

<b>Committee(s)</b>	<b>Dated:</b>
Operational Property & Projects Sub Committee – For Decision	30 <sup>th</sup> May 2022
<b>Subject:</b> Cyclical Works Programme 2021/22 Outturn & Carry forward Report	<b>Public</b>
<b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b>	Shape outstanding Environments – Our spaces are secure, resilient, and well-maintained
<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 159/22	<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 18/19, CWP 19/20, CWP 20/21 and CWP 21/22) at the end of the financial year for 2021/22.

The 21/22 CWP works programme was identified for only high priority works or health & safety related projects, these were expected to be spent within a single financial year. For reasons noted within this report, a significant portion of these projects were required to be carried forward into another year, this was previously agreed by the Corporate Asset Sub-Committee (CASC).

Each delivery department is asked to forecast delivery of their projects, this provides a forecast expenditure against each of the agreed programmes. The latest budget for CWP works to be delivered within 21/22 totalled c.£12.45million. The outturn of actual expenditure was £9.23million which equated to c.74% of the budget. A further £2.145million was committed against programmed projects, which if these are considered brings this to 91% of the budget. These committed projects will be completed within the 2022/23 programme year.

This report outlines the outturn against fund (City's Cash, City Fund and Guildhall) and against location type (Corporate, Guildhall School for Music & Drama, Heritage Assets, Open Spaces and the Barbican).

Key reasons for reduced expenditure, against forecast, are operational constraints at some sites, extended lead-in times of materials and plant associated with widely reported international supply chain issues. In addition, some project delivery teams are still not up to full resource, following the implementation of the TOM.

## **Recommendations**

Members are asked to:

1. Note the progress of current CWP programmes of work
2. Approve the carry forward from 2017/18 & 2018/19 budgets of £596k
3. Note the reprofiling of 2019/20 programme of £1.88million to be spent in the 2022/23 financial year
4. Note the reprofiling of 2020/21 programme of £574k to be spent in the 2022/23 financial year
5. Note the reprofiling of 2021/22 programme of £184k to be spent in the 2022/23 financial year

## **Main Report**

### **Background**

A programme, made up of many individual projects, across City Fund and City Cash portfolios is agreed in each financial year. As an example, the 22/23 programme consists of over 180 projects totalling over £11million. The future 23/24 bid will be submitted to this committee later this year.

Previous programmes had been given several years in which to spend the programme budget, this enabled project managers to align delivery with the operational constraints of each of the portfolio types and to factor in stringent Heritage/Conservation requirements. Where projects make savings, the balance is returned to the 'central CWP programme budget'. This provides an opportunity for the funds to be reallocated to other projects that require funding and potentially address backlog maintenance issues across the asset portfolios.

Traditionally, CWP works programmes were expected to be spent within 3 years from their approval year, last year it was with the agreement of the Corporate Asset Sub Committee (CASC) that some programmes would be spread over 4 years (e.g. those sums included in recommendation 3 & 4). This was to assist the Corporation in balancing its financial position, but also provided an opportunity to align expenditure following inactivity / material issues due to Covid and from lower resource levels within departments responsible for delivering the projects. Key points around the CWP:

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.
2. The CWP is overseen by the City Surveyor's department who undertake most of the project delivery, however projects undertaken by the Barbican and Guildhall School and the engineering projects for the Department of the Built Environment (DBE) are delivered by their own teams and so are accountable for their element of project delivery not the City Surveyors' Department.

3. The Peer Review Group, chaired by the Chamberlain, has authority to agree reallocation of funds between existing projects and to divert funds to new projects that meet a jointly agreed criterion. These changes are made within the agreed programme funding envelope. This ensures that project issues can be dealt with promptly and has the potential to reduce the backlog of maintenance (bow-wave) where projects can be brought forward.

## Current Position

The table below outlines overall programme performance, broken down to fund type. Note that budget isn't the total budget allocated, but the forecast expenditure against the programme budget for 21/22.

Table 1 – Total programme expenditure for the 21/22 financial year by fund

Programme	Budget	Actual	% Spent	Balance	Committed	Total spent/committed
City Fund	5,652,000	3,527,626	62.41%	2,124,374	475,118	71%
City's Cash	4,429,000	3,941,606	89.00%	487,394	1,022,157	112%
Guildhall Admin	2,371,000	1,758,799	74.18%	612,201	648,005	102%
	<b>12,452,000</b>	<b>9,228,031</b>	<b>74.11%</b>	<b>3,223,969</b>	<b>2,145,280</b>	<b>91%</b>

4. C.£1.47million of the remaining unspent balance on City Fund sits with the Barbican & Golden Lane. The original forecast ambitions were compromised because access to venues was severely restricted preventing projects to proceed to plan. Projects that were bid for several years ago were reassessed following the announcement of Barbican Renewal, to ensure the investment is appropriate in the current landscape. The team will continue to assess the validity of projects in light of Barbican Renewal and will continue to return funds to the central pot (for reallocation) when appropriate. The project team was under resourced for the entire year and delivered exceptional results under the circumstances.
5. A full breakdown per asset area is provided in Appendix A. It is noted that some asset areas have overspent against the in-year area budget, this was agreed with the Chamberlain via the Peer Review Group and helped to reduce the overall programme underspend against each area.

Table 2 – Total programme expenditure for the 21/22 FY split by yearly programme

Programme	Budget	Actual	% Spent	Balance	Committed	Total spent/committed
Earlier Years Budgets	2,843,000	2,256,606	79.37%	586,394	374,275	93%
2019-20	4,816,000	2,936,953	60.98%	1,879,047	960,414	81%
2020-21	2,627,000	2,052,587	78.13%	574,413	351,363	92%
2021-22	2,166,000	1,981,885	91.50%	184,115	459,228	113%
	<b>12,452,000</b>	<b>9,228,031</b>	<b>74.11%</b>	<b>3,223,969</b>	<b>2,145,280</b>	<b>91%</b>

6. Earlier year budgets consist of the remaining parts of 2017/18 and 2018/19 programmes. The remaining balance of £586k, plus an additional £10k for project adjustments is requested to be carried forward as part of this report. This additional £10k can be funded from savings in the overall programme – see table 3 below. Projects making up the remaining part of this budget are predominantly those that have secured re-allocated funding in the last 12-24 months. An example of this is a Moorgate Sidings repair project that has a remaining budget of £147k. Access has been restricted by TfL and Crossrail and the project team are awaiting a suitable window in which to complete the work. Another example is £250k for a structural repair project at Golden Lane. A full list of projects is included in Appendix C.
7. Noted at recommendation 3, part of the 2019-20 programme budget was previously agreed (by CASC) to be spread into a 4<sup>th</sup> year (i.e. in to 22/23). This figure has increased from the original forecast by c. £1.88million.
8. Noted at recommendation 4, that part of the 20/21 budget will be reprogrammed, increasing the 22/23 budget by £574k.
9. Noted at recommendation 5, that part of the 21/22 budget will be reprogrammed, increasing the 22/23 budget by £184k.
10. Members should note that the total request for reprofiled/carried forward sums included within this report is £3.234million. Adding this to the budget already agreed for 22/23 will mean that the total budget for the year will be revised to £16.602million. The total revised programme budget is included within Appendix D.
11. Given that some of the reasons for under expenditure (noted at para 13 below) have been addressed and that a significant portion of work is already committed, the City Surveyor is confident that this programme can be delivered. The Barbican/GSMD are also working with the City Surveyor to ensure that their programmes of work are appropriately managed.
12. Whilst the Open Spaces areas across City's Cash and City Fund are showing a lower expenditure, these works are planned for delivery in the early part of 22/23.
13. Overall actual expenditure across all funds is behind where would be expected. Justification for this stems from:
  - a. Tight operational property windows where this type of work can be carried out
  - b. Complications and extended lead times in obtaining materials particularly for buildings services projects where suppliers are struggling to meet demand due to global 'chip' shortages
  - c. Resource levels across departments responsible for delivering this type of work has been impacted in relation to the TOM, primarily where individuals have left and roles had been previously 'frozen'

- d. Some projects at the Barbican/GSMD and Guildhall have been delayed enabling completion of PSDS grant funded works. Any implications with deferment have been dealt with by local facilities management teams.

**Table 3 - Progress against the original CWP programmes**

Year	Original Bid	Bid amount left at start of 21/22 FY	Total spent or committed	Balance left at end of FY 21/22	% Original Bid Left to Spend	Years left to spend by
2018/19	11,789,000	3,405,830	2,630,880	774,950	6.57%	Mar-23*
2019/20	12,648,000	6,885,282	3,897,367	2,987,915	23.62%	Mar-23
2020/21	10,801,000	9,416,265	2,403,950	7,012,315	64.92%	Mar-24
2021/22	3,961,000	3,961,000	2,441,113	1,519,887	38.37%	Mar-23
Totals	39,199,000	23,668,378	11,373,311	12,295,067	31.37%	

\*This date has been extended and assumes that this committee agrees to carry forward the budget

14. This table outlines what the original programme budget was for each year versus how much is left to spend against that budget. The year that these budgets are due to spend by are in the final column for reference.

## 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. There are several factors which have contributed to the reduced performance against actual expenditure. It is positive that the total committed expenditure means that projects will, at this stage, either be on site or nearing completion.

Where higher priority projects have been delayed, project managers have worked with the local Facilities Manager to mitigate and address any compliance, statutory or operational risk.

Various cost savings have been sought from many projects, these savings have been returned to the central funding pot and have been diverted to high scoring projects that may not have had previous funding. This will reduce funding pressures on future works programmes and enable the City Surveyor to address high priority maintenance projects across the corporate portfolio.

## **Appendices**

Appendix A – Breakdown of performance against area and fund

Appendix B – Breakdown of programme year and fund type

Appendix C – List of Carry forward projects

Appendix D – Table showing carry forward of budgets in to 2022/23

## **Report Author**

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