

Committee(s)	Dated:
Operational Property and Projects Sub Committee – For information	23 November 2022
Property Investment Board – For information	25 November 2022
Subject: City Surveyor’s Business Plan 2022-27 Quarter 2 2022/23 Update	Report – public Appendix A to E – public Appendix F – 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 361/22)	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 2 (July to September) 2022/23 against the 2022-27 Business Plan.

Of the thirteen key performance indicators being monitored eight were assessed as being green, on target. There were three indicators which were assessed as amber. One further indicator is assessed in quarters 1 and 3, and one is assessed annually.

Against a local risk budget of £30.658m, the City Surveyor is currently forecasting an overspend of £4.067m (13.3%). Of this overspend, £2.316m (57.0%) relates to inflationary increases for energy and other corporate contracts. The department is working to mitigate those elements of the overspend within its control. Whilst the department’s local risk position is challenging, it continues to develop income and receipts for the organisation.

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 2 of 2022-23 (July to September) 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 and progress against Climate Action Strategy (investment property) milestones is included in Appendix E.
3. In order to reduce paperwork for both Members and Officers, Arrears information has been included in Appendix F (non-public). This was previously reported as a stand-alone report.
4. A separate monitoring report on the risks within the department is also circulated for this meeting.

Financial Statement

5. At quarter 2, the City Surveyor is forecasting an overspend of £4.067m (13.3%) against his overall local risk budget £30.658m. Of this overspend, £2.316m relates to inflationary increases for energy, corporate contracts and the July 2022 pay award. A provision has been made centrally for these costs and budgets will be allocated in period 10 (January) when actual costs are clearer.
6. The remaining £1.751m projected overspend comprises of £0.852m on the City Surveyor departmental budget due to the residual 12% savings agreed but which will not be realised in full until 2023/24 and cross-cutting fundamental review savings relating to the consolidation of asset and project management. A further £0.470m overspend on the City Fund Estate due to additional business rates costs and reduced service charge recovery due to voids. Finally, there is a £0.309m overspend on the Central Criminal Court from additional cleaning and security resulting from the pandemic.
7. The City Surveyor is continuing to seek further efficiencies to bring the forecast outturn closer to balance by holding staff posts vacant, address the Central Criminal Court overspend by reassessing the current agreement with the Court Service and finalise the residual fundamental review and TOM savings for the department. However, given the scale of the forecast overspend at quarter 2, it is likely that the City Surveyor will carry forward an overspend and consideration will need to be given as to how this is recovered in 2023/24.
8. The department has a positive record of delivering additional income and capital receipts across the organisation and not benefiting the department's budgets. This includes receipts items such as highway disposals, licence fees and additional rent for other budget holders in departments. For quarters 1 and 2 of 2022/23, £8.548m was generated for the organisation in this fashion. The organisation is also seeking to increase the income generated by its property assets (whether this be advertising, sponsorship, events filming etc).

Quarter 2 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	2			
Property Investment Board	6	1			2
Overall ²	8	3			2

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

11. The amber KPI is as follows:

A. KPI. 2 – Space Utilisation (OPPSC)

Target – to reduce space cost per FTE at Guildhall to under £4,728 per annum (this is a 5% reduction on the 2021/22 figure)

Performance – current projections indicate a space cost of £5,867 per FTE per annum.

This KPI reviews performance against quarter 2 of 21/22, which still contained periods of covid lockdown. Thus, meeting the target was expected to be a challenge. We are continuing to reduce consumption when compared to the 2018/19 baseline year. Further planned interventions combined with the full impact of previous energy efficiency interventions is expected to reduce the risk level of this measure in future quarters.

B. KPI. 3 – Delivery of Climate Action Strategy 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 (July to September 2021) was impacted by lockdowns which artificially suppressed the use of energy and thereby

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.

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.

C. KPI. 4 – Delivery of Climate Action Strategy Milestones – investment property (PIB)

Target – Attainment of milestones

Performance – two months behind

One workstream element has been delayed by two months. This delay arose due to the time taken to complete a necessary cost review, together with a contractual scope issue with one consultant. These items have now been concluded and work is underway to recover time.

Conclusion

The second quarter of 2022/23 was positive in terms of performance. Whilst there are three measures behind target, the relevant teams are working diligently to recover time and ensure that programmes are delivered in line with expectations. The budget position remains challenging, principally driven by inflationary increases for energy and corporate contracts. The department will continue to bear down on spend within its control.

Appendices

- Appendix A Budget Monitoring Statement
- Appendix B Key Performance Indicator Table
- Appendix C Headline Performance Charts
- Appendix D Market Commentary
- Appendix E Climate Action Strategy – Investment Portfolio
- Appendix F Arrears (City's Estate and City Fund) – Non public

Background Papers

- The City Surveyor The City Surveyor's Business Plan 2022-27 (CS 454/21)
- The City Surveyor The City Surveyor's Business Plan 2022-27 – Quarter 1 2022/23 Update (CS 271/22)

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