



Corporate Asset Sub (Finance) Committee

Date: TUESDAY, 19 JULY 2016

Time: 3.15 pm or the rising of the Finance Committee, whichever time is later

Venue: COMMITTEE ROOMS, 2ND FLOOR, WEST WING, GUILDHALL

Members: *Please note that the Chairmanship and Deputy Chairmanship of the Sub-Committee is subject to a report to be considered by the Finance Committee on 19 July 2016, prior to the Sub-Committee's meeting.*

Jeremy Mayhew (Chairman)
Deputy Roger Chadwick (Deputy Chairman)
Randall Anderson
Chris Boden
Deputy Brian Harris
Edward Lord
Deputy Alastair Moss
Tom Sleigh
Deputy John Tomlinson

Plus two Members of the Court of Common Council to be appointed by the Finance Committee on 19 July.

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NB: Part of this meeting could be the subject of audio or video recording

John Barradell
Town Clerk and Chief Executive

AGENDA

Part 1 - Public Agenda

1. **APOLOGIES**
2. **DECLARATIONS BY MEMBERS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**
3. **MINUTES**
To agree the public minutes and non-public summary of the meeting held on 25 May 2016.

For Decision
(Pages 1 - 4)
4. **OUTSTANDING ACTIONS**
Report of the Town Clerk.

For Information
(Pages 5 - 8)
5. **HOUSING AND PLANNING ACT**
Report of the Remembrancer.

For Information
(Pages 9 - 12)
6. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE**
7. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
8. **EXCLUSION OF THE PUBLIC**
MOTION - That under Section 100(A) 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 I of the Schedule 12A of the Local Government Act.

Part 2 - Non-Public Agenda

9. **NON-PUBLIC MINUTES**
To agree the non-public minutes of the meeting held on 25 May 2016.

For Decision
(Pages 13 - 16)
10. **OUTSTANDING ACTIONS**
Report of the Town Clerk.

For Information
(Pages 17 - 18)

11. **OPERATIONAL PROPERTY REVIEW - PROGRESS REPORT**
Report of the City Surveyor.
For Information
(Pages 19 - 24)
12. **CITY SURVEYOR'S BUSINESS PLAN PROGRESS 2015-18 - QUARTER 4 2015/16**
Report of the City Surveyor.
For Information
(Pages 25 - 36)
13. **CITY SURVEYOR'S DEPARTMENT RISK REGISTER**
Report of the City Surveyor.
For Information
(Pages 37 - 40)
14. **65 AND 65A BASINGHALL STREET**
Report of the City Surveyor.
For Decision
(Pages 41 - 48)
15. **COMMUNITY SAFETY/MULTI AGENCY RESOURCE**
Report of the Town Clerk.
For Information
(Pages 49 - 52)
16. **CITY OF LONDON WIRELESS CONCESSION - REPORT SEEKING DELEGATED AUTHORITY**
Report of the City Surveyor.
For Decision
(Pages 53 - 56)
17. **BARBICAN CENTRE CAPITAL CAP PROGRAMME - ANNUAL REPORT (2016)**
Report of the Managing Director, Barbican Centre.
For Decision
(Pages 57 - 68)
18. **ADDITIONAL WORKS PROGRAMME 2014/15, 2015/16 AND 2016/17 - PROGRESS REPORT**
Report of the City Surveyor.
For Information
(Pages 69 - 72)
19. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE**
20. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

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CORPORATE ASSET SUB (FINANCE) COMMITTEE

Wednesday, 25 May 2016

Minutes of the meeting of the Corporate Asset Sub (Finance) Committee held at the Guildhall EC2 at 1.45 pm

Present

Members:

Jeremy Mayhew (Chairman)	Deputy Brian Harris
Deputy Roger Chadwick (Deputy Chairman)	Edward Lord
Randall Anderson	Deputy John Tomlinson
Chris Boden	

Officers:

Christopher Braithwaite	- Town Clerk's Department
Peter Kane	- Chamberlain
Dianne Merrifield	- Chamberlain's Department
Paul Nagle	- Chamberlain's Department
Peter Bennett	- City Surveyor
Bob Meldrum	- City Surveyor's Department
Dorian Price	- City Surveyor's Department
Peter Young	- City Surveyor's Department
Hannah Bibbins	- Guildhall School of Music and Drama
Charles Henty	- Secondary and Under Sheriff of London and High Bailiff of Southwalk

1. **APOLOGIES**

Apologies were received from Deputy Alastair Moss and Tom Sleigh.

The Town Clerk advised that there remained two vacancies on the Sub-Committee, as only one Member had been appointed by the Policy and Resources Committee. The Chairman explained that it would be suggested at the next meeting of the Finance Committee that these vacancies should be made available to the whole Court of Common Council.

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

No declarations of interest were made.

3. **MINUTES**

RESOLVED – That the public minutes and non-public summary of the previous meeting held on 11 March 2016 are approved as an accurate record.

4. **CENTRAL CRIMINAL COURT - REPORTING LINES**

The Sub-Committee considered a report of the Deputy Town Clerk concerning the reporting arrangements for the Central Criminal Court and a proposal to create a new Committee for a period of five years to oversee its work.

The Sub-Committee noted the proposal had been approved by the Policy and Resources Committee, subject to the new Committee being constituted as a Sub-Committee of Policy and Resources, rather than as a Grand Committee, and that the Recorder and any Sheriff who was not a Member of the Court of Common Council not having voting rights.

The Chairman commented that the Sub-Committee should continue to have a role in relation to the CCC in scrutinising repairs and maintenance projects, similar to that which the Sub-Committee currently played for departments such as the Barbican Centre, Guildhall School of Music and Drama and the City of London Police.

The City Surveyor and Town Clerk confirmed that the Sub-Committee would continue in this oversight role, although it would no longer be considered to be the spending Committee for this project.

The City Surveyor also commented that the Sub-Committee had a lead role in Corporate Property and in implementing the recent Strategic Review of Asset Management. The Chairman commented that there was currently some confusion as to the exact roles of the various Committees involved in Corporate Property Projects, particularly in terms of the different roles of Projects Sub-Committee, Corporate Asset Sub-Committee and Spending Committees. The Chairman requested that officers provide the Sub-Committee with further information to clarify the roles of these Committees, including Terms of Reference if necessary.

RESOLVED – That the Sub-Committee notes the report.

5. **CENTRAL CRIMINAL COURT BUSINESS PLAN 2016-2019**

The Sub-Committee considered a report of the Secondary of London which sought approval for the Central Criminal Court's Business Plan for 2016-19.

The Chairman commented that the Town Clerk had recently assured Members that future Business Plans would be presented to Committees in a more appropriate format.

RESOLVED – That the Sub-Committee approves the report.

6. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE**

There were no questions.

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

There were no urgent items.

8. **EXCLUSION OF THE PUBLIC**
RESOLVED - That under Section 100(A) 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 I of Schedule 12A of the Local Government Act.

Item No.	Paragraphs in Scheduled 12A
9-16	3

9. **NON-PUBLIC MINUTES**
The non-public minutes of the previous meeting held on 11 March 2016 were approved as an accurate record.
10. **CENTRAL CRIMINAL COURT PLANT REPLACEMENT: PHASE 2 - FEES TO GATEWAY 5 - GATEWAY 4C - DETAILED DESIGN**
The Committee considered and approved a report of the City Surveyor regarding phase 2 of the Central Criminal Court Plant Replacement project.
11. **GUILDHALL WEST WING - PROVISION OF LAVATORIES AND CLOAKROOM FACILITIES FOR MEMBERS AND GUILDHALL GUESTS - GATEWAY 2 ISSUES REPORT**
The Sub-Committee considered and approved a joint report of the City Surveyor and the Remembrancer which provided information regarding a project to improve lavatory and cloakroom facilities for Members and Guildhall guests.
12. **CYCLICAL WORK PROGRAMME - TRANSITIONAL ARRANGEMENTS - ADVANCE APPROVAL FOR BARBICAN AND GSMD PROJECTS**
The Sub-Committee considered and approved a report of the Chamberlain which advised Members of the transitional arrangements which had been identified as being necessary in order to implement the Cyclical Works Programme principles for the Barbican Centre and Guildhall School of Music and Drama.
13. **ADDITIONAL REPAIRS AND MAINTENANCE PROGRAMMES - PROGRESS REPORT**
The Sub-Committee noted a report of the City Surveyor which provided an overview of the progress and expenditure on three Additional Works Programmes (AWP) and introduces the 2016/17 programme.
14. **GUILDHALL SCHOOL OF MUSIC AND DRAMA - UPDATE ON CAPITAL WORKS - MARCH 2016**
The Sub-Committee noted a report of the Principal of the Guildhall School of Music and Drama which provided an update on the School's current and previous Capital Cap programmes and outlined the value of incomplete works within the 'Cap 2' programme.
15. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE**
There were no questions.

16. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED

There were no items of urgent business.

The meeting closed at 2.45 pm

Chairman

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Corporate Asset Sub-Committee – Outstanding Actions

Item	Date	Item and Action	Officer responsible	To be completed/ progressed to next stage	Progress Update
1.	25 May 2016, Agenda Item 1	<u>Appointment to remaining vacancies</u> Vacancies to be advertised to the whole Court and appointed by Finance Committee on 19 July 2016.	Town Clerk	July 2016	Members will be appointed on 19 July 2016.
2.	25 May 2016, Agenda Item 4	<u>Role of the Sub-Committee</u> The Sub-Committee to be provided with further information to clarify the role of the Corporate Asset Sub-Committee in comparison to other Committees.	Town Clerk and City Surveyor	July 2016	The role of the Sub-Committee is clarified within the report submitted to the meeting of the Finance Committee on 19 July 2016 regarding the review of its Sub-Committees. An extract from that report is appended to this document for Members' information. The full report is available online.
3.	11 March 2016, Agenda Item 4	<u>Heritage at Risk Register – Annual Report</u> Future annual reports to provide further information regarding the changes in the status of Heritage at Risk assets during the course of the last year.	City Surveyor	March 2017	Next annual report is due in March 2017.

Extract from report to Finance Committee – 19 July 2016

Review of Sub-Committees

22. Currently, CASC has a role that sits between a number of other Committees and Sub-Committees, and the exact role of CASC has not always been sufficiently clear.
23. The primary role of CASC should be the effective and sustainable management of all operational property assets to help to deliver strategic priorities and service needs. It does not have a direct role in allocating that property to particular Departments (that role sits with Resource Allocation Sub-Committee), approving major improvement Projects (this role sits with Projects Sub-Committee) or the operations of the properties allocated to the Departments (this role lies with each of the Service Committees).
24. However, it does have a role in overseeing all of these functions from a strategic viewpoint to ensure that the City of London Corporation is making the most efficient use of its operational properties and that they are being appropriately maintained in accordance with the Corporate Asset Management Strategy. Making efficient use of property is a duty placed on local authorities in the Housing and Planning Act 2016.
25. Asset Management has previously been identified as an area in which improvements could be made and, as part of the Service Based Review, a significant review was conducted (as part of the Strategic Asset Management Review, which also included the review of Facilities Management and the review of Operational Property). A major role of CASC will be to monitor the implementation of the conclusions of this review. To fulfil this role, it will need to be able to monitor all aspects of Operational Property Asset Management.
26. While the existing CASC Terms of References provide some direction regarding these duties, they do not clearly define the purpose of CASC. Therefore, the Terms of Reference of CASC have been redrafted (set out at Appendix C) to provide a more strategic overview of the purpose of CASC. However, there are some areas in which the existing Terms of Reference are silent.
27. The Terms of Reference do not presently indicate that CASC has a role in advising Service Committees on asset management matters. An explicit reference has now been included within the revised Terms of Reference.
28. The Terms of Reference also do not make explicit the Corporation's duties under legislation or the implementation of Standing Orders, the delivery of which CASC should monitor. Explicit reference has now been included to these functions.
29. One major aspect of facilities management which is not currently considered by CASC is energy usage. This is currently considered by the Efficiency and Performance Sub-Committee. It is recommended that responsibility for this sits better with CASC, as energy is a property occupancy cost. CASC's revised Terms of Reference now include this responsibility.
30. As stated above, the role of monitoring the delivery of major capital projects for the Corporation is largely fulfilled by the Projects Sub-Committee (for all projects of over £50k in capital or supplementary revenue, or over £250k in routine or ring-fenced revenue). Cyclical repairs and maintenance projects under this threshold are

monitored by CASC through the Additional Works Programme (which will be renamed as the Cyclical Works Programme from 2017/18).

31. Although it is not intended to change this arrangement, there does appear to be a role for CASC in taking a strategic view of major capital projects relating to operational properties prior to their commencing. This fits well within CASC's role of monitoring the implementation of a strategic approach to Asset Management.
32. It is not suggested that any change is made to the Gateway Approval Process. Members may wish to request that the Projects Sub-Committee and Policy and Resources Committee agree that consultation with CASC on operational property projects is added to the overall Project Procedure, which supports the Gateway Approval Process.
33. The risk of such an amendment is that it could cause a delay to projects. Therefore, it is likely that the most appropriate format for CASC to fulfil such a duty would be through annual reports from all areas of the Corporation to CASC, providing details of the forthcoming operational property projects. This would also allow CASC to ensure that operational property projects are in accordance with the Corporate Asset Management Strategy and Asset Management Plans. The Chairman and the Deputy Chairman of Projects Sub-Committee have been consulted and have indicated that they would be supportive of CASC taking a strategic role in the prioritisation of projects as long as this did not create delays to projects.
34. Should an amendment to the Project Procedure be agreed, the CASC Terms of Reference will be brought back to the Committee for amendment.
35. Another area related to the work of CASC which Members may wish to consider is the process for the disposal of properties designated as surplus to operational requirements. Currently, these properties are passed on to the Property Investment Board for disposal. However, these properties are not usually of the kind which that Board would include within their Investment Property portfolio and are therefore outside of the usual remit in which that Board operates.
36. In addition, in many cases these properties are not sold but are leased out to commercial tenants, which can mean that the City Surveyor has to manage the property and occupier. Therefore, the Committee may wish to suggest that the Property Investment Board and the Investment Committee consider whether it would be more appropriate for CASC to be the Committee responsible for disposing of properties determined to be surplus to operational requirements. Again, should an amendment be agreed, the CASC Terms of Reference will be brought back to the Committee for amendment.

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Committee:	Date:
Corporate Asset Sub-Committee	19 July 2016
Subject: Housing and Planning Act	Public
Report of: Remembrancer	For Information
Report author: Sam Cook, Assistant Parliamentary Affairs Counsel	

Summary

This report advises Members of the enactment of the Housing and Planning Act, the Bill for which was previously reported to the Committee. The Act includes four measures principally intended to encourage land held in the public sector to be made available for housing development. These are a duty for Government departments (and potentially other public authorities) to engage with other public authorities when developing proposals to dispose of land, a duty for public authorities to prepare and publish annual reports about surplus land-holdings, a power to set broader criteria for the Secretary of State to direct the disposal of public sector land, and a duty for local authorities to prepare and publish annual assessments of the sustainability and efficiency of the property estate.

A ministerial statement was secured during the passage of the Bill, confirming that these measures would apply only to land held by the City Corporation in its local authority capacity (*i.e.* City Fund properties). Officials also clarified that the duty to engage would not for the time being apply to local authorities. The duties to prepare and publish surplus land reports and efficiency and sustainability assessments will need to be implemented in relation to City Fund operational properties.

Recommendation

Members are invited to receive this report, and to note in particular:-

- the actions taken to support the City Corporation's interests during the passage of the Bill for the Act (noted at paragraphs 2 and 4 below); and
- the need to implement, in relation to City Fund properties, the new reporting duties in relation to surplus land and the sustainability and efficiency of buildings (noted at paragraphs 5, 6 and 8 below).

Main Report

1. The Housing and Planning Act contains important, and in many cases contentious, measures intended to set the direction of the Government's housing policy and enable it to meet its house-building targets. Clauses in the Bill for the Act concerning public sector land were the subject of a report to the Committee at its meeting of 29th January. These have now passed into

law. They are mainly, although not exclusively, intended to encourage land to be released for house-building.

Application to the City Corporation

2. In the case of the first three measures described below, the relevant clauses were drafted widely and left it to regulations to identify the public authorities which would be affected. It was not therefore self-evident that the measures would be confined to property held by the City Corporation in its local authority capacity (that is to say, City Fund rather than City Estate or Bridge House Estates property). This point was taken up with officials and subsequently with Lord Carrington of Fulham and the Cabinet Office Minister, Lord Bridges of Headley. As a result, Lord Bridges placed the following assurance on the parliamentary record at Report Stage in the House of Lords—"I take this opportunity to reassure the Corporation that our intention is to apply regulations under this part of the Act to the Corporation in its capacity as a local authority only, and that the drafting of the Bill allows for this." The effect of this assurance is to confirm that all of the measures described in this report to be implemented through regulations will, to the extent that they apply to the City Corporation, apply only to City Fund property.

Duty of engagement

3. The Act imposes a new duty on Government departments, and any other public authorities (such as local authorities) which may be specified in regulations, to engage with other interested public authorities when developing proposals for the disposal of land.
4. During discussions with the Department, it was clarified that there was no present intention to extend the duty to local authorities. If this policy were to change in the future, consideration will be given to whether a case should be made to exclude certain types of disposal (something which the Act allows). Such an argument is, however, more likely to relate to investment property than to operational property. The only immediate effect of the provisions on the City Corporation is that the Government will have to engage with the Corporation if it proposes to dispose of any land in the City.

Surplus land reports

5. The Act requires public authorities to prepare and publish annual reports of their surplus land-holdings, *i.e.* buildings or other land which the authority has identified as being surplus to its requirements but in which it continues to own an interest. Reports will only cover land identified as surplus within the previous two years (or six months in the case of land already used for housing). They will have to include an explanation of why the authority has not disposed of its surplus holdings. Further details about the contents of the reports will be set out in regulations, which may also exclude certain sorts of land from the reporting requirement.
6. This requirement will apply to surplus property held in the City Fund. Land will only have to be included in the register once it has formally been declared as

surplus, which will occur after both the Committee has decided that it is no longer required for operational use and the Property Investment Board has decided that it should not be retained for investment purposes.

Power to direct disposal of land

7. The Act provides a new route by which the Secretary of State can direct public authorities to dispose of land held by them. Such a power presently exists, but may only be used where the land is considered by the Secretary of State to be unused or insufficiently used for the purposes of the authority. The Act enables alternative criteria to be set out in regulations. This move has been prompted by the Government's "right to contest" initiative, by which members of the public are encouraged to submit proposals to the Government for the better use of public land. It is not yet clear what alternative criteria the Government will propose. As a result of a concession made in the House of Lords, the criteria will have to be approved by a vote of both Houses of Parliament before they take effect. As noted in paragraph 2 above, if regulations are made they will apply only in relation to City Fund property.

Efficiency and sustainability assessments

8. The Act requires local authorities (including the City Corporation acting in respect of City Fund properties) to prepare annual reports, in respect of each year beginning with 2017, containing a 'buildings efficiency and sustainability assessment'. This is an assessment of the progress made by the authority towards improving the "efficiency and contribution to sustainability" of buildings owned by the authority. In particular, it must include an assessment of progress made in reducing the size of the authority's estate, and in ensuring that buildings newly acquired by the authority fall within the top quartile of energy performance. The reports will have to be published no later than 1st June in the year after that to which they relate. The assessment is based on those which already have to be carried out by central government under climate change legislation. Regulations will be able to exclude certain sorts of land from the assessment, and statutory guidance will be issued about how the assessment is to be approached.

Next steps

9. The City Corporation will, in relation to City Fund operational property, need to comply with the new reporting duties in relation to surplus land and the sustainability and efficiency of buildings. The practical content of these duties will depend to a large extent on regulations and guidance which have yet to be published. Officers will continue to monitor the situation and will report to Members on any developments of interest.
10. The City Surveyor has noted that the new measures will need to be taken into account as part of the current Strategic Asset Management Service-Based Review.

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