

<b>Committee:</b>	<b>Date:</b>
Corporate Asset Sub-Committee	23 September 2016
<b>Subject:</b> Review of Corporate Asset Strategy 2012-16 and proposal for a new strategy 2017-20	<b>Public</b>
<b>Report of:</b> City Surveyor (CS.297/16)	<b>For Decision</b>
<b>Report author:</b> Paul Friend, Head of Corporate Asset Management	

### **Summary**

This report outlines the current status of the review of the Corporate Asset Strategy 2012-16 and provides recommendations for the proposed new Corporate Asset Strategy 2017-20.

The Corporate Asset Strategy 2012-16 is currently being reviewed to evaluate performance against objectives and changes within Asset Management since last reviewed in September 2014. The Corporate Asset Strategy 2017-2020 will seek to build on the lessons learnt from the existing strategy and integrate new developments in asset management. Specifically the new strategy will incorporate the outcomes of existing reviews into Asset Management, Facilities Management, Service Based Reviews, Operational Property Reviews, statutory requirements and best practice in public sector asset management.

In order to provide a comprehensive review and ensure a holistic approach to asset management within the City of London Corporation, it is proposed that the programme for development of the new strategy is aligned with and fully integrates into key on-going work streams, specifically the Asset Management service based review project overseen by the Strategic Asset Management Programme Board.

### **Recommendations**

Members are asked to:

- a) Approve an interim review of the existing Corporate Asset Strategy 2012-16 and
- b) Agree that the proposed Corporate Asset Strategy 2017-2020 be aligned with the programme for the Asset Management and Facilities Management reviews being undertaken by the Strategic Asset Management Programme Board.

### **Main Report**

#### **Background**

1. The existing Corporate Asset Management Strategy 2012-2016 is due for review. The Strategy was last updated in September 2014 which reported progress on delivering the strategic aims and objectives and the next steps required. The existing RAG status was reported with the only red status in the

need for business plans to reflect short, medium and long term objectives within Asset Management.

2. The purpose of the Corporate Asset Management Strategy is to ensure that Asset Management of the City's operational property portfolio is aligned with the City Corporation's strategic vision and key objectives. It provides an overview of the City of London Corporation's use of our operational property resources in the delivery of its services to the City, London and the nation. Furthermore as the basis for making informed decisions on asset management across the operational estate.
3. The review of the Corporate Asset Management Strategy 2012-16 represents an opportunity to review and improve Strategic Asset Management, specifically the performance of the existing Asset Management infrastructure and the interrelationship between Asset Management and Operational Property, Facilities Management, Contract Management and Project Management of major capital projects.
4. A gap analysis, as part of this review, will help to identify resources necessary to meet the corporate and departmental objectives for Asset Management within the future business planning cycles.
5. The need for and implementation of Asset Management Plans across the operational portfolio (contained within Standing Order 53) provides the platform to coordinate existing Asset Management initiatives with revised Corporate and Departmental objectives.
6. Concurrent with the programme to review the existing Corporate Asset Management Strategy, the Strategic Asset Management Programme Board (SAMB) are undertaking a detailed review of Facilities Management (FM) and Asset Management.
7. The Asset Management work stream aims to deliver a set of strategic improvements to the efficiency, effectiveness, and consistency of the Asset Management arrangements across the City Corporation's operational property portfolio. This will support the strategy to continue the development of the Asset Management capability and performance across the organisation and delivery of the target savings as outlined in the Service Based Review (SBR).

## **Current Position**

8. The existing strategy is to be subject to a rigorous review to establish performance against previous objectives and establish lessons learnt. This review will be undertaken in full consultation with all departments that are impacted by the Asset Management Strategy.
9. The new Corporate Asset Management Strategy 2017/20 will set the new vision for Asset Management for the City's operational property portfolio and also incorporate existing and developing work streams in asset management. Specifically, these include on-going projects relating to the range of efficiency

savings identified from the SBR, relating to individual assets Operating Property Review (OPR) and support addressing the recognised 'bow wave' of deferred maintenance.

10. In addition other City Corporation work streams that impact on Asset Management, such as the review into Contract Management, Accommodation and new Ways of Working, the new FM structure and the on-going integration of Energy management into Strategic Asset Management, need to be incorporated into the new strategy.
11. Recent Government developments, such as the new Housing and Planning Act, the Transparency agenda, emerging best practice within public sector asset management and agile working practices, also need to be incorporated into the strategy.
12. The City Surveyor is best placed within the City Corporation to submit recommendations on the policy relating to Asset Management of the Operational Property Portfolio, in consultation and cooperation with Departments, their services and associated Departmental Business Plans.

### **Options**

13. The recommended option is to undertake a review of the existing Corporate Asset Strategy 2012-16 now and align the development of the new Corporate Asset Strategy 2017-20 with the programme and recommendations from the Strategic Asset Management Programme Board (SAMB). This approach will ensure a fully integrated approach to asset management across all current work streams
14. The alternative is to undertake a review of Corporate Asset Strategy 2012-16 now and submit recommendations for the new Corporate Asset Strategy 2017-20 before the forthcoming recommendations from Strategic Asset Management Programme Board (SAMB). This is not recommended as it may not be possible to align with other key work streams.

### **Proposals**

15. Given the potential impact of the work of the SAMB, the outcome of the Strategic Asset Management (SAM) Reviews will inform a large part of the new strategy. It is essential that the new strategy incorporates all approved recommendations from the SAM reviews. Recommendation of a new strategy that refers only in part to these projects would quickly become out of date or possibly superseded. Critically, the new operating model agreed by Chief Officers will largely determine the infrastructure to achieve the goals of the new strategy.
16. Accordingly, it is recommended that only a review of the existing strategy is undertaken now with submission of the new Corporate Asset Management Strategy, aligned to the programme for the projects contained within the SAM

review. Implementation of the recommendations from these reviews is expected from April 2017.

17. However, it is further proposed that the City Surveyor's Department communicates the outcome of the existing strategy review and an update on the integration of the new strategy into the work of the SAMB at the earliest opportunity.
18. In terms of programme, it is envisaged that the outcomes of the new strategy will fully align with the future business planning cycles (subject to current review) across operational departments. Specifically, to be effective, Asset Management Plans will need to fully integrate with local business plans; to support delivery of service objectives including cross cutting Corporate objectives. Clarity on roles and responsibilities between the City Surveyor's Department and operational departments on asset management activity will also form part of this process. For example Operating Level Agreements (OLAs).

### **Corporate & Strategic Implications**

19. The proposals in this report support the Corporate Plan Strategic Aims:-
  - To provide modern, efficient and high quality local services, including policing, within the Square Mile for workers, residents and visitors
  - To provide valued services, such as education, employment, culture and leisure, to London and the nation

### **Implications**

20. There are no financial implications at this stage; the review into the existing strategy will be undertaken by the Corporate Property Group (CPG) within existing resources. However, should initial investigations reveal a need to seek specialist advice we will revert back to this committee. In addition, the current and future strategy will continue to seek better value for money from our operational assets and improve the efficiency and effectiveness in order to identify savings that can be re-invested.

### **Conclusion**

21. This report recommends an interim review of existing Corporate Asset Strategy 2012-16 and integration of the new Corporate Asset Strategy 2017-20 into the programme of the Strategic Asset Management Programme Board. By ensuring a holistic approach to the Asset Management review, the new corporate strategy will be best placed to support delivery of the corporate and operational department's business plan objectives.

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