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| Committee(s) | Dated: |
| Property Investment Board – For information Operational Property and Projects Sub Committee – For information | 23 September 2022 26 September 2022 |
| Subject: City Surveyor’s Business Plan 2022-27 Quarter 1 2022/23 Update | Report – public Appendix A to E – public Appendix F and G – 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 271/22) | 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 1 (April to June) 2022/23 against the 2022-27 Business Plan.

The report also provides details of quarter 4 performance against one measure which was not available at the time of the prior report (July – CS 220/22).

Of the thirteen key performance indicators being monitored nine were assessed as being green, on target, two indicators will be assessed in quarters 2 and 4, and one measure is assessed annually. There was one indicator which was marginally behind target for the period.

Against a local risk budget of £30.3m, the City Surveyor is forecasting an overspend of £3.5m (11.6%). Of this overspend, £1.8m relates to anticipated inflationary increases for energy and other corporate contracts. The department is working to mitigate the overspend.

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 1 of 2022-23 (April to June) 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.
3. A separate monitoring report on the risks within the department is also circulated for this meeting.

Financial Statement

4. Appendix A reveals that against a total local risk budget of £30.3m for the year, the City Surveyor is forecasting an overspend of £3.5m (11.6%). Of this overspend, £1.8m relates to anticipated inflationary increases for energy and other corporate contracts. The Chamberlain advises that central provision has been made for these costs and budgets will be allocated in period 10 when the actual costs are clearer.
5. The remaining £1.7m overspend comprises a £0.7m on the departmental budget in respect of the balance of the 12% Target Operating Model (TOM) savings yet to be made; a £0.5m overspend on City Fund Estate due to additional business rates costs and reduced service charge recovery due to voids; a £0.2m overspend on Guildhall budgets due to additional agency costs for security and loss of income from 65a Basinghall Street due to a void; and a £0.3m overspend on the Central Criminal Court due to extra cleaning and security resulting from the pandemic.
6. Work is being undertaken by the City Surveyor to reduce this forecast overspend. A report to address the remaining TOM savings will be considered by Corporate Services committee in September and efforts are being made to take the City Fund Estate properties under refurbishment out of rating to reduce the rates liability. Savings are also being sought on other budgets lines to mitigate the overspend.

Quarter 4 2021/22 update

7. KPI. 12 – Outperformance MSCI – The Morgan Stanley Capital Index (MSCI) property performance was not reported on in the previous quarterly monitoring report (Q4 2021/22) as the data was still being finalised.

8. The measure is assessed against a ‘rolling five-year’ period to smooth out short-term fluctuations. Over this time the ‘house fund’ outperformed the benchmark and is therefore assessed as being green. Further detail is contained in the “Performance Monitoring of Property Investment Portfolios” report to PIB (CS 234/22)

Quarter 1 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 | 1 | | | 2 |
| Property Investment Board | 7 | | | | 2 |
| Overall ² | 9 | 1 | | | 3 |

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

11. The amber KPI is as follows:

A. Delivery of Climate Action Strategy (CAS) 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 (April to June 2021) was impacted by lockdowns which artificially suppressed the use of energy and thereby 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.

12. Members will note that this year we are reporting on two Climate Action Strategy measures – one focussing on corporate properties and landlord areas and one on the investment portfolio. We are awaiting the completion of the carbon footprinting exercise, due to complete in September 22, which will allow us to track the decarbonisation progress from financial years 2018/19 through

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.

to 2021/22. We will continue to report progress on tasks and include carbon progress when finalised. Further details on the action plan are included in Appendix E.

Conclusion

The first quarter of 2022/23 was positive in terms of performance, with no measures behind target for the period.

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 The City Surveyor's Business Plan 2022-27 (CS 454/21)

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