

Committee:	Date:
Policy and Resources Committee Court of Common Council	16 February 2017 10 March 2017
Subject: Proposed Amendments to Standing Orders in relation to disposal of property assets	Public
Report of: Town Clerk	For Decision
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Summary

In July 2016, the Finance Committee conducted a review of the operations of its Sub-Committees. One of the proposals which emerged from that review was to request that the Corporate Asset Sub-Committee (CASC) be responsible for decisions regarding the disposal of properties which had been declared as surplus to the Corporation's operational requirements and which were not suitable as investment property assets.

When properties are declared as surplus to the City Corporation's operational requirements, the City Surveyor's Investment Property Group would be given the opportunity to determine whether it would wish for the properties in question to be retained as investment property assets. Properties would only be passed to CASC if they are not appropriate as investment property assets.

Properties which are not suitable as investment property assets would typically be those which are located outside of the City, often in areas around the Corporation's open spaces, or are of a type of property which is not suitable (such as former staff dwellings and public conveniences). For properties such as this, CASC would be the Committee responsible for decisions which may arise regarding ongoing management considerations. Therefore, it would be appropriate for decisions regarding the disposal of the properties to also be made by CASC.

This proposal has been submitted to the Property Investment Board (PIB) and the Investment Committee, which have supported the proposal.

In order to enact this proposal, an amendment would be required to the Standing Orders which govern the disposal of property assets (Standing Orders 56 and 57) to provide authority to CASC for these transactions. Proposed wording for the amended Standing Orders is set out in Appendix 1.

Recommendation

The Committee is asked to recommend to the Court of Common Council the amendment of Standing Orders 56 and 57 as set out in Appendix 1.

Main Report

Background

1. In July 2016, the Finance Committee considered proposals to review the operation of its Sub-Committees, one of which is CASC. The primary role of CASC is to ensure the effective and sustainable management of all operational property assets to help to deliver strategic priorities and service needs. This role includes ensuring that the City Corporation is making the most efficient use of its operational properties and, where properties are surplus to operational requirements, declaring these as surplus to the organisation's requirements.

Current Position

2. Currently, when a property is designated as surplus to operational requirements across the organisation, it is passed to the PIB for disposal. Typically, properties which are declared as surplus to operational requirements are located in areas which are not suitable for investment property (outside of the City, often in areas around the Corporation's open spaces) or are of a type of property which is not suitable as investment property (such as former staff dwellings).
3. In many cases these properties are ultimately not sold outright, but are leased out to commercial or non-commercial tenants, which can mean that the City Surveyor has to manage the property and occupier.
4. Due to the location and type of tenants, ongoing management of such properties more appropriately fits within the remit of the Corporate Property Group (which reports to CASC) than within the Investment Property Group's investment strategies for each fund (which reports to the PIB). Therefore, it would be appropriate for decisions regarding the disposal of the properties to be the responsibility of the Committee which will also be responsible for decisions which may arise regarding ongoing management considerations.
5. Recent examples of operational properties which were declared as surplus to requirements, for which it would be more appropriate for CASC to be responsible for decisions regarding disposal, are the Rabbits Road Bridge plot at the City of London Cemetery, and the Sylvacote cottage and Avenue cottage at the City of London Freeman's School.
6. Therefore, the Finance Committee agreed to propose to PIB and the Investment Committee that it would be more appropriate for CASC to be the Committee responsible for disposing of properties determined to be surplus to City Corporation's operational requirements, where those properties are not suitable to be retained as investment property assets.
7. When properties are declared as surplus to operational requirements, the City Surveyor's Investment Property Group will be given the opportunity to determine whether it would consider the properties in question to be appropriate for retention as investment property assets. In the event that any properties are

suitable as investment property assets, these properties would continue to be the responsibility of PIB.

8. The resolution from Finance Committee, along with the relevant extract from the report considered by the Finance Committee, is attached at Appendix 2.
9. That resolution was considered by PIB at its meeting on 16 November 2016, and PIB was supportive of the proposals. PIB requested and received assurance that CASC would receive appropriate advice to consider these matters.
10. The matter was also considered by the Investment Committee at its meeting on 18 January 2017 and that Committee supported the proposal. The resolutions from PIB and Investment Committee are attached at Appendix 3.

Proposals

11. In order to enact this proposal, amendments are required to the Standing Orders which govern disposals of properties (Standing Orders 56 and 57) to authorise the Finance Committee (through the Corporate Asset Sub-Committee) to be responsible to dispose of assets which are not suitable as investment property assets.
12. It is proposed that the Standing Orders be amended to delineate between Investment Property Assets and Non-Investment Property Assets. It is proposed that decisions regarding disposal of Non-Investment Property Assets be delegated to the Finance Committee (which would further delegate this duty to the Corporate Asset Sub-Committee).
13. There are no proposals to change the approvals required under Standing Orders in relation to Investment Property Assets.
14. The proposed amended text of Standing Orders 56 and 57 are set out in Appendix 1.

Conclusion

15. As set out within the report, due to the nature of the properties in question, it would be appropriate for CASC to take responsibility for the disposal of surplus properties where there are no other operational requirements for such space and where the properties are not suitable as investment property assets. The Policy and Resources Committee is therefore asked to recommend to the Court of Common Council the amendment of Standing Orders 56 and 57 to enable CASC to dispose of such properties, as set out at Appendix 1.

Appendices

- Appendix 1 – Proposed amended text of Standing Orders 56 and 57
- Appendix 2 – Resolution from the Finance Committee on 17 July 2016 to Property Investment Board and Investment Committee
- Appendix 3 – Minutes from the Property Investment Board on 16 November 2016 and the Investment Committee on 18 January 2017

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