

Committee(s)	Dated:
Operational Property & Projects Sub Committee – For Information	3 rd July 2023
Subject: Cyclical Works Programme 2022/23 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 186/23	For Information
Report author: Jonathan Cooper, City Surveyor’s Department	

Summary

This report outlines the cyclical works programme (CWP) financial 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).

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 22/23 totalled c.£13.05million. The outturn of actual expenditure was £10.54million which equated to c.80.7% of the budget. A further £3.24million was committed against programmed projects, which if considered, brings this to 105% of the budget. These committed projects will be completed within the 2023/24 programme year, many are already complete.

Recently agreed changes in the way the CWP is agreed will be integral in achieving higher and more accurate in-year spend levels. Specifically, where collective programmes can be agreed in advance, the delivery departments will be able to collaborate with partnering Contractors to resource and programme works more efficiently. This will result in more accurate forecasting, potential savings over the programme and the appropriate resource to deliver the programme.

Recommendations

Members are asked to:

1. Note the progress of current CWP programmes of work.
2. Note that RASC have approved the underspend on all existing projects to be carried forward and completed in 23/24.

Main Report

1. There are many factors that has impacted the achievable spend in the programme. Specifically:
 - Annual approval timings of programme budget, meaning that that pre-construction activities cannot progress until budget is available – usually in the April of the new programme year. This has a significant impact on projects reliant on summer or recess shutdowns. E.g., at the GSMD, Barbican, on heritage projects and parts of the Guildhall.
 - Projects achieving savings against the budget. E.g., where a more cost-effective solution can be derived.
 - Projects unable to complete due to operational or stakeholder constraints. This is particularly prevalent in high profile buildings such as the Barbican.
2. The impacts are widely acknowledged, and strategies are in places to address the issues. Key contributing factors to addressing this will be:
 - a. Approval by this committee of collective 3-year programmes rather than singular year programmes – such as that proposed as part of the backlog paper received by this committee in April this year. This will enable departments to appropriately plan and resource projects over a more operationally achievable period.
 - b. To support this delivery approach, newly procured measured term contracts will enable delivery teams to have more engagement with Contractors and the ability to appoint them for both project management and specialist design where applicable. This will mitigate any departmental resource issues.
3. In October 2022, budget forecasts were revised between departments to pick up a reduced programme forecast at the Barbican & GSMD. The aim was to realign the programme with the expectation of spending as much of the budget within the fiscal year. An overview of the CWP planning and governance is included in appendix 1.
4. The table below outlines overall programme performance, broken down to fund type. Note that budget is not the total budget allocated, but the forecast expenditure against the programme budget for 22/23.

Table 1 – Total programme expenditure for the 22/23 fiscal year by fund

Programme	Original Budget	Revised* Budget	Actual	% Spent	Balance	Committed	Total Spent/Committed	Actual & Committed / Budget
City Fund	2,756,000	2,540,000	2,058,767	74.70%	697,233	1,124,906	3,183,673	115.52%
Barbican	3,344,000	2,635,000	2,335,642	69.85%	1,008,358	403,730	2,739,372	81.92%
Citys Cash	3,818,000	4,481,000	3,052,053	79.94%	765,947	1,119,964	4,172,017	109.27%
GSMD	1,889,000	1,500,000	1,232,312	65.24%	656,688	259,707	1,492,019	78.98%
Guildhall Admin	1,243,000	1,977,000	1,856,873	149.39%	-613,873	331,331	2,188,204	176.04%
	13,050,000	13,133,000	10,535,647	80.73%	2,514,353	3,239,638	13,775,285	105.56%

*There was no revised estimate submitted to committee in 22/23

5. A notable change to the 2022/23 CWP bid was the blanket approval of sub-£10k projects. These were able to be packaged up and delivered in a much more efficient manner by various contractors e.g., our previous FM Contractors - Skanska. These savings were then distributed to new projects. Given the savings would not have been realised until later in the fiscal year it gave little time in which to deliver the project, hence many of the committed sums will have been new projects that had not finished.
6. The biggest underspend was in City Fund, with over half of this underspend relating to Barbican, Planning & Transportation and Port Health. This is due to a mixture of some larger projects being delayed and cumulative savings on smaller projects (many of these being sub £10k projects). The larger projects were still committed, and many new projects were developed in the open spaces as part of the savings made.
7. A full breakdown per asset area is provided in appendix 2. 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.
8. Table 2 outlines the portion of each previous CWP and level of committed spend at the end of 2022/23 fiscal year.

Table 2 – Total programme expenditure for the 22/23 FY split by yearly programme

Programme award year	Budget	Actual	% Spent	Balance	Committed	Actual & Committed / Budget
2022-23	4,407,000	3,643,042	82.66%	763,958	1,833,977	124.28%
2021-22	1,797,000	1,197,111	66.62%	599,889	208,326	78.21%
2020-21	4,872,000	3,265,192	67.02%	1,606,808	663,890	80.65%
2019-20	1,974,000	2,317,184	117.39%	-343,184	404,884	137.90%
Older	0	113,119	0.00%	-113,119	128,560	0.00%
	13,050,000	10,535,647	80.73%	2,514,353	3,239,638	105.56%

Programme award year	Budget	Total	% Spent	Balance	Committed	Actual & Committed / Budget
City Fund	6,100,000	4,394,408	72.04%	1,705,592	1,528,636	97.10%
City's Cash	5,707,000	4,284,343	75.07%	1,422,657	1,379,671	99.25%
Guildhall Admin	1,243,000	1,856,895	149.39%	-613,895	331,331	176.04%
	13,050,000	10,535,647	80.73%	2,514,353	3,239,638	105.56%

Corporate & Strategic Implications

- 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

- 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 1 – Overview of Cyclical Works Programme (CWP)

Appendix 2 – CWP Summary by area 22-23

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