

Committee(s)	Dated:
Corporate Asset Sub Committee	22 June 2021
Subject: Cyclical Works Programme – 2020/21 Outturn Report	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	Shape outstanding Environments – Our spaces are secure, resilient and well-maintained
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	£N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	Yes
Report of: The City Surveyor report ref CS 230/21	For Information
Report author: 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 (report ref CS 137/21).

The 2-3 months of project inactivity from March-May 2020 has resulted in most programme expenditures being reduced. In addition, 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. This also assisted in reducing pressure on resource to some delivery teams. This exercise was completed sometime ago, before the full impact of the pandemic were fully known. Subsequently some programmes of work have not performed as well as forecast.

With almost £7.4m spent across all programmes in 2020/21 against an overall budget of £10.1m, expenditure was lower than forecast. Progress of remaining funds from early programmes is generally lower than expected, though latter years of the programme have generally performed well. This has generally been due to a shift of priorities (e.g. delivery and planning of high-profile capital works) and savings made on projects since the undertaking of the smoothing exercise.

The new CWP process should provide a better forecasting mechanism for these programmes of work going forward. The positive impacts of this process should develop over the course of this financial year.

Project Managers have worked with Client departments to re-programme and prioritise work that could benefit from the closure of buildings throughout the pandemic. These works may not have been funded by the earlier years of the programme, hence why

expenditure in some of the latter years is healthier. 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 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.

Recommendations

Members are asked to:

1. Note the progress of current CWP programmes of work

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

TABLE 1: TOTAL PROGRAMME PROGRESS TO DATE AT 31/03/21						
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	%
2017/18 Programme						
City's Cash	6,493	6,027	102	6,129	364	94%
City Fund	3,846	3,438	0	3,438	408	89%
Guildhall Admin	1,312	1,135	0	1,135	177	87%
	11,651	10,600	102	10,702	949	90%

TABLE 2: SPEND AGAINST 2020/21 TARGETS TO DATE AT 31/03/21				
Fund / Service	Total Budget	Budget 2020/21	Actual Spend 2020/21	Spend Against Target
	£000's	£000's	£000's	%
2017/18 Programme				
City's Cash	6,493	730	488	67%
City Fund	3,846	335	172	51%
Guildhall Admin	1,312	187	108	58%
TOTAL	11,651	1,252	768	61%

3. The justification for the carry-forward of this budget has previously been reported, though for clarity the outline issues were as follows:
- The City fund budget noted above is dependent on larger, capital-scale projects which were delayed due to the fundamental review e.g. the Thameslink repair works (budget totalling £186k being undertaken alongside the Museum of London project)
 - Some of the initial programmed budget e.g. underspend of savings from other projects has been rediverted to fund newly identified priority projects in the programme. An example of this is the Moorgate Sidings Remedial Works (budget £158k), where works have been identified by TfL that are the responsibility of the City of London to undertake. Gaining approval and a suitable window to carry out these works has proven difficult
 - Some priority projects are less straight-forward to fully complete and have been impacted by both limited access and resource to complete such work e.g. works to the Barbican/Guildhall School for Music and Drama totalling £55k
 - The remaining sum of carry forward is £41k and is made up of smaller sums of money for projects that are in progress and almost complete

4. Cyclical Works Programme 18/19 Progress

TABLE 1: TOTAL PROGRAMME PROGRESS TO DATE AT 31/03/21						
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	%
2018/19 Programme						
City's Cash	5,915	4,650	267	4,917	998	83%
City Fund*	4,586	2,556	380	2,937	1,649	64%
Guildhall Admin	1,429	826	77	871	558	61%
TOTAL	11,930	8,032	724	8,725	3,205	73%

* Temporary transfer for Golden Lane Project

TABLE 2: SPEND AGAINST 2020/21 TARGETS TO DATE AT 31/03/21

Fund / Service	Total Budget	Budget 2020/21	Actual Spend 2020/21	Spend Against Target %
	£000's	£000's	£000's	%
2018/19 Programme				
City's Cash	5,915	1,747	1,278	73%
City Fund	4,586	1,376	778	57%
Guildhall Admin	1,429	717	244	34%
TOTAL	11,930	3,840	2,300	60%

5. Allowing these projects to be smoothed has meant that Project Management diverted towards projects that could benefit from the closure of operational properties. It is noted however that some of the priorities have changed throughout the financial year, after the smoothing exercise had been undertaken.
6. The smoothing of these programmes has also allowed Project Managers and delivery teams some better planning for the new 21/22 CWP works which are urgent and will be required to be delivered within the single financial year. This has enabled some of the 21/22 works to start in the first Q1.
7. The Project Managers & Facilities manager for each project have confirmed the smoothing of projects will have no immediate impact on the service department or the operational maintenance of the building for which the project is planned.
8. A temporary transfer of funds from City's Cash to City Fund has taken place to fund works to Golden Lane, this funding will be returned when budgets allow so.
9. Some of this underspend can be attributed to savings on projects, where spare budgets can be rediverted (by agreement of the peer review group) to new projects that haven't yet received funding

10. Cyclical Works Programme 19/20 Progress

TABLE 1: TOTAL PROGRAMME PROGRESS TO DATE AT 31/03/21						
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	%
2019/20 Programme						
City's Cash	5,324	2,607	413	3,021	2,303	57%
City Fund	5,187	1,930	303	2,233	2,954	43%
Guildhall Admin	2,137	1,155	123	1,279	858	60%
TOTAL	12,648	5,692	840	6,532	6,116	52%

TABLE 2: SPEND AGAINST 2020/21 TARGETS TO DATE AT 31/03/21

Fund / Service	Total Budget	Budget 2020/21	Actual Spend 2020/21	Spend Against Target
	£000's	£000's	£000's	%
2019/20 Programme				
City's Cash	5,324	1,747	1,189	68%
City Fund	5,187	1,009	898	89%
Guildhall Admin	2,137	735	793	108%
TOTAL	12,648	3,491	2,880	82%

11. Progress against the 19/20 programme has generally been good with only a small number of projects being smoothed into later years. It is noted that some resource has been rediverted to plan for the 21/22 programmes of work that were deemed urgent and need to be undertaken within a single financial year.

12. Cyclical Works Programme 20/21 Progress

TABLE 1: TOTAL PROGRAMME PROGRESS TO DATE AT 31/03/21

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	%
2020/21 Programme						
City's Cash *	5,175	734	314	1,047	4,128	20%
City Fund	4,783	586	103	688	4,095	14%
Guildhall Admin	843	110	28	138	704	16%
TOTAL	10,801	1,429	445	1,874	8,927	17%

*£1m was removed from the original bid – refer to paragraph 14 below

TABLE 2: SPEND AGAINST 2020/21 TARGETS TO DATE AT 31/03/21

Fund / Service	Total Budget	Budget 2020/21	Actual Spend 2020/21	Spend Against Target
	£000's	£000's	£000's	%
2020/21 Programme				
City's Cash	5,175	685	734	107%
City Fund	4,783	705	586	83%
Guildhall Admin	843	125	110	88%
TOTAL	10,801	1,515	1,429	94%

13. 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.
14. £1million of non-health and safety related projects removed from City's Cash in order to meet finance requirements of the City, as reported previously, this has been deferred until later years and will form part of the usual bidding process later this year.

Corporate & Strategic Implications

15. 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

16. Given that almost all live CWP projects ceased activity for at least 2 months in Q1 of 2020, progress has been good. In order to align with the budget requirements, some projects have been smoothed in to a fourth year. Priorities have shifted a little and access to some sites has been limited where Client departments have sought to make the most of periods in Q2/3 where they were able to open to the public.

Reduced expenditure to the programme has allowed resource to be focussed on larger, high-profile Capital Projects and also for 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

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