



Corporate Asset Sub (Finance) Committee

Appendices to Reports

Date: WEDNESDAY, 30 JANUARY 2019
Time: 1.45 pm
Venue: COMMITTEE ROOMS, 2ND FLOOR, WEST WING, GUILDHALL

Part 1 – Public Agenda

6. **BUSINESS PLAN 2018-23 - QUARTER 2 2018/19**
For Information
(Pages 1 - 6)
7. **DEPARTMENTAL RISK REGISTER UPDATE**
For Information
(Pages 7 - 18)

Part 2 – Non Public Agenda

16. **ASSET MANAGEMENT SERVICE BASED REVIEW REPORT**
For Decision
(Pages 19 - 26)
17. **TEMPLE BAR – LETTING**
For Decision
(Pages 27 - 34)
19. **GUILDHALL AND WALBROOK WHARF - GATEWAY PROJECTS UPDATE**
For Decision
(Pages 35 - 36)

20. **GUILDHALL MASTERPLAN**

For Decision
(Pages 37 - 42)

21. **SMART WORKING AND RELOCATION OF WALBROOK WHARF CITY TEAM**

For Information
(Pages 43 - 44)

22. **GLA ROADS - LAND DISPUTE WITH TRANSPORT FOR LONDON**

For Information
(Pages 45 - 52)

26. **ACTION TAKEN BETWEEN MEETINGS**

For Information
(Pages 53 - 70)

John Barradell
Town Clerk and Chief Executive

CITY SURVEYORS DEPARTMENT - BUDGET MONITORING STATEMENT 2018/19

Quarter 2	Latest Approved Budget £000	Quarter 2 Profile £000	Total Expenditure Quarter 2 £000	(Under)/Over Spend for Period £000	Projected Outturn At Quarter 2 £000	Under/Over Spend £000	Note
LOCAL RISK BUDGET							
City Surveyor							
City Fund							
City Fund Estate & Leadenhall	2,494	219	249	30	2,374	(120)	1
CPAT & City Centre	550	277	265	(12)	533	(17)	
Walbrook Wharf	984	536	508	(28)	988	4	
Mayor's & City of London Court	23	11	18	7	24	1	
Recoverable Projects	0			0		0	
Lower Thames St Roman Bath	8	4	4	0	9	1	
R&M & MI Work for other departments	1,238	615	749	134	1,419	181	2
Corporate FM cleaning & security	108	54	45	(9)	116	8	
	5,405	1,716	1,838	122	5,463	58	
City's Cash							
City's Cash Estate	3,241	527	615	88	3,101	(140)	3
Departmental	9,485	4,735	4,977	242	9,841	356	4
Mayorality & Shrievalty-	92	46	28	(18)	100	8	
R&M & MI Work for other departments	1,787	893	1,094	201	2,246	459	5
Corporate FM cleaning & security	566	283	145	(138)	570	4	
	15,171	6,484	6,859	375	15,858	687	
Bridge House Estates							
Bridge House Estates	2,341	510	547	37	2,399	58	6
Tower Bridge Corporate FM cleaning	196	98	101	3	196	0	
	2,537	608	648	40	2,595	58	
Guildhall Administration							
Guildhall Complex	6,983	3,578	4,151	573	7,927	944	7
	6,983	3,578	4,151	573	7,927	944	
Total City Surveyor Local Risk	30,096	12,386	13,496	1,110	31,843	1,747	

Notes

- At quarter 2 the budget was largely in balance. However it is anticipated that savings on landlord cyclical works, particularly Garlick Hill where the tenant has decided to stay and refurbishment works are not required, will produce an underspending by year end.
- The quarter 2 overspend comprises the additional cost of maintaining assets identified as part of the asset verification process plus some additional one-off items of repairs spend. There are no pressing items of major reactive spend so it should be more in line with budget for the remainder of the year, limiting the final overspending.
- Overspend at quarter 2 is due to repairs and maintenance spend running ahead of profile. Anticipated savings on professional fees and cyclical projects in the second half of the year mean that an underspending is forecast by year end.
- Quarter 2 overspending comprises additional spend on employee budgets for agency staff and recruitment costs and shortfall in fee income. Fee income is anticipated to improve in the second half of the year with three deals anticipated to bring in income to temper the final overspend.
- The quarter 2 overspend comprises the additional cost of maintaining assets identified as part of the asset verification process plus some additional reactive repairs spend. The trend is anticipated to continue resulting in the forecast overspend position.

6. Additional caretakers and business rates comprise the overspending at quarter 2. These are anticipated to be partly offset by savings on reactive repairs and professional fees in the second half of the year.
7. Quarter 2 overspending comprises higher directly employed salary costs (security, maintenance & facilities staff) and additional security overtime due to threat levels. The Service Based Review (SBR) security saving will not be made (this has been reported to Members) and there is additional repairs and maintenance spend (asset maintenance and reactive). Whilst some of the overspend to quarter 2 comprises one-off items for the second half of the year a substantial increase in energy prices has contributed to the forecast year end overspend.

Key Performance Indicators												
Ref	Title	Target	Group	Committee	Q1		Q2		Q3		Q4	
					Actual	RAG	Actual	RAG	Actual	RAG	Actual	RAG
KPI. 1	Internal stakeholder satisfaction (AM Services)	Baseline	All	PIB; CASC	annual	n/a	annual	n/a				
KPI. 2	Delivery of strategic asset plans - Corporate Property Group	100%	PPG	PIB; CASC	on target	green	off target	amber				
KPI. 3	Service Based Review Savings	£884K	OG	PIB; CASC	off target	amber	off target	amber				
KPI. 4	Asset realisation	£2.2m	OG	CASC	260K	green	260K	green				
KPI. 5	Energy Consumption	Min 4% re	OG	CASC	0.10%	amber	tbc	tbc				
KPI. 6	Space Utilisation	FTE - 7m ²	CPG	CASC	on target	green	on target	green				
KPI. 7	Property contract Performance Compliance	>90%	OG	CASC	87.01%	amber	83.7%	amber				
KPI. 8	Reactive Maintenance	100%	OG	PIB; CASC	100%	green	100.0%	green				
KPI. 9	Stakeholder Satisfaction	Baseline	All	PIB; CASC	annual	n/a	annual	n/a				
KPI. 10	Adherence to Budgetary Spend Profiles	95% to 1Q	All	PIB; CASC	14.00%	green	27.53%	amber				
KPI. 11	Capital Project - Delivery - defects on completion	< 40%	PPG	PIB; CASC	annual	n/a	annual	n/a				
KPI. 12	Capital Projects - Project Status	< 50%	PPG	PIB; CASC	bi annual	n/a	7.00%	green				
KPI. 13	Capital Projects - Health and Safety	80%	CPG	PIB; CASC	bi annual	n/a	80.00%	green				
KPI. 14	Capital Projects - Gateway reports	>50%	PPG	PIB; CASC	on target	green	83.00%	green				
KPI. 15	Rental Forecasts	£124m	IPG	PIB	£124m	green	£128m	green				
KPI. 16	Minimise Arrears	<2%	IPG	PIB	1.24%	green	1.23%	green				
KPI. 17	Minimise voids	<5%	IPG	PIB	3.98%	green	bi annual	n/a				
KPI. 18	Outperform MSCI	exceed be	IPG	PIB	annual	n/a	annual	n/a				
KPI. 19	Delivery of Strategic utility infrastructure	On Sched	CPAT	PIB; CASC	on target	green	on target	green				
KPI. 20	Promotion of the City	On Sched	CPAT	PIB; CASC	on target	green	on target	green				
KPI. 21	Supporting the retention and inward investment of businesses	On Sched	CPAT	PIB; CASC	on target	green	on target	green				

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Headline Performance Charts

Appendix C

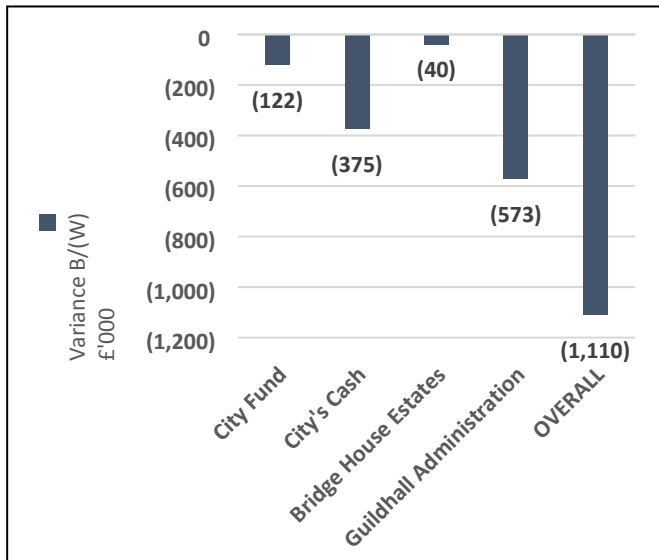


Figure 1 Quarter 2 variance against profiled local risk budget (better/(worse))

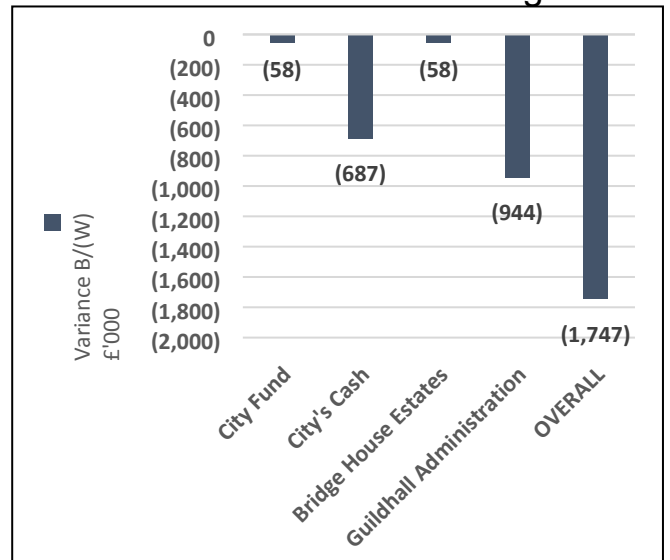


Figure 2 Projected outturn variance as at quarter 2 local risk budget (better/(worse))

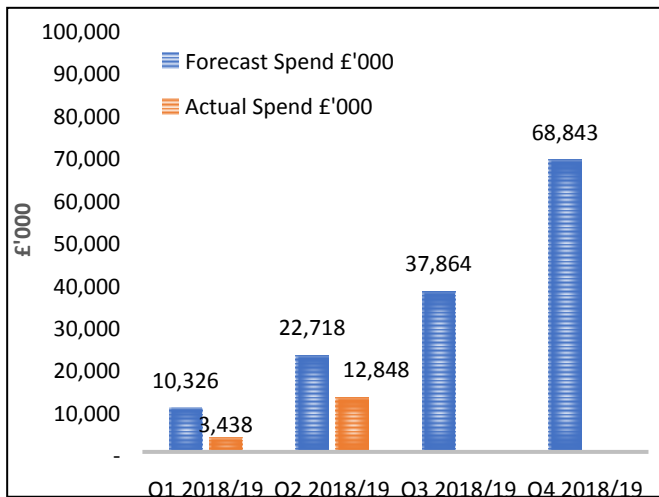


Figure 3 All project spend, forecast v actual as at quarter 2

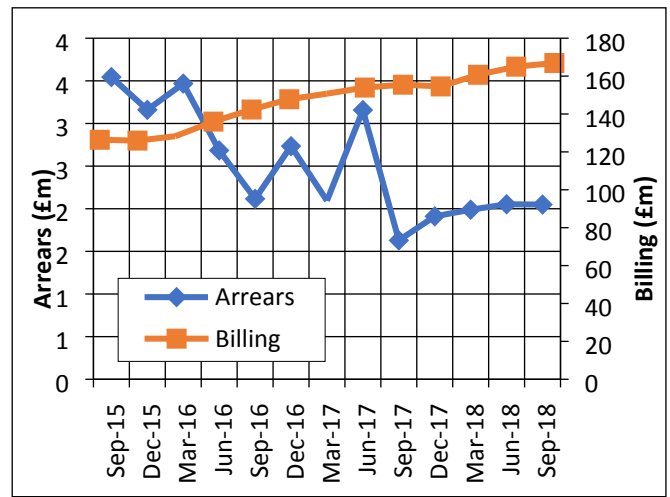


Figure 4 (Investment Properties) Commercial tenants' arrears compared to annual rolling billing run.

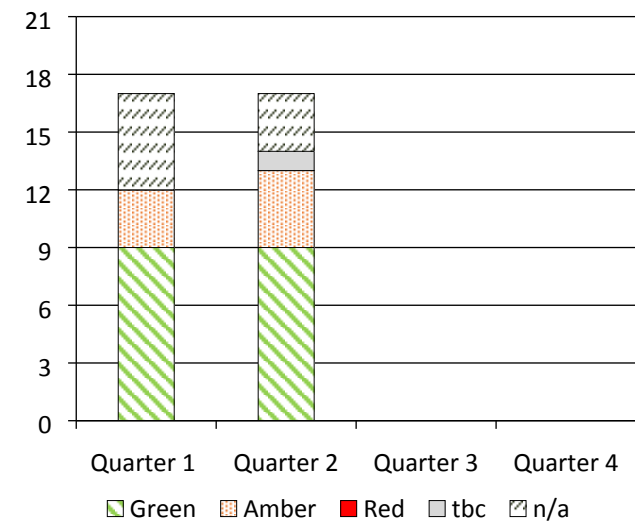


Figure 5 Performance of KPIs linked to Corporate Property (Corporate Asset Sub Committee)

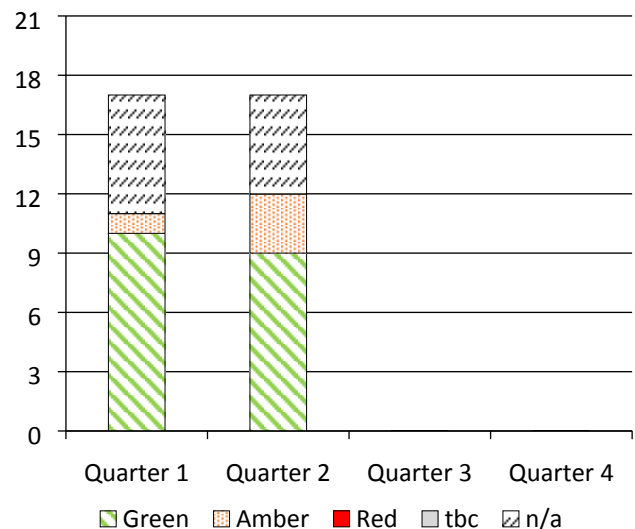


Figure 6 Performance of KPIs linked to Investment Property (Property Investment Board)

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Sur Detailed risk register including completed actions

Generated on: 17 December 2018



Rows are sorted by Risk Score

Code & Title: SUR SMT SENIOR MANAGEMENT TEAM - (High Level) DEPARTMENT RISKS 6

Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score	Risk Update and date of update	Target Risk Rating & Score	Target Date	Current Risk score change indicator		
Page 7 SUR SMT 001 A fall in property performance	<p>Cause: Unexpected change or unknown impact of macro-economic policy (global and local political and economic decisions, change in interest rate, exchange rate, taxation, etc.)</p> <p>Event: Business sentiment changes and U.K. / London becomes less attractive to investors / tenants.</p> <p>Impact: Business Plan objectives are not achieved with resultant negative impact on income, yields, voids and arrears.</p>	<p>Likelihood</p> <p>Impact</p>	12	<p>The strategy is to maintain a diverse portfolio that reduces the impact of this risk. This includes:</p> <ol style="list-style-type: none"> 1. Use (office, retail, industrial) 2. Location (City, Southwark, West End etc.) 3. Tenancies (Long term Headlease geared, FRI, directly managed) 4. Covenants (multinationals, SME) 5. Asset management (lease renewals, voids, arrears, etc) 6. Monitoring retail habits in change of building use <p>This risk links to CR26 Brexit - particularly on the “impact of Brexit on City Corporation income streams” action, owned by the Chamberlain.</p>	<p>Likelihood</p> <p>Impact</p>	4	31-Mar-2019	

03-Mar-2015 Nicholas Gill				13 Dec 2018				Constant
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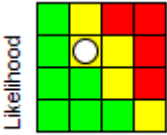
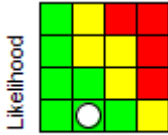

Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 001c Global and local economic and political decisions	Global and local economic and political decisions	SMT continues to closely monitor the position quarterly, including analysis of market reaction. This information is reported through to Property Investment Board regularly.	Nicholas Gill	13-Dec-2018	31-Mar-2019
SUR SMT 001d Maintain a diverse portfolio	Maintain a diverse mix of space, locations, and tenants to ensure the business has wide market appeal and is not reliant on particular business sector	IPG Management Team monitors development of property portfolio and tenant mix.	Nicholas Gill	13-Dec-2018	31-Mar-2019

SUR SMT 005b Staff Survey	Staff Survey	Over the autumn a staff survey was run Corporately. High level corporate-wide results have been shared at the Senior Leaders Forum, and more detailed results will shortly be available to departments. Action Plan to be developed once this breakdown is received.	Paul Wilkinson	13-Dec- 2018	31-Mar- 2019
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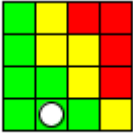
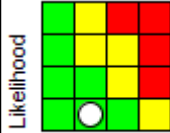

Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
SUR SMT 010 Unable to meet the Carbon Decent Plan for 2026. 13-Dec-2018	Cause: Lack of expertise or a lack of funds across organisation to deliver energy efficiency projects Event: Failure to reach Carbon Decent Plan Targets (40% reduction in 2008 emissions by 2026) Effect: Environmental damage, Failure to reduce expenditure, Reputational damage, Failure to achieve vision of the department, unable to meet ambition of the Corporate Plan.	 Likelihood Impact	8	This measure is new on the departmental risk register from December 2018. Have 29% of target left . Vacant position for 1. Programme manager 2. BMS engineer 3. Energy Engineer 4. Energy PM 11 Dec 2018	 Likelihood Impact	4	31-Mar-2026	↑ New Risk

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Action no, Title	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 010a Recruitment of posts above 1-3	Recruitment of posts above 1-3	Recruit roles 1-3	Peter Collinson	11-Dec-2018	31-Mar-2019
SUR SMT 010b Recruitment of post 4	Recruitment of post 4	Recruit role 4	Peter Collinson	11-Dec-2018	31-May-2019
SUR SMT 010c Agreement of funding source and route for capital programme	Agreement of funding source and route for capital programme	agree route with finance	Peter Collinson	11-Dec-2018	31-Jan-2019
SUR SMT 010d Measurement	Measurement	Investigation of measurement in order to accurately capture consumption reduction in light of increased occupancy.	Peter Collinson	13-Dec-2018	31-Mar-2019

Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
SUR SMT 009 Tender Returns 07-Aug-2018 Ola Obadara	Cause: Limited pool of suitable contractors Event: Tender returns exceed market rates Impact: additional cost and programme delivery implications	 Likelihood	6	This risk relates to the inability to attract a sufficient number of quality tenders for contracted works. Currently out of four tenders sent out returns can be as little as one. This risk will be assessed again once the contractor framework is in place (action below). 13 Dec 2018	 Likelihood	2	31-Mar-2019	 Constant

Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 009 Main Contractor Framework	Main contractor framework	A framework for contractors is currently being set up that will provide a core set of contractors that we can use to drive best value. A shortlist has been developed with the view to recommending an approach to Members in January. Previous tender submissions received are under review.	Ola Obadara	13-Dec-2018	01-Feb-2019

Risk no, Title, Creation date, Owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
SUR SMT 004 Inability to deliver savings required by Service Based Review 03-Mar-2015 Paul Wilkinson	<p>Cause: Departments do not deliver the agreed Facilities Management and Asset Management actions to time and to the appropriate success criteria.</p> <p>Event: Recommendations arising from the Asset Management and Facilities Management reviews are not implemented in full.</p> <p>Impact: Saving targets not achieved and objective not met – including transformation service improvements.</p>	 <p>Likelihood</p> <p>Impact</p>	2	Risk score has decreased as uncertainty regarding savings has been reduced 13 Dec 2018	 <p>Likelihood</p> <p>Impact</p>	2	31-Mar-2019	 Decreasing

Action no, Title,	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR SMT 004b Asset Management Service Based Review	Asset Management Service Based Review	Review by GVA now complete. GVA have identified a number of areas for improvement, and these are being considered by officers. Full recommendations with a cost / benefit analysis and roadmap for implementation are now being developed. Meetings with affected Chief Officers in progress.	Peter Young	13-Dec-2018	31-Mar-2019
SUR SMT 004c Rationalising of FM service	Facilities Management Service Based Review	Continue to progress reviews of FM services and staffing requirements as a business-as-usual activity.	Peter Collinson	13-Dec-2018	31-Mar-2019

SUR City Bridges - detailed report EXCLUDING COMPLETED ACTIONS

Report Author: Faith Bowman
Generated on: 17 December 2018

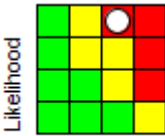
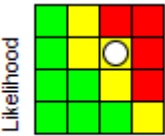



Rows are sorted by Risk Score

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
P Page 15 SUR CB 003 City Bridges - Substantial vessel strikes 01-Nov-2018 Paul Wilkinson	Cause: Substantial Vessel strike Event: Structural damage to bridge Impact: Instability in bridge structure leading to possible collapse. Death / injury, disruption of traffic, reputational damage, additional costs to repair / replace	 Likelihood Impact	16	No recent bridge strike since the minor incident at Tower Bridge in early August (no notifiable damage). City Bridge Trust and Bridge House Estates are undertaking a governance review through an officer Task and Finish Group. The aspect of where risk ownership sits will be considered by this group in the new year. 14 Dec 2018	 Likelihood Impact	16	31-Mar-2019	 Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR CB 003a	Navigation controls	Navigation is controlled by the Port of London Authority and navigation lights fixed to bridges. Paul Monaghan is an on-going member of the River Crossings Liaison Group and is currently pursuing them for further meeting dates following their change in Chair. Paul	Nicholas Gill; Peter Young	14-Dec-2018	31-Mar-2019

		Monaghan updates CSD at the quarterly meetings as to any actions, activities, or change in the risk status of this item.			
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Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score		Risk Update and date of update	Target Risk Rating & Score		Target Date	Current Risk score change indicator
SUR CB 006 City Bridges: - Wanton Damage / Terrorism Page 16 01-Nov-2018 Paul Wilkinson	Cause: Wanton Damage / Terrorism Event: Structural damage to bridge/s Impact: Instability in bridge structure , reputational damage, disruption to traffic, additional costs to repair / replace	 Likelihood Impact	16	DBE attended joint assessment workshop in July and are awaiting further feedback from this forum. The Comptroller and City Solicitor is in the process of registering the City of London as an interested party for the upcoming inquiry into the London Bridge incident. City Bridge Trust and Bridge House Estates are undertaking a governance review through an officer Task and Finish Group. The aspect of where risk ownership sits will be considered by this group in the new year. 14 Dec 2018	 Likelihood Impact	12	31-Mar-2019	 Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR CB 006a	Counter Terrorism	Sequence of joint workshops were hosted by TFL over July. This involved TFL, the City Police, the MET Police and DBE. This investigated the risks associated with key bridges, with a different assessment made depending on the bridge. MET Police have yet to provide paperwork and are awaiting clearance to do so – will be assessed once received. Temporary mitigation by the Metropolitan Police remains in place, but this is not full Hostile Vehicle Mitigation.	Nicholas Gill; Paul Monaghan; Peter Young	14-Dec-2018	31-Mar-2019

Risk no, title, creation date, owner	Risk Description (Cause, Event, Impact)	Current Risk Rating & Score	Risk Update and date of update	Target Risk Rating & Score	Target Date	Current Risk score change indicator
SUR CB 007 City Bridges: - Tunnelling for the Thames Tideway Tunnel 01-Nov-2018 Paul Wilkinson	Cause: Tunnelling for the Thames Tideway Tunnel effects bridge structures Event: Bridge/s become inoperable or have reduced operability Impact: Closure, reputational damage, disruption to traffic, additional costs to repair / replace	 Likelihood Impact	16 The tunnelling is expected to conclude in 2019, and we will expect that this risk, should it not materialise, will diminish significantly from this time. Works are on-going presently (December 2018) near Blackfriars Bridge. Tunnelling is on programme at present. As tunnelling gets closer, we have a specialist engineering firm in place to advise the City of London Corporation on any impacts. City Bridge Trust and Bridge House Estates are undertaking a governance review through an officer Task and Finish Group. The aspect of where risk ownership sits will be considered by this group in the new year. 14 Dec 2018	 Likelihood Impact	16 31-Mar-2021	 Constant

Action no	Action description	Latest Note	Action owner	Latest Note Date	Due Date
SUR CB 007d	Tideway Tunnelling	The City's Engineer, Paul Monaghan is working with the Comptroller and City Solicitor through the Development Consent Order and negotiated protection for the river crossings and, in the case of Tower Bridge, reduced face loss. He and the engineering team are working with the planning lead, Ted Rayment, to ensure that these requirements are being met. Regular weekly, monthly and quarterly meetings take place with the respective parts of TTT. For support they have the existing commission with an external engineering consultant appointed for the inspection of river crossings.	Nicholas Gill; Peter Young	14-Dec-2018	31-Mar-2021

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