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| Committee(s) | Dated: |
| Operational Property and Projects Sub Committee – For information | 03 July 2023 |
| Subject: City Surveyor’s Business Plan 2022-27 Quarter 4 2022/23 Update | Report – 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 184/23) | For Information |
| Report author: John Galvin / Faith Bowman City Surveyor’s Department | |

Summary

This report provides Members of Operational Property and Projects Sub Committee (OPPSC) details of progress in quarter 4 (January to March) 2022/23 against the 2022-27 Business Plan. A similar report is presented to Members of Investment Committee (IC, CS 176/23).

The department has continued to perform well in a challenging environment. The delivery of core services remains the focus of the team, and normalising performance following the considerable turbulence arising from the COVID-19 pandemic.

At the end of the reporting year, of the eight departmental key performance indicators (KPIs) relevant to this Committee, four achieved (green), and four failed (red) to meet their targets.

The red indicators were as follows:

- KPI. 1 – Asset realisation and additional income
- KPI. 2 – Space utilisation
- KPI. 3 – Delivery of Climate Action Strategy Milestones – Operational estate
- KPI. 7 – Capital Projects – project risk status

The City Surveyor’s end of year outturn reveals that the department was overspent by £569,000 at year end on City Fund and City Cash services. This was against a budget of £28.9m (2%).

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 4 of 2022-23 (January to March) 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). This indicates to which Committee (OPPSC or IC) a measure is being reported. Charts of performance indicators are included in Appendix C.
3. A separate monitoring report on the risks within the department is also circulated for this meeting.

Financial Statement

4. The City Surveyor's end of year outturn reveals that the department was overspent by £569,000 at year end on City Fund and City Cash services. This was against a budget of £28.9m (2%). Bridge House Estate services were £777,000 underspent, largely due to savings on business rates, lower than anticipated voids, and from some business rate refunds in earlier years. If this is considered, the overall position is an underspend of £208,000 against a total budget of £31.2m (0.7%).
5. The full details of the variances are set out in Appendix A. The overspend on the City Surveyor's City Fund and City Cash services is principally due to residual Target Operating Model (TOM) and Fundamental Review (FR) savings targets not being achieved in the year. This included £280,00 of cross cutting FR savings relating to the centralisation of project and asset management across the City, which predate the TOM and cannot now be achieved. Going forward it has been agreed that these FR savings will be met from the overall savings on the new Integrated Facilities Management contract which came into effect in April 2023.

Quarter 4 2022/23 update

6. 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 for both its reporting Committees at the end of quarter 4.

| Status ¹ | Green | Amber | Red | TBC | N/A |
|---|-------|-------|-----|-----|-----|
| Operational Property and Projects Sub Committee | 4 | | 4 | | |
| Investment Committee | 4 | | 3 | 1 | 1 |
| Overall ² | 5 | | 6 | 1 | 1 |

7. For the department, five measures achieved their target (green) whilst six failed to do so (red). One measure (KPI. 12 – minimise voids) is reported every six months in quarters 1 and 3, and one further measure (KPI. 13 – outperform MSCI benchmark) was still being finalised at the time of writing this report. This figure will be reported separately to the July IC.
8. The following four measures relevant to OPPSC were behind target.

A. KPI. 1 – Asset realisation and additional income

The objective of this indicator is seeking to achieve in excess of 90% of the total forecast of asset realisation and additional income. The forecast figure was £19.6m for 2022/23.

The end of year performance did not achieve target. This was principally due to West Ham Park (target of £13.1m) where the sale has yet to conclude.

The department concluded £3.057m in highways disposals and generated £0.591m of additional income. This income is generated on behalf of the organisation.

B. KPI. 2 – Space utilisation

The objective of this KPI is to reduce the office space cost per FTE at the non-events space at the Guildhall by 5%. The target figure was £4,728 per FTE.

The end of year figure for non-events space was £5,666 per FTE. This was £938 above the target figure.

The function was heavily impacted by inflation, which raised occupancy costs above expectation. Further, funding was not provided to enable

¹ Red = High Risk of Failure or Not Achieved; Amber = Some Concern; Green = On Target or Achieved.

² Some KPIs relate to both IC and OPPSC. Therefore, row indicating KPIs overall is not a total of the IC and OPPSC rows.

office changes and moves prior to a formal decision on the Guildhall Refurbishment project. This has placed a limit on the number of building occupiers. As many of the drivers of this indicator's performance are outside the department's control, a revised KPI is being developed for 2023/24.

C. KPI. 3 – Delivery of Climate Action Strategy (CAS) milestones – operational property

The objective of this KPI is a 5% year-on-year reduction in carbon emissions.

The quarter 4 result for 2022/2023 was a 1% increase in emissions when compared to the same period in 2021/2022 (corrected for the impact of weather).

It is highlighted that the 2021/22 figure was still impacted by lockdowns arising from the COVID-19 pandemic. This artificially pushed down energy consumption / carbon emissions. When compared to the 2018/19 baseline year, a weather corrected emissions have decreased by 15%. This is in line to meet the long-term CAS objectives.

D. KPI. 7 – Capital projects – project risk status

This indicator looks at the RAG status of each project with target that fewer than 20% of projects have an overall assessment of "red". At quarter 4 this was 43%.

A significant number of projects are outside of target, this principally due to increased cost resulting from high levels of construction price inflation (as highlighted in the department's risk register), and extended programmes resulting from COVID-19.

Conclusion

9. Over 2022/23 the department continued to perform well. Whilst some measures did not achieve the target set the relevant teams are working diligently to recover time and ensure that programmes are delivered in line with expectations. Whilst the department's local risk position is challenging and inflation costs rising it continues to develop income and receipts for the organisation.

Appendices

- Appendix A Budget Monitoring Statement
- Appendix B Key Performance Indicator Table
- Appendix C Headline Performance Charts

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)
- The City Surveyor The City Surveyor's Business Plan 2022-27 – Quarter 2 2022/23 Update (CS 361/22)
- The City Surveyor The City Surveyor's Business Plan 2022-27 – Quarter 3 2022/23 Update (CS 065/22)

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