

<b>Committee(s)</b>	<b>Dated:</b>
Investment Committee – For information	14 December 2023
<b>Subject:</b> City Surveyor’s Business Plan 2023-28 Quarter 2 2023/24 Update	<b>Report – public</b>
<b>Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?</b>	<b>4, 7, 11, 12</b>
<b>Does this proposal require extra revenue and/or capital spending? N/A</b>	<b>No</b>
<b>If so, how much? N/A</b>	<b>N/A</b>
<b>What is the source of Funding? N/A</b>	<b>N/A</b>
<b>Has this Funding Source been agreed with the Chamberlain’s Department? N/A</b>	<b>N/A</b>
<b>Report of: The City Surveyor CS 341/23</b>	<b>For Information</b>
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### Summary

This report provides Members of Investment Committee (IC) details of progress in quarter 2 (July to September) 2023/24 against the City Surveyor’s 2023-28 Business Plan.

Nine of the City Surveyor’s Department’s (CSD) performance measures are overseen by IC. Of these, four were ahead on target (green) and four marginally behind (amber). One measure, the outperformance of the MSCI benchmark indicator, is reported at the end of the year.

Against a local risk budget of £30.9m, the City Surveyor is currently forecasting an estimated overspend of £541,000 (1.8%). This figure includes City Bridge Foundation (CBF) services. Excluding these services, the City Surveyor is forecasting a £485,000 overspend (1.8%) against a budget of £27.692m. The departmental budget line is the principal driver for the overspend, arising from lower than anticipated staff vacancies, and some residual 12% savings still to be achieved.

The department is working to mitigate this forecast 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 regular update report on the progress made against the department’s 2023-28 Business Plan (CS 372/22). The City Surveyor’s Department (CSD) reports

performance once every six months to Investment Committee (IC) and quarterly to Resource Allocation Sub (Policy and Resources) Committee (RASC).

2. The department's business plan outlines 12 Key Performance Indicators (KPIs). IC oversee progress against nine of these measures whilst RASC oversee seven, (four measures are reported to both Committees).
3. Performance is assessed on a traffic light basis (RAG), where red denotes a high risk of non-attainment, amber indicates some concern, whilst green denotes the measure being on/ahead of target.

### **Current Position**

4. This report provides the latest budget information which is set out in Appendix A. Appendix B provides a detailed table of the department's KPIs. Appendix C provide an overview of progress against the Climate Action Strategy milestones.
5. A separate monitoring report on the risks within the department is also circulated for this meeting.

### **Financial Statement**

6. The monitoring for quarter 2 (Appendix A) reveals that the City Surveyor was forecasting an overspend of £485,000 (1.8%) against total budget for the year of £27.7m for his City Fund and City's Cash Services.
7. When his City Bridge Foundation (CBF) services are included, this increases to an overspend of £541,000 (1.8%) against a total budget for the year of £30.9m.
8. The principal drivers for this forecast are an overspend on departmental salary budgets due to the vacancy factor not being met, and some residual 12% savings that need to be identified. Although energy costs also continue to be a budget pressure, much of the additional cost is either being passed onto third parties, such as our tenants, or being offset by Power Purchase Agreement credits, so the net impact is limited.
9. Several services are showing an overspend at quarter two. This predominately where expenditure is just running ahead of profile, or where overspends earlier in the year can be met by corrective action in the latter part of the year (by delaying cyclical projects for example). This will be closely monitored, and an update will be provided at quarter 3.

### **Quarter 2 2022/23 update**

10. The table below provides an 'at a glance' assessment of the department's performance through the first half of the 2023/24 reporting year.

Status <sup>1</sup>	Green	Amber	Red	TBC	N/A
Investment Committee	4	4			1
Overall (including non-IC measures)	5	5		1	1

11. Of the twelve departmental KPIs monitored, five were assessed as being on target (green), and five were behind target (amber). At the time of reporting, we are still awaiting confirmation of one further measure. One final measure is reported annually.

12. Of the nine measures reported to this Committee, four were on target (green), and four were behind target (amber), one measure will be reported at the conclusion of the reporting year.

13. The amber KPIs relevant to IC are as follows:

A. KPI. 3 – Delivery of Climate Action Strategy Milestones – Investment Property

The objective of this KPI is to achieve the milestones in the delivery plan for Climate Action Strategy for the Investment Property Portfolio consisting of a set of sub-tasks to progress towards net zero.

At the end of quarter, there was a slight delay to the Minimum Energy Efficiency Standards (MEES). These are anticipated to be picked up by the end of the financial year. Full details are contained in Appendix C.

B. KPI. 5 – Adherence to Budgetary Spend Profiles

This objective of this indicator is that the actual spend, plus spend that has been receipted, will fall between 95% and 105% of the revised budget by year-end. This would indicate that services and projects are being delivered, and they are being delivered within their anticipated budgets.

Estimated target at quarter 2 33%  
Performance 28%

The department has investigated the drivers of this higher than anticipated spend to September and is confident that this will reduce towards target in future months. Some of these drivers relate to services overseen by RASC, and these have been reported to that forum.

C. KPI. 6 – Capital Projects – Project Risk Status

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

This indicator assesses the proportion of projects which are red (which may be due to cost, time, or a combination of both) against the total number of projects.

Target – Less than 30%

Performance – 48%

Over 60% of the department's current projects were commenced in 2020 or before, meaning that their delivery has been impacted by COVID-19. These projects have been subject to extended periods of reduced site capacity/productivity and from subsequent high levels of construction price inflation. This has resulted in a greater number of projects falling outside of time and/or price expectations. Whilst performance on current projects is positive, the volume of older projects will continue to provide a drag on performance overall.

#### D. KPI. 10 – Minimise Arrears

The objective of this KPI is to recover money quickly and efficiently ensuring total arrears no more than 2% of the total income invoiced by end of 2023/24.

Target – Less than 2%

Performance – 4.25%

These figures include arrears where there is a payment arrangement/instalment plan in place. If we do not include those arrears the arrears would reduce to 1.45%, achieving target.

## Conclusion

The second quarter of 2023/24 has seen four on target and four measures marginally behind target for the period.

## Appendices

- Appendix A Budget Monitoring Statement
- Appendix B Key Performance Indicator Table
- Appendix C Climate Action Strategy – Investment Property

## Background Papers

- The City Surveyor The City Surveyor's Business Plan 2023-28 (CS 372/22)

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