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| <b>Committee(s):</b>                                       | <b>Date(s):</b>                 |
| Corporate Asset Sub Committee                              | 27 <sup>th</sup> September 2012 |
| <b>Subject:</b><br>Operational Property - Portfolio Report | <b>Public</b>                   |
| <b>Report of:</b><br>The City Surveyor                     | <b>For Information</b>          |

### Summary

This report is to update Members and define the general extent, use and occupation of the City of London's operational property portfolio, highlighting the changes across the operational portfolio in the past 12 months.

The City of London operational portfolio comprises 586,600sq.m. gross internal area of building stock, excluding land holdings. The portfolio is split into three funds:

| FUND                | GIA (Sq.M) | %      |
|---------------------|------------|--------|
| City Fund           | 332,900    | 56.76% |
| City's Cash         | 251,800    | 42.93% |
| Bridge House Estate | 1,900      | 0.32%  |

The three largest occupiers of the operational portfolio are the Wholesale Markets (18.7%), The Department of the Built Environment (16.4%), including Walbrook Wharf Offices and the Barbican Centre (14.4%).

Circa 30% of the portfolio is situated outside the City's administrative boundary, with properties as far afield as Essex, Kent, Surrey and Buckinghamshire.

Currently only 13.5% of the portfolio provides general office accommodation.

The main changes to the operational portfolio have arisen from:

(1) The transfer of asset responsibilities between Committees arising from the Governance Review approved in July 2011 and implemented on 1<sup>st</sup> October 2011.

(2) Improved data quality arising from Property Reviews which have challenged the extent and use of accommodation by service departments.

It should be noted that the overall increase of 7,300 sqm (1%) of additional space has been recorded, over the past 12 months.

\*GIA figures in main report have been rounded up.

The main changes include:

| Department  | ↑ / ↓ | Sq.m. | %     |
|---|-------|-------|-------|
| Department of Culture, Heritage & Libraries<br>(former Department of Libraries, Archives & Guildhall Art Gallery) | ↑     | 6,130 | + 19% |
| Department of Built Environment<br>(former Department of Environmental Services)                                  | ↓     | 8,820 | - 9%  |
| Department of Markets & Consumer Protection<br>(former Markets Department )                                       | ↑     | 4,240 | + 4%  |
| Department of Open Spaces (Buildings only)  | ↑     | 6,575 | + 17% |

Within the Guildhall Complex, the various changes are as a result of :

- (1) The Strategic Finance Review,
- (2) Reclassification of function space
- (3) Rationalisation of administrative and storage space within departments, including the relocation of the Economic Development Office, Markets Directorate and City Bridge Trust.

The main changes include:

| Department / Use                              | ↑ / ↓ | Sq.m. | %      |
|---|-------|-------|--------|
| Function Space                                | ↑     | 2,063 | +46%   |
| Town Clerks Department                        | ↓     | 499   | -11%   |
| Chamberlains Department                       | ↑     | 166   | +5%    |
| City Surveyors Department                     | ↓     | 340   | -15%   |
| Department of Community & Children's Services | ↓     | 100   | -15%   |
| Vacant Space                                  | ↑     | 77    | +0.16% |

## **Recommendations**

It is recommended that:

- Your Committee note the content of this report.

## **Main Report**

1. Attached in Appendix 1 is the Operational Portfolio Property Report produced by the internally managed ARCHIBUS Workspace Management System. This provides a detailed analysis of the portfolio in terms of area, use, service, etc.

2. The City of London Operational portfolio comprises of some 586,391.90 sq.m. GIA,
3. The portfolio is split into three funds:

| <b>FUND</b>         | <b>GIA (Sq.M)</b> | <b>%</b> |
|---------------------|-------------------|----------|
| City Fund           | 332,836.04        | 56.76%   |
| City's Cash         | 251,738.04        | 42.93%   |
| Bridge House Estate | 1,876.45          | 0.32%    |

4. Circa 30% of the portfolio is situated outside our administrative boundary, with properties as far afield as Essex, Kent, Surrey and Buckinghamshire.
5. The notable changes over the past year, across the operational portfolio are outlined below. These are representative of the realignment of Corporate property assets and services to the restructured service departments following the Governance Review approved in July 2011:
  - Overall increase of 7,300 sqm (1%) on 2011 figures, this has arisen following identification of additional space as a result of property reviews, including the detailed plan data collated in respect of the Markets, City of London School (and Marvels Lane Sports Ground) and the collection of more reliable sources of data.
  - Markets & Consumer Protection overall space up by 4,240sqm (4%) compared to former Markets Department. This reflects the additional responsibilities with regards to Public Protection / Port Health functions.
  - Department of Built Environment down by 8,820sqm (9%) compared to former Department of Environmental Services. This reflects the transfer of Public Protection and Port Health functions to Markets & Consumer Protection, and the transfer of the City of London Cemetery and Crematorium to Department of Open Spaces.
  - Department of Open Spaces overall space (buildings only) up by 6,575sqm (17%) to reflect the additional responsibilities regarding City of London Cemetery & Crematorium.
  - Culture Heritage & Libraries overall space up by 6,130sqm (19%) compared to former Department of Libraries, Archives & Guildhall Art Gallery. This reflects the additional responsibilities with regards to Tower Bridge, City

Information Centre, Prince Henry's Room, Roman Bath House, etc.

6. The Guildhall complex provides 55,036.30sq.m. of accommodation, circa 9% of the entire portfolio.
7. The notable changes to the Guildhall Complex relate to the moves and churn associated to the Strategic Finance Review. Together with the initial phase of rationalisation of administrative and storage space within departments, including the relocation of some departments as part of the Guildhall Accommodation Project
  - Town Clerks occupied space reduced by 499 sqm (11%), following the relocation of the Economic Development Office from Guildhall Yard East to Guildhall West Wing. Together with the rationalisation of City Bridge Trust and Security & Contingency Planning.
  - Chamberlains occupied space up by 166 sqm (5%), following the Strategic Finance Review accommodation the departmental finance teams were reassigned to the Chamberlains Department.
  - City Surveyors occupied space down by 340sqm (15%), In part due to the Strategic Finance Review reassigning departmental finance teams to Chamberlains, the IS Review – reassigning basement storage to central IS and some reclassification of Function space.
  - Community and Children's Services occupied space down by 100 sqm (15%) predominantly due to the Strategic Finance Review reassigning departmental finance teams to the Chamberlains Department.
  - Vacant Areas up by 77sqm (8x 2011 figure) which reflects the vacant space in Guildhall Yard East as part of the early phases of the Guildhall Accommodation Project.
  - Function Space figure up by 2,063 sqm (46%) arising from the reclassification of some function space (removing them from the core areas / primary circulation classification)
8. The significant increase of vacant space within Guildhall Yard East reflects the moves detailed above. This aligns with the planned accommodation review work, and provides for the required swing space to temporarily accommodate the City of London Procurement Service, and potentially other operational requirements.
9. The reclassification of function space, within the Guildhall Complex from the common circulation areas, also had a significant impact,

but provides a more accurate reflection of the use of space within the complex.

## **Conclusion**

10. This report highlights the scale and diversity of our operational portfolio, and importance of maintaining accurate data, monitoring the evolution of this portfolio to match operational service needs.
11. We are continuing to develop and enhance our property asset data, prioritising the spatial data to meet operational requirements and focussing on key assets in the first instance (Where accurate data is presently not available this is highlighted in red font in Appendix 1).
12. The more enhanced the data becomes the better quality benchmarking and reporting data will be made available, which is not only informative, but will aid decision making in the longer term.

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## **Appendices:**

Appendix 1 - Operational Property Portfolio Report