

City of London Corporation Committee Report

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| Committee(s) | Dated: |
| Resource Allocation Sub (Policy and Resources) Committee – For information | 25 June 2025 |
| Subject: City Surveyor's Business Plan 2024-29 - Quarter 4 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 129/25) |
| Report author: | John Galvin/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 4 (2024/25) against the City Surveyor's 2024-29 Business Plan. A similar report is presented to Members of Investment Committee (IC) and the Markets Board.
- Overall, the department successfully delivered against its approved objectives set out in the Business Plan amidst a challenging environment. Of the ten key performance indicators tracked by RASC, eight successfully achieved their targets, while two fell short:
 - KPI.10, delivery of Climate Action Strategy milestones, was more challenging this year due the identification of faulty meters at a couple of large sites leading to a spike in billed energy use that will include energy use from the previous reporting period.
 - KPI.12, property contract performance compliance, indicated that the Integrated Facilities Management contracts were performing in line with expectations after 24 months within the 5+5-year contract term. However, at the end-of-year assessment date, performance trailed target by 2%.
- In 2024/25 some of key achievements for the department included:

- The Corporate Property Group exceeded its capital and additional income targets, generating £7.1m for the Corporation against a £4.7m target.
 - The final phase of the Central Criminal Court's long term plant replacement works was delivered, marked the completion of a decade-long project.
 - The final account for the Museum of London and Poultry Market project was settled. Notably the structural engineering firm Arup received an industry award for their work on the Poultry Market Roof.
- The City Surveyor's Department end of year outturn reveals that the department's budget was overspent by £261,000 at year end on its City Fund and City's Estate services, against a budget of £31.1m (0.8%). The City Surveyor's City Bridge Foundation services were £547,000 underspent. If this is considered, the overall position is an underspend of £286,000 against a total budget of £34.0m (-0.8%). This is before the additional £7.1m generated by the Corporate Property Group is considered.

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.
2. The department's business plan outlines seventeen Key Performance Indicators (KPIs). Resource Allocation Sub (Policy and Resources) Committee (RASC) oversee the progress against ten of these measures, whilst Investment Committee (IC) oversee twelve and the 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 City Surveyor's end of year outturn reveals that the department was overspent by £261,000 at year end on its City Fund and City's Estate services, against a budget of £31.1m (0.8%). The City Surveyor's City Bridge Foundation

services were £547,000 underspent. If this is considered, the overall position is an underspend of £286,000 against a total budget of £34.0m (-0.8%). As noted above, the Corporate Property Group generated additional income and receipts of £7.1m for central budgets which is not accounted for within the City Surveyor's budgets.

7. The full details of the variances are set out in Appendix A. The overspend on the City Surveyor's City Fund and City's Estate services is principally due to additional reactive repairs on the corporate facilities management contract and overspend at Smithfield Market, both resulting from the closure of the Poultry Market and the cap on the Smithfield Market service charges and recovery from tenants. These overspends are in part offset by savings on City's Estate reflecting better service charge recovery than anticipated, as well as savings on the corporate facilities management contract at the Guildhall complex. The underspend on City Bridge Foundation services is largely due to an underspend on professional fees and advertising, in addition to savings on the cyclical works programme arising from projects cancelled or deferred.

Quarter 4 2024/25 update

8. 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 | 8 | 0 | 2 | 0 | 0 |
| Overall (including non-RASC measures) | 10 | 0 | 4 | 3 | 0 |

9. Of the ten measures submitted to this Committee, eight successfully met their targets, indicated in green. However, two measures, KPI.10 – Delivery of Climate Action Strategy (CAS) milestones for the operational estate, and KPI.12 – Property Contract Performance Compliance failed to achieve their designated targets, (Red).
10. Further detail on the measures relevant to this Committee that did not reach their targets are set out below.

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%
Q1-Q4 Performance - 21% (Red)

Energy consumption and the related carbon emissions have shown a downward trend across the operational estate; however, this decline falls

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

short of the established targets primarily due to the energy supply carbon factors not decreasing as anticipated.

Meter faults were identified and rectified within the reporting period resulting in rebilling of a couple of large sites. This saw billed energy use spike; however, this will have included energy used in previous reporting periods that has only now been billed correctly.

Additionally, a comparison of heating degree days between quarter 4 24/25, and same period in 23/24, reveals that this financial year was significantly colder than the previous one, with the data presented in absolute terms and unadjusted for weather variations.

Whilst the figures for 2024/25 were behind target, consumption has decreased by 31% to the baseline year (2018/19), with several projects completing and contributing to this reduction.

For future reporting periods, the measure reported through to RASC will align with the wider organisational CAS targets.

- 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 – 78% (Red)

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 24 months against a 5+5-year contract term, and performance is broadly in line with expectation for this stage in the tenure. The measure is red due to it failing to meet its target at the end-of-year assessment date.

Contracts continue to be managed robustly (both contractually and operationally), and we have seen continued improvement in operational performance and feedback from site teams. Whilst performance is solid, areas of improvement from suppliers is increased attention on innovation, continuous improvement and environmental, social and governance (ESG) initiatives.

Corporate & Strategic Implications

Strategic implications

11. 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.

12. This department plays a crucial role in realising the City's vision and Corporate Plan ambitions by executing major programme initiatives, such as Salisbury Square development for courts and City of London Police, the new 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.
13. 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

14. Financial information is contained in Appendix A and noted in the report.
15. Under the Financial Regulations, overspends on City Fund and City's Estate local risk budgets, whatever the amount, are automatically carried forward to be recovered in the next financial year unless waived wholly or in part by Finance Committee. Once Finance Committee has considered the matter along with those additional receipts and income generated for other Corporation budgets beyond the City Surveyor's, the City Surveyor will report back to Members in the next quarterly monitoring report setting out how the department intends to recover any overspend that has been agreed to be carried forward into 2025/26.

Resource implications

16. The department has worked hard 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

17. None

Risk implications

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

Equalities implications

19. None.

Climate implications

20. The department facilitates the implementation of the Climate Action Strategy by executing both minor and major projects across the City Corporation's investment and operational assets. This capability has been strengthened by

securing new funding for the Cyclical Works Programme for those property assets within this programme.

Security implications

21. None

Conclusion

22. Over 2024/25 the department has made good progress against its key deliverables set out in the Business Plan. Whilst two measures did not achieve the target set the relevant teams are working diligently to recover and ensure that programmes and FM services are delivered in line with expectations.

23. Whilst the department's local risk position is challenging, the department continues to generate significant income and capital receipts to support the wider City Corporation's financial sustainability. The Corporate Property Group significantly exceeded its capital receipts and additional income generation targets, generating £7.1 million for the Corporation beyond its own allocated budgets.

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)
- The City Surveyor City Surveyor's Business Plan 2024-29 – Quarter 3 2024/25 Update (CS 003/25)

Departmental Performance & Services
City Surveyor's Department