



Property Investment Board

Date: WEDNESDAY, 10 OCTOBER 2018
Time: 8.30 am
Venue: COMMITTEE ROOMS, 2ND FLOOR, WEST WING, GUILDHALL

Members: Deputy Tom Sleigh (Chairman)
Deputy Alastair Moss (Deputy Chairman)
Chris Boden
Sir Mark Boleat
John Chapman
Alderman Alison Gowman
Christopher Hayward
Michael Hudson
Andrien Meyers
Dhruv Patel OBE
Deputy Philip Woodhouse
Stuart Corbyn
Tony Joyce
David Shaw OBE
David Brooks Wilson

Enquiries: John Cater
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Breakfast will be served from 8.00am
N.B. Part of this meeting could be the subject of audio video recording

John Barradell
Town Clerk and Chief Executive

AGENDA

Part 1 - Public Agenda

1. **APOLOGIES FOR ABSENCE**
2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**
3. **MINUTES**
To approve the public minutes of the Property Investment Board meeting held on 12th September 2018

For Decision
(Pages 1 - 6)

4. **FM GENERAL UPDATE REPORT**
Report of the City Surveyor

For Information
(Pages 7 - 10)

5. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**
6. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
7. **EXCLUSION OF THE PUBLIC**
MOTION – That under Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Local Government Act.

For Decision

Part 2 - Non-Public Agenda

8. **NON PUBLIC MINUTES**
To approve the non-public minutes of the Property Investment Board meeting held on 12th September 2018

For Decision
(Pages 11 - 18)

ALL ESTATES

9. **DELEGATED AUTHORITIES - DECISIONS AS AT 30TH SEPTEMBER**
Report of the City Surveyor

For Information

(Pages 19 - 26)

10. **ACTION TAKEN BETWEEN MEETINGS**
Report of the Town Clerk

For Information
(Pages 27 - 32)

CITY'S ESTATE

11. **CITY'S ESTATE: MUSEUM OF LONDON UPDATE REPORT**
Report of the Town Clerk

For Information
(Pages 33 - 56)

12. **CITY'S ESTATE: LONDON FRUIT AND WOOL EXCHANGE SITE, E1 - OUTTURN REPORT INCLUDING PROFIT SHARE CONFIRMATION**
Report of the City Surveyor

For Information
(Pages 57 - 62)

13. **CITY'S ESTATE: LETTING OF SUITES J K L M, 1 EAST POULTRY AVENUE, SMITHFIELD COMMERCIAL OFFICES, EC1**
Report of the City Surveyor

For Decision
(Pages 63 - 76)

14. **CITY'S ESTATE: NEW LETTING: 2ND FLOOR OFFICE PREMISES AT 55 CHARTERHOUSE STREET TO ALL MARKET EUROPE LIMITED**
Report of the City Surveyor

For Decision
(Pages 77 - 82)

15. **CITY'S ESTATE (STRATEGIC PROPERTY ESTATE): BLOSSOM STREET - LAND TRANSFER**
Report of the City Surveyor

To Follow

For Decision

CITY FUND ESTATE

16. **CITY FUND: FLEET STREET ESTATE - PROGRESS UPDATE REPORT**
Report of the City Surveyor

For Information

(Pages 83 - 92)

17. **CITY FUND: 6 BROAD STREET PLACE, 6TH FLOOR LETTING**
Report of the City Surveyor

To Follow

For Decision

BRIDGE HOUSE ESTATES

18. **BRIDGE HOUSE ESTATES: 160 BLACKFRIARS - LEASE REGEAR**
Report of the City Surveyor

For Decision
(Pages 93 - 100)

19. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**

20. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE BOARD AGREES SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

PROPERTY INVESTMENT BOARD

Wednesday, 12 September 2018

Minutes of the meeting of the Property Investment Board held at Guildhall, EC2
on Wednesday, 12 September 2018 at 8.30 am

Present

Members:

Deputy Alastair Moss (Deputy Chairman)
Chris Boden
Sir Mark Boleat
Alderman Alison Gowman
Michael Hudson
Andrien Meyers
Dhruv Patel OBE
Deputy Philip Woodhouse
Stuart Corbyn
David Shaw OBE
David Brooks Wilson

Officers:

Paul Wilkinson	- City Surveyor's Department
Nicholas Gill	- City Surveyor's Department
John James	- Chamberlain's Department
Ola Obadara	- City Surveyor's Department
Tom Leathart	- City Surveyor's Department
Neil Robbie	- City Surveyor's Department
Andrew Cross	- City Surveyor's Department
John Galvin	- City Surveyor's Department
John Cater	- Town Clerk's Department
George Fraser	- Town Clerk's Department
Greg Moore	- Town Clerk's Department

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Deputy Tom Sleigh, Christopher Hayward and Tony Joyce.

2. MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA

There were no declarations.

3. MINUTES

RESOLVED – That the public minutes of the meeting held on 18th July 2018 be approved.

4. **CSD RISK REPORT - 1ST QUARTER PROGRESS**

Members received a Report of the City Surveyor concerning the Surveyor's department's risk register.

Questions were raised as to why the City Bridge risks were being presented to PIB. Officers responded that the only way to get around this would be to either make clear the role of PIB with respect to these risks in the body of the report, or to have separate reports for PIB and CASC – Members were keen to avoid duplication so suggested that the current reporting format should remain.

A Member noted that she would like to have an off-line conversation with the City Surveyor and Paul Monaghan in connection with the overweight vehicles on Tower Bridge (which is on the City Bridge divisional risk register but not on the departmental level. It is referenced in 7E in the body of the report). Officers responded that work was being undertaken to establish a Service Agreement to better aid communication between key departments (including CSD and DBE) – this will include maintenance, inspections and areas of concern.

Member asked a question in relation to risk 009 (uncompetitive tenders), as to whether the cost of the tender process discouraged bids. The City Surveyor noted that we operated a two-stage process to minimise this issue and, furthermore, the Department was working with the Procurement team to develop appropriate buying frameworks.

Members were concerned that the risk level on pay (risk 005) appears to be too low given the recent challenges around recruitment. Officers confirmed that work was underway to alleviate this, and reminded Members that a confidential report, concerning pay, had gone to Property Investment Board in July and will go to Establishment Committee in September.

RESOLVED – that the Board noted the Report.

5. **REQUEST FOR FUNDS TO APPOINT EXTERNAL CONSULTANT FOR AN ENVIRONMENTAL STRATEGY**

The Sub-Committee considered a Report of the City Surveyor concerning a request for funds to appoint an external consultant for an environmental strategy.

Officers confirmed that funds are to be sourced from the transformational fund – as determined by the Chamberlain. Alternatively, one Member suggested funds could be sourced from the P.R.I.

RESOLVED – that the Board approved the following:

- Agree to the commissioning of a specialist sustainability consultant to identify a strategy for measuring and optimising environmental performance in a commercial property context at an estimated cost of £55,000.

- Note, as the City Surveyor has no funds available to cover the cost of the work, should Members wish to proceed the City Surveyor will need to make a bid for funding from the Transformation Fund to cover the cost of the work.

6. **REVIEW OF HOUSING GOVERNANCE**

The Board considered a Report of the Town Clerk concerning housing governance.

Members were of view that PIB assuming responsibility for housing governance would be suboptimal and liable to considerably shift the focus of PIB. However, Members did request the City Surveyor's department continue to advise BRC going forward.

A Member suggested that, ultimately, officers need to work this through and recommend a corporate stance. He encouraged the Corporation to appoint independent Members with professional housing expertise on to the Committee as part of the solution.

RESOLVED – that the Board rejected the option to assume responsibility for housing governance.

7. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**

There were no questions.

8. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

There was no other business.

9. **EXCLUSION OF THE PUBLIC**

RESOLVED – That under Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Local Government Act.

10. **NON-PUBLIC MINUTES**

RESOLVED – that the non-public minutes of the meeting held on 18th July 2018 be approved.

11. **RENT REVIEWS/LEASE RENEWALS REPORT ON JUNE QUARTER DAY**

The Board received a Report of the City Surveyor concerning rent reviews/lease renewals.

12. **CITY'S RENTAL ESTIMATES MONITORING REPORT**

The Board received a Report of the City Surveyor concerning rental estimates.

13. **BUSINESS PLAN - QUARTER 1 - PROGRESS REPORT**

The Board received a Report of the City Surveyor concerning the departmental Business Plan.

14. **REPORT OF ACTION TAKEN UNDER DELEGATED AUTHORITY**
The Board received a Report of the Town Clerk concerning the approvals by the Town Clerk in consultation with the Chairman and Deputy Chairman of the Board since the last meeting of the Board.
15. **CITY'S ESTATE: GATEWAY 3/4 REPORT - 29A BROOK STREET**
The Board received a Report of the City Surveyor concerning 29A Brook Street.
16. **CITY'S ESTATE: GATEWAY 3/4 - 6-8 EASTCHEAP - LANDLORD WORKS**
The Board received a Report of the City Surveyor concerning 6-8 Eastcheap.
17. **CITY FUND: 21-26 GARLICK HILL - OVERRIDING LEASE**
The Board considered a Report of the City Surveyor concerning 21 – 26 Garlick Hill.
18. **CITY FUND: LEADENHALL MARKET - ROOF WORKS, GATEWAY 1 - 4**
The Board considered a Report of the City Surveyor concerning roof works at Leadenhall Market.
19. **CITY FUND: 280 BISHOPSGATE - RENT REVIEW**
The Board considered a Report of the City Surveyor concerning 280 Bishopsgate.
20. **CITY FUND: 1 LEADENHALL STREET – GRANT OF NEW GROUND LEASE**
The Board considered a Report of the City Surveyor concerning 1 Leadenhall Street.
21. **STRATEGIC ESTATE (CITY FUND) 1ST FLOOR, 4 TABERNACLE STREET - LETTING**
The Board considered a Report of the City Surveyor concerning 1st Floor, 4 Tabernacle Street.
22. **STRATEGIC PROPERTY ESTATE (CITY FUND): 4TH FLOOR, GRANT OF NEW LEASE AT 4/14 TABERNACLE STREET**
The Board received a Report of the City Surveyor concerning the 4/14 Tabernacle Street.
23. **BRIDGE HOUSE ESTATES: CROSSRAIL SUBSOIL ACQUISITIONS**
The Board considered a Report of the City Surveyor concerning Crossrail Subsoil acquisitions.
24. **BRIDGE HOUSE ESTATES: COLECHURCH HOUSE: UPDATE ON SALE AGREEMENT**
The Board received a Report of the City Surveyor concerning Colechurch House.
25. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**

There were no questions.

26. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE BOARD AGREES SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED

There were four items of urgent non-public business.

The meeting ended at 10.00 am

Chairman

Contact Officer: John Cater
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Committee(s): Property Investment Board	Date(s): 10/10/2018
Subject: Facilities Management – Annual Update Report	Public
Report of: City Surveyor CS: 398/18	For Information
Report author: Alison Bunn – Head of Facilities Management	

Summary

The following report details the work that has been undertaken by the Investment Property Facilities Management (FM) team within the last twelve months. It also presents the current performance of all FM corporate contractors and the main workstreams that the team will be completing in the forthcoming year.

Recommendation

Members are asked to:

- Note the report.

Main Report

Background

1. The Investment Property FM team has an overall total member of staff of 41 and are split into three teams:
 - City Estate
 - Bridge House and Strategic
 - City Fund
2. These teams are assisted by the following support teams within the overall FM team:
 - Property Contracts Performance Team
 - Property Health & Safety Team
3. The FM team manage 81 investment properties across the whole of London.
4. The FM team deliver a range of Hard and Soft FM services to the buildings including Building, Repairs and Maintenance (BRM), Cleaning, Security, Pest Control, Lift & Escalators and Grounds Maintenance.
5. They also manage the statutory compliance for each of the buildings and this report confirms that compliance is on track and up to date. Maintenance that forms part of compliance are: fire detection, cooling tower and water hygiene, gas safety inspections, fall arrest and man safe systems, lighting protection and

electrical fixed wire testing. Compliance is reported quarterly to the Director of Investment Property and his management team.

6. The Property Contracts performance team manage FM contracts to the value of £90 million with 588 Key Performance Indicators measured within them.
7. This is the first of what will be an annual report which will be presented to this committee in October every year.

FM Contract Status

8. Appendix 1 shows the performance of the main FM contractors over the last three months (April, May and June). All contracts continue to run correctly and any repeated failure of KPI's are managed through a contractor action plan which is aimed to address the issues.
9. The main contract for concern is the Apex lift and escalator as the contractor has repeatedly failed some of the KPI's in the last three months. The impact on their poor performance with service delivery has been experienced in a small proportion of the investment estate properties mainly with lifts not being returned to service in a timely manner. There has been no financial impact on the City via tenant's requiring refunds on service charges due to poor performance.
10. An action plan is in place which is allowing the contract management team to manage the poor performance and ensure that it doesn't get any worse.

Achievements in the last 12 months

11. Introduction of a Computer Aided Facilities Management (CAFM) System Micad to manage all FM services including an up to date asset register, provision of the property service desk and improved reporting of management information.
12. Re-Shaping of the Property Contracts Performance Team to ensure it is fit for purpose to deliver the service required
13. Successful demobilisation of the BRM1 contract with Mitie including agreement on final accounts
14. Achieved BRM2 savings on BRM1 of £1.4 million per annum for the investment property estate
15. Collaboration with asset managers and finance teams on service charges to work towards achieving the deadlines set out in RICS Code.
16. Successful mobilisation of the BRM2 contract with Skanska
17. Update of the FM Strategy to meet the business needs and planning
18. Property Service Desk processed over 20,000 call requests either by phone or email
19. Introduction of the FM team into the annual revenue programme creation to ensure that only required works is completed
20. Employed an FM Supervisor apprentice
21. Moved to a more customer facing automated property service desk utilising Micad to allow the team to work more effectively
22. Processed 107 variations to FM contracts to alter service delivery of which 50% relate to the Investment property estate

Going Forward over the next 12 months

23. Re-tender of the Lift and Escalator contract to move to the 2nd generation and a more fit for purpose contract including the utilisation of the City's CAFM system
24. Re-tender of the Security contract to move to the 2nd generation and a more fit for purpose contract
25. Upload the assets found after the asset verification process for the Skanska contract and subsequent servicing regimes into the CAFM system to deliver correct planned preventative maintenance schedules for all assets.
26. Give the ability to report on the status of statutory compliance within the portfolio
27. Work with Skanska to move to condition-based maintenance rather than time expired maintenance
28. Invest in the Property Appraisal Module for the CAFM System to create accurate Forward Maintenance Plans and ensure all asset information is held in the same location
29. Work to create a tenant portal which will contain all of the necessary information for building users at the click of a button
30. Assist with managing the sale of 1-5 London Wall Buildings including the TUPE of FM staff based within the building
31. Creation of a new FM office at 65 London Wall which will become the hub for the Bridge House and Strategic Team
32. Review of the current team structure to see if it is fit for purpose including the admin team currently based at the Guildhall.

Corporate & Strategic Implications

33. Facilities Management at the City supports the following objective in the City Surveyors Business Plan:

Property assets and facilities management: We will ensure buildings are fit for purpose, sustainable, safe and secure, providing access for all, meeting service needs and community expectations and delivering value for money through enhancing our efficiencies; this includes asset management plans, facilities management including hard (planned and reactive maintenance) and soft services (cleaning, security, etc...), cyclical projects and minor improvements and delivery of major capital projects for refurbishments and new builds.

Conclusion

34. This report shows the progress that the team are making in managing the FM for the Investment property estate. Much work has been completed in the last year to bring the service up to a professional level. However, as FM is a continually evolving service there is much more work to do in the forthcoming year. It is intended that this report gives Members comfort that the City Surveyor is managing the service in a competent manner.

Appendices

- Appendix 1 – KPI Information for FM Contracts

Alison Bunn

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of the Local Government Act 1972.

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