total overall budget for the programme.

### **Corporate & Strategic Implications**

17. Cyclical Works Programmes set out to deliver three of the key objectives in the Corporate Property Asset Management Strategy.

- SO.1 – Operational assets remain in a good, safe and statutory compliant condition.
- SO.2 – Operational assets are fit for purpose and meet service delivery needs.
- SO.3 – Capital and supplementary revenue programmes are affordable, sustainable and prudent and that the limited available resources are directed to the highest corporate priorities.

### **Conclusion**

18. Given that almost all live CWP projects ceased activity for at least 2 months in Q1, progress has been good. In order to align with the Chamberlains budget requirements, some projects have been smoothed in to a fourth year. This exercise

noted in Appendix A also provides clear forecasts of expected expenditure over the next four year.

This is not thought to impact the operation of the sites where projects are delayed, it may also be seen as an opportunity to allow resource to be focussed on the planning of 21/22 projects that must be delivered within the single financial year.

### **Appendices**

- Appendix A – Programme levelling exercise undertaken by City Surveyors
- Appendix B – 2017/18 Cyclical Works Programme
- Appendix C – 2018/19 Cyclical Works Programme
- Appendix D – 2019/20 Cyclical Works Programme
- Appendix E – 2020/21 Cyclical Works Programme
- Appendix F – List of projects deferred from 20/21 programme

### **Report Author**

Jonathan Cooper  
Assistant Director  
City Surveyor's Department  
T: 020 7332 3563  
E: [jonathan.cooper@cityoflondon.gov.uk](mailto:jonathan.cooper@cityoflondon.gov.uk)