

Opportunity Outline

This document is to be used for all new ideas / initiatives as an initial assessment / scope



Title: Strategic Review of Operational Properties

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Author of document	Caroline Al-Beyerty	Date	17/12/2014

<input type="checkbox"/> Mandatory	<input checked="" type="checkbox"/> Sustainability	<input checked="" type="checkbox"/> Improvement
<i>Compliance with Legislation, Policy and Audit</i>	<i>Essential for business continuity</i>	<i>New idea / opportunity that improves or increases Service Levels</i>

Case for Change / Objective

Explanation as to why the proposal has come about (e.g. Audit Requirement; new idea, Service Improvement; Business Plan).

As part of the Service Based Reviews, a number of opportunities to mitigate cost and risk to the Corporation across our asset base have been identified.

Due to the diversity, scope and complexity of all the different suggestions, an overarching proposal "Strategic Asset Management" has been created to ensure that the strategic aims are aligned across all the assets related opportunity outlines. Where appropriate joint working will be utilised to achieve better outcomes overall.

Beneath the overarching "Strategic Asset Management" proposal sits four sub proposals which are:-

- Strategic Review of Operational Properties
- Procuring & Managing Services (All Contracts)
- Project Management (All Project / Programme Management) and
- Facilities Management (could include some IS services or be joined)

This outline focuses on the "Strategic Review of Operational Properties" work stream (See diagram below). We have a fractured model currently in place for delivery of each of the strands identified above. This model has resulted in a lack of shared organisational understanding or consistency in how each of the elements are identified, applied and measured.

Corporate Asset Sub Committee requested a review into how well our property assets are maintained. Until this point we had no central and overall picture of the management of the operational estate. The review established that there is a funding gap each year, ranging from £1m to £41.8m, compounding and creating a cumulative shortfall of £158.5m by 2034. Within this shortfall is a £40m peak which we keep pushing out year on year; effectively creating a 'bow wave' of postponed maintenance costs which we will, at some point, need to meet. This funding gap is also unstated as it included no major rebuild other than Police accommodation.

As part of the service based review, Chief Officers were asked to identify possibilities to reduce the property imprint and any surplus assets for disposal. Only a small number of reductions were proposed by departments, representing 5% of the saving proposals. The Resource Allocation Sub Committee considered this point and recommended a review of the operational estate in order to rationalise, and

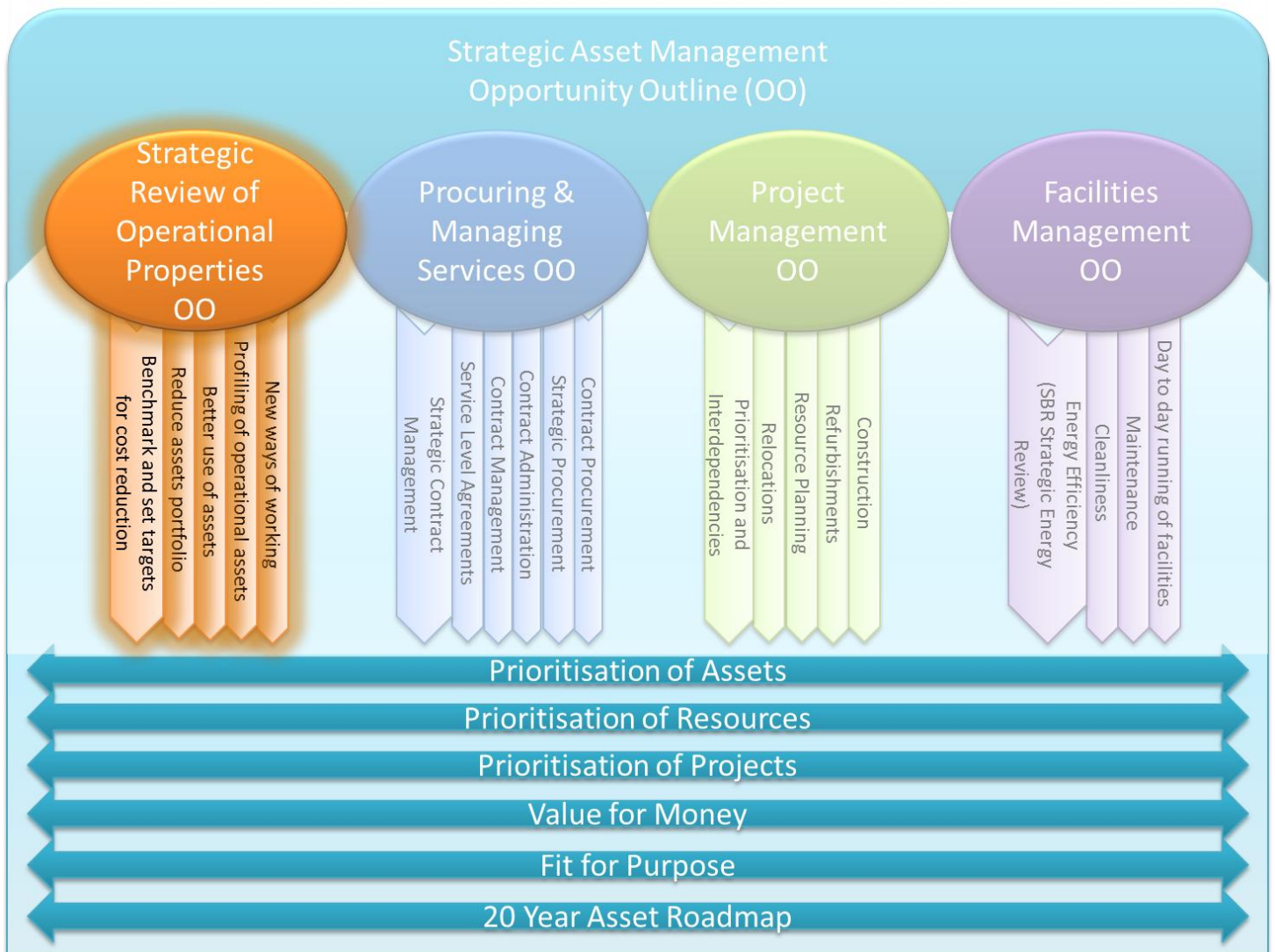
reduce the high and rising cost of repair and maintenance.

This review will:

- investigate current and future business property requirements
- investigate current use of assets
- identify opportunities to reduce the estate footprint with a target of 20%
- identify contributions towards strategic energy review
- identify measurable targets for cashable savings as per service based review proposals

We will approach this review to embed the core principles of the existing Asset Management Strategy across the Corporation and create a set of recommendations to:

- maximise opportunities across properties (i.e. Rationalisation and co-location where appropriate)
- enhance the ongoing management of those properties (procuring & managing services and facilities management)
- ensure assets are efficiently occupied, maintained and fit for purpose
- ensure assets represent value for money



Opportunity Description

What is the proposed solution you are putting forward, describe in 50 words (couple of sentences)

To identify these opportunities, we propose to:

- carry out a desktop research and compare business/customer requirements against property resources available
- review assets (potentially on a geographic basis), identifying full running costs, utilisation rates, age & useful economic life, likely future improvement costs and relevant benchmarking data.
- hold a series of short 2 hour workshops with Chief Officers regarding property needs and departmental opportunities to understand:
 - why we hold each property e.g. statutory, business need, heritage, customer need
 - what property assets are required to meet business and customer needs
 - current utilisation and costs to maintain assets
 - pain points and what works well
 - where there is potential to join up across each of the 4 strands over the overarching strategy to deliver better value and consistency.
- review the adequacy and equity of allocation of resources to Barbican Centre and GSMD through the current capital caps system
- determine principles for agreeing incentives to encourage transformation

Expected Outcomes

What is the scope of what will be delivered

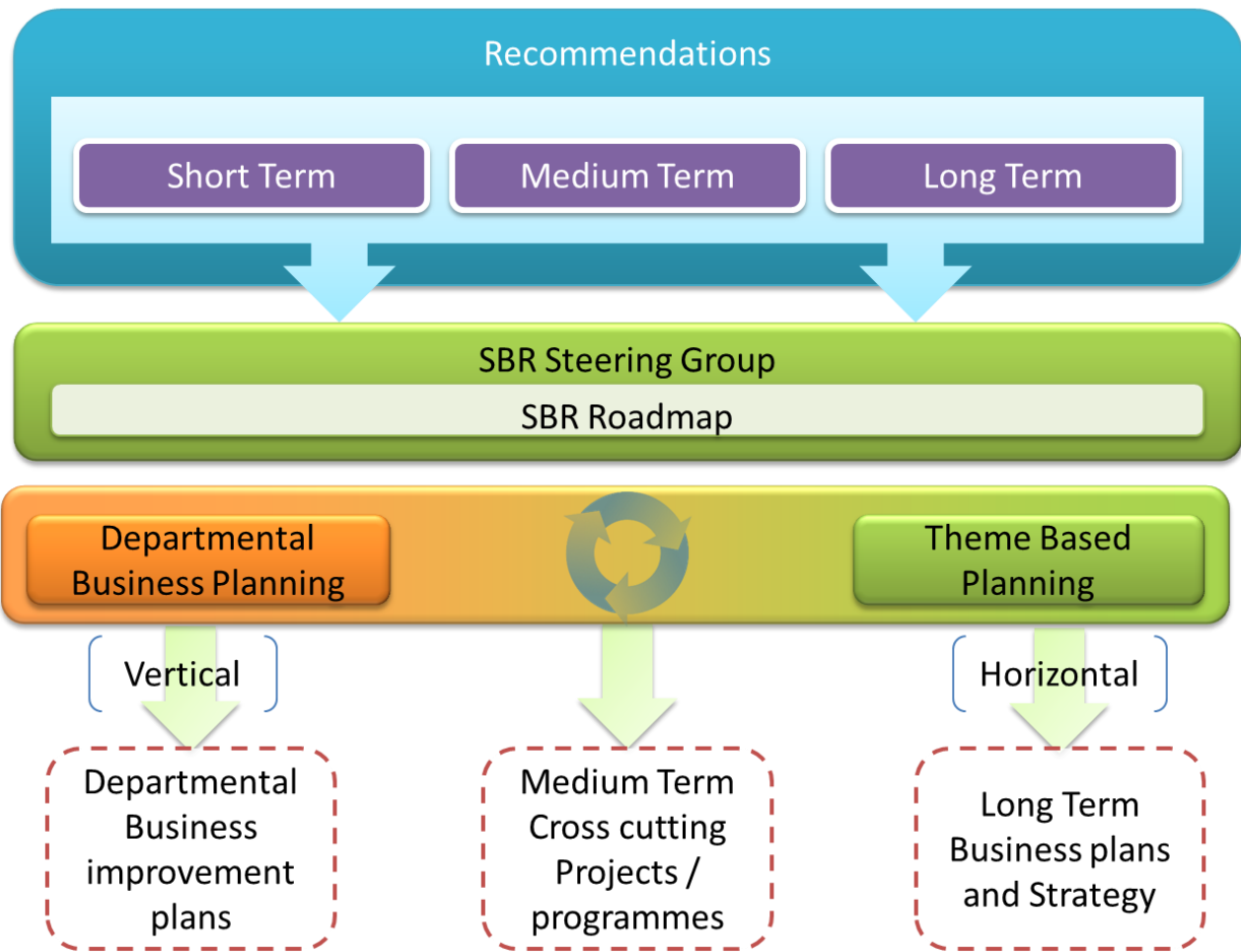
The outcomes will be:

- Asset requirements validated against departmental business plans
- Established baseline of:
 - business and customer needs as they translate to properties requirements
 - individual assets and their use i.e. Policy or Statute and whether they are a net cost or income generating asset
- Properties identified that are underutilised or surplus to requirements.
- Recommendations on improving the sustainability, affordability and “fit for purpose” of current property assets.
- An alternative mechanism to the current ‘capital cap’ for the Barbican Centre and Guildhall School

Recommendations will be categorised into:

- Short term – quick wins that can be delivered either departmentally or cross service where appropriate
- Medium Term – more complex implementations that will likely have a high impact and require careful management
- Long Term – Strategic objectives and longer term change that requires gradual development and progression, which will be reflected in business and theme based plans.

Direction of Travel



Impact Analysis

What departments, teams and services are impacted and how

<input type="checkbox"/> In-Service <i>Solely impacts the department</i>	<input type="checkbox"/> Multiple Services <i>Impacts more than one department</i>	<input checked="" type="checkbox"/> Whole of Corporation <i>Impacts all areas within City of London Corporation</i>
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Details

Scope of the review: To include all operational properties, housing, land (including buffer land). All services utilise space/accommodation, even if only for office space for their staff.

Exclusions from the Review: It is proposed that Police are excluded from this review as their assets are already being scrutinised through the Police Accommodation Review. However, it is proposed that the Police Accommodation Project Board make an explicit determination on value for money of the final design and present this to the SROP Steering Group. It is also proposed that the Central Criminal Courts and Mansion House are excluded as these are Heritage assets.

To exclude Mansion House and the Central Criminal Courts as these are heritage assets.

Outline Costs

Rough costs, for equipment, software, staff time, contractors

Description	Estimated Cost
Project Team	TBA

Potential Benefits

Cashable and non-cashable benefits

Benefit Description	How you will measure the benefit
Reduced asset portfolio	Reduction in number of assets
Reduced maintenance overhead	Reduction in revenue cost attributed to maintenance contracts
Reduced running costs	Reduction in revenue cost attributed to utilities
Reduce the 'bow wave' of improvement works	Reduction in capital programme

Budget / Funding Source Identified

Will this be funded departmentally, corporately via capital budget request or a combination of both

Source of funds	Amount	Status
Departmental Budget	£TBC	
Additional Funding Required (Capital budget) / Grant	£TBC	
Total	£	N/A

Resources / Delivery Team & Assurance

Will this be funded departmentally, corporately via capital budget request or a combination of both

Name	Role	Department
TBC	Project Lead	TBC
TBC	Researcher	TBC
TBC	Workshop facilitator	TBC
Various	Chief Officers (Workshop participation)	See impact
Peter Young	Corporate Property Group Director	City Surveyors
Sarah Clarke		

Timescales

Is there an inflexible timescale this is needed by? If yes then provide specific reasons. Or is it simply as soon as possible? What would the project milestones look like? E.g. Weeks 1-4, Preparation of project PID

Chief officer workshop in January
 Data collation mid Jan-April
 Workshops to be held March - May 2015
 Recommendations regarding capital caps for Barbican and GSMD- June 2015
 Recommendations Report - July 2015

Risks

Type = Project, Service, Corporate, Regulatory

Likelihood = High, Medium, Low

Impact = High, Medium, Low

Mitigating Plan = Proposed options to address the risk

Description of Risk	Type	Likelihood	Impact	Mitigation Plan
Departmental resistance	Corporate	High	High	Joint approach- use the Chief officer workshop in January to explain the extent of the problem and canvas support.

Assumptions

What assumptions have been made whilst constructing this Opportunity Outline?



Dependencies

Is this opportunity dependent or linked to other projects or initiatives?

Strategic Asset Management

- Procuring & Managing Services (All Contracts)
- Project Management (All Project / Programme Management) and
- Facilities Management (could include some IS services or be joined)

Police Accommodation Review

For Mandatory/Compliance proposals only

Is this opportunity dependent or linked to other projects or initiatives?

Compliance Type	References	Penalty for non-compliance
Statutory / Regulatory		
Audit Recommendation		
Council Policy		
Contractual obligation		

Authorisation

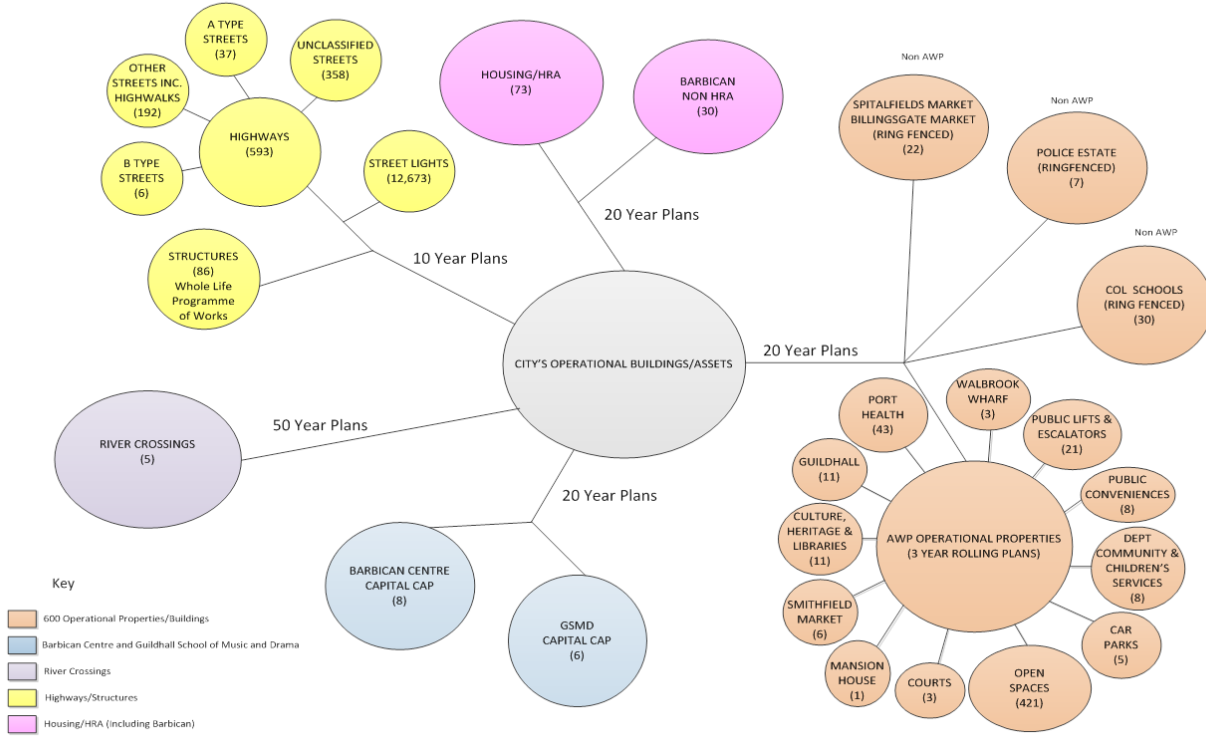
This must be completed by the Author and the Senior Responsible Officer and Head of Department

Name	Role	Date Approved
Caroline Al-Beyerty	Project Lead	
		SBR Steering Group – 10/12/14
		Summit Group – 23/02/15

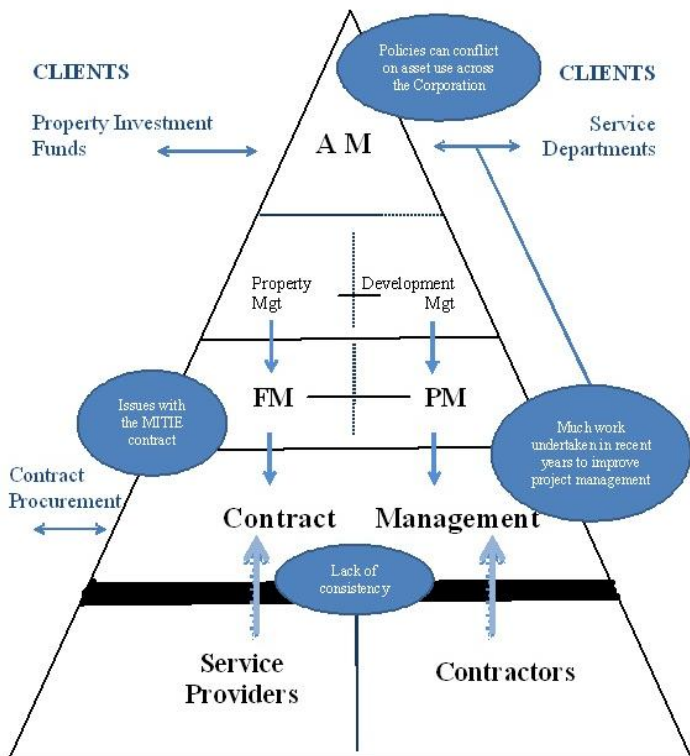
Appendix A

The diagram below shows how the management of assets ought to be underpinned by effective facilities management and project management of improvement works. In turn these activities are underpinned by effective contract management. The blue 'bubbles' indicate areas where current arrangements are fragmented. At the apex- asset management, there is currently only a limited assessment of how property resources are allocated across the Corporation. New capital works, additional works programmes and resources for repairs and maintenance and running costs are approved by Resource Allocation Sub Committee. However, the current distribution of property is only reviewed by exception e.g. when identifying surplus properties for disposal to finance the capital programme. [Note: The remaining blue 'bubble' issues areas are covered by the three workstreams listed above].

MAINTENANCE OF OPERATIONAL ASSETS/BUILDING – CURRENT PROGRAMMES



Appendix B



(note: these are property related aspects only of these AM/FM/CM/PM functions)