

City of London Corporation Committee Report

Committee(s)	Dated:
Resource Allocation Sub (Policy and Resources) Committee – For information	3 February 2025
Subject: City Surveyor's Business Plan 2024-29 - Quarter 3 of 2024/25 Update	Public report: For information
This proposal: Delivers Corporate Plan 2024-29 outcomes	Providing Excellent Services, Leading Sustainable Environment, Flourishing Public Spaces, Dynamic Economic Growth
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?	N/A
Report of:	The City Surveyor and Executive Director of Property (CS 003/25)
Report author:	John Galvin/Anna Flashman/Faith Bowman City Surveyor's Department

Summary

This report provides Members of Resource Allocation Sub (Policy and Resources) Committee (RASC) with details of progress in quarter 3 2024/25 (October to December) against the City Surveyor's 2024-29 Business Plan.

RASC oversees twelve key performance measures from the City Surveyor's Department (CSD). Among these, seven are currently achieving their targets (green), two are falling short of their targets (amber), and one is categorised as underperforming (red) (KPI.16 Markets – Each Market's outstanding debt as a percentage of their total invoice income). Additionally, one indicator is reported in arrears and will be confirmed in quarter 4 and one measure is reported biannually.

The City Surveyor's 2024/25 quarter 3 budget outturn (Appendix A) reveals that the department is forecasting an overspend of £838k (2.7%) against a total budget of £30.7m for City Fund and City's Estate services. This overspend includes a £229k structural budget deficit on Smithfield Market which is being addressed from 2025/26 with a bid for additional budget.

Members should also note the City Surveyor has generated an additional c£1m in property income (highways transactions and property disposals) and rates savings over 6 years of the ratings list in 2024/25. These amounts are accounted for under the relevant departments' local risk budgets or under the central risk budget to the benefit of the City overall.

Recommendation

- 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 2024-29 Business Plan. The City Surveyor's Department (CSD) reports performance quarterly to Resource Allocation Sub (Policy and Resources) Committee (RASC).
2. The department's business plan outlines seventeen Key Performance Indicators (KPIs). RASC oversee the progress against twelve of these measures, whilst Investment Committee (IC) oversee fourteen and Markets Board oversee two.
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 monitoring statement which is set out in Appendix A. The full list of KPIs, and their current performance is noted in Appendix B.
5. A separate monitoring report on the risks within the department is also circulated for this meeting.

Financial Statement

6. The monitoring for quarter 3 (Appendix A) reveals that the City Surveyor was forecasting an overspend of £838k (2.7%) against a total budget for the year of £30.7m for his City Fund and City's Estate services. When City Bridge Foundation (CBF) services are included, this increases to an overspend of £926k (2.7%) against a total budget for the year of £34.1m. This overspend is after the £331k overspend in 2023/24, which was carried forward, and has been found from savings in the current year.
7. The main reasons for this forecast are overspends on the departmental and Guildhall salary budgets due to the assumed vacancy factor not being met, budget pressures on Smithfield Market as a result of the closure of the Poultry Market and a cap on Smithfield Market service charges. The markets costs can be viewed a structural budget deficit. This is being addressed in 2025/26 with a bid for additional resources in 2025/26. These overspends are partially offset by savings on the corporate facilities management contract arising from rebate payments received. The City Surveyor continues to examine his budgets to see if further savings and income can be made to reduce the forecast year-end overspend.
8. On a more positive note, rental income which is shown under central risk, reveals an overall surplus of £647k compared to the original budget for City's

Estate and City Fund Estate. This is primarily attributed to City's Estate where the main reason for the higher forecast income is due to tenants not exercising their break clause option across a few properties, and new leases starting earlier than anticipated.

9. Members should also note that the City Surveyor has generated an additional c£1m in property income (highways transactions and property disposals) and rates savings over 6 years of the ratings list generated by this department in 2024/25. These amounts are accounted for under the relevant departments local risk budgets or under the central risk budget to the benefit of the City overall.

Quarter 3 2024/25 update

10. The table below provides an 'at a glance' assessment of the department's performance through the third quarter of the 2024/25 reporting year.

Status ¹	Green	Amber	Red	TBC	N/A
Resource Allocation Sub Committee	7	2	1	1	1
Overall (including non-RASC measures)	7	2	1	1	6

Of the twelve measures presented to this Committee, seven achieved their targets (green), two (KPI.7 Capital Projects – Project Risk Status and KPI.12 Property Contract Performance Compliance) are falling short of their targets (amber), and one (KPI.16 Markets – Each Markets outstanding debt as a percentage of their total invoice income) is categorised as underperforming (red). Additionally, one measure is reported in arrears and will be reported in quarter 4 and one measure is reported biannually

11. The red and amber KPI's relevant to this committee in quarter three are set out below.

A. KPI.16 Markets – Each Market's outstanding debt as a percentage of their total invoice income (excluding 0-30 days invoices)

This indicator assesses the level of debt at Billingsgate, Smithfield and New Spitalfields Markets and includes Covid arrears.

Target – Less than 1.5%
Performance – 6.5% (Red)

The red rating is a direct result of a single debtor at Billingsgate who is responsible for a significant proportion of this debt. If this debt was excluded, the total arrears from various smaller debtors would decrease to 2.72%. Furthermore, at New Spitalfields, there is an active Covid debt repayment plan which is on track to be resolved by October 2025.

The department follows rigorous credit control processes, using appropriate escalation channels in collaboration with Chamberlain's and

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

Comptroller and City Solicitor's Departments to ensure the payment of arrears.

B. KP1.12 – Property Contract Performance Compliance

This indicator provides an overall assessment of our facilities Management suppliers' performance against their contract measures. This is across eight criteria spanning both operational performance and key City of London objectives.

Target – 80%

Performance – 71% (Amber)

Comprehensive strategies for environmental-social-governance (ESG), innovation, and responsible procurement have been established during this period which has supported a 4% improvement. The Department remains committed to rigorous contract performance monitoring across all lots and ensures contractors pay service credits when services fail to meet contractual standards. It is important to note that the Integrated Facilities Management (IFM) contracts have been operational for 21 months against a 5+5-year contract term, and performance is satisfactory for this stage in the tenure.

C. KPI.7 – Capital Projects – Project Risk Status

This indicator assesses the proportion of projects (excluding minor 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 – 33% (Amber)

It has been observed in previous discussions with this Committee that over 60% of the department's ongoing projects began in 2020 or earlier, indicating that their advancement has been considerably hindered by COVID-19. These projects faced prolonged phases of diminished site capacity and productivity, coupled with significant increases in construction expenses. Consequently, a larger proportion of projects have surpassed their anticipated schedules and financial plans. While the implementation of current projects remains strong, the accumulation of older projects has negatively influenced overall performance. Additionally six contractors (main and sub) working on City sites have gone into administration which has led to additional delivery costs, delays in project completion, and increased consultant and legal expenses.

Quarter 2 2024/25 update

12. The following measure is reported in arrears and therefore, this data was not available at the at the time of preparation of the quarter 2 report.

A. KPI.10 Delivery of Climate Action Strategy (CAS) Milestones – operational estate

This indicator shows progress towards the Climate Action Strategy targets of the operational estate set by the CAS team.

Target – less than 5%

Quarter 2 Performance – 4.4% (Green)

Performance has significantly improved since quarter 1. The carbon factor of grid electricity, which drove the decline in performance last quarter, has not changed. Therefore, the energy reduction seen in the reported figures is driven by reductions in energy use across the estate. In particular the Barbican Arts Central, Central Criminal Court and the Tower Hill coach park demonstrates the impact of the projects being undertaken developed by the Energy Team and delivered by the Minor Works Team.

Corporate & Strategic Implications

Strategic implications

13. The City Surveyor's Department is dedicated to advancing the objectives outlined in the Corporate Plan through effective and efficient proactive management of the City's investment and operational properties.
14. This department plays a crucial role in realising the City's vision by executing major programme initiatives, such as Salisbury Square, the London Museum at Smithfield, and the Barbican Renewal programme, while also preserving our heritage assets for the benefit of all Londoners. The department generates substantial revenue from both investment and operational property portfolios, which underpins all the City's public value activities.
15. The department actively collaborates with corporate leaders to ensure the effective implementation of our strategic priorities, particularly in relation to Destination City, the Climate Action Strategy, and the City's Corporate Property Asset Management Strategy for 2024-2029.

Financial implications

16. Financial information is contained in Appendix A and noted in the report.

Resource implications

17. The department is actively working to identify several strategies to mitigate the core challenges it encounters. It has acknowledged possible pathways for enhancing revenue and capital inflows for the organisation and has developed business cases to progress these.

Legal implications

18. None

Risk implications

19. Key risks managed by the department are included in the Risk Update Report that is also reported to this Committee.

Equalities implications

20. None.

Climate implications

21. The department facilitates the implementation of the Climate Action Strategy by executing both minor and major projects. This capability has been strengthened by securing new funding for the Cyclical Works Programme for those property assets within this programme.

Security implications

22. None

Conclusion

23. The department has achieved substantial progress on the primary objectives as set out in the Business Plan during the third quarter.

Although one metric was identified as underperforming in the third quarter (KPI.16 Markets – Each Market’s outstanding debt as a percentage of their total invoice income), the team is actively engaged in efforts to restore performance to expected levels. Despite facing challenges with the local risk budget, the department continues to produce considerable income and capital receipts, contributing to the financial sustainability of the City Corporation and providing benefits that extend beyond the local and central risk budgets managed by the City Surveyor.

Appendices

- Appendix A Budget Monitoring Statement
- Appendix B Key Performance Indicator Table

Background Papers

- The City Surveyor The City Surveyor’s Business Plan 2024-29
- The City Surveyor City Surveyor’s Business Plan 2024-29 - Quarter 1 2024/25 Update (CS 225/24)
- The City Surveyor City Surveyor’s Business Plan 2024-29 - Quarter 2 2024/25 Update (CS 293/24)

Departmental Performance & Services
City Surveyor’s Department