

Committee(s) Corporate Assets Sub Committee - For information	Date(s): 25/09/19
Subject: Asset Management Service Based Review – Update Report	Public
Report of: Assistant Town Clerk and City Surveyor	For Information
Report author: Richard Grass, Programme Lead, Asset Management Service Based Review	

Summary

This report updates Committee on progress with implementation of the Asset Management Service Based Review (AM SBR) following approval of the 17 recommendations in January 2019 and funding for the 12 month appointment of Programme Management resource in April 2019.

Following establishment of the officer Operational Property Change Board (OPCB) in May 2019 and approval of a detailed project plan, the Programme has experienced some challenges in establishing a clear baseline of asset management activity across the organisation. However, this is now complete and has not limited progress being made towards implementation of the higher priority recommendations. Proposed changes to Committee Terms of Reference (both CAsC and other committees) is expected to be endorsed by officers at the OPCB on 26th September and will come to this Committee for approval later in the year.

The report to OPCB on 26th September will also outline the proposed improvements to the operating model for Asset Management including changes to the team structure within Corporate Property Group in City Surveyors, enhanced job descriptions for asset management roles within Departments, the development of Quality Management Statements for key asset management activities, and operating agreements between City Surveyors and Departments.

The case for procuring a single supplier call off contract for professional advisory services to support the operating model is still being tested through a detailed review of current 3rd party delivered work and future pipeline, with recommendation to be made in the OPCB report.

Work on some lower priority tasks and outputs has been profiled for later in the programme including the development of a core suite of performance reports for the

operational portfolio, recommendations on a replacement system for OPN, the movement of some income lines from local to central risk and proposals to improve the quality of Forward Maintenance Plans. A further update will be submitted to this Committee prior to the end of the funded period of the Programme.

Recommendations

The Committee is asked to note progress with implementation of the recommendations of the Asset Management Service Based Review and the potential impact from the Fundamental Review and decisions to be made later this year.

Main Report

Background

1. Following initial review by Strategic Resources Group and Summit Group in November 2018, Finance Committee and this Committee approved 17 recommendations in January 2019 to improve Committee Governance, Corporate Policies and Controls, Data Management, Strategic Asset Planning, Property Management processes, Compliance Responsibilities and Delivery of Major Asset Related Projects to advance the effectiveness of the way the operational portfolio is actively managed.

2. A budget of £213k from Transformation Fund was approved in April 2019 for the 12-month appointment of two consultants as Programme Lead and Departmental Seconded to lead implementation of the review.

Progress to Date

3. Progress on the next steps as referenced in the April 19 report is as follows:

- Appointment of an external Programme Manager and Operational Department Support Manager following approval to the Transformation Fund – **achieved**
- Establishment of the new officer Operational Property Change Board (OPCB) with delegated responsibility to implement the approved recommendations from the Asset Management Service Based Review and provide a central officer group with focus on the proactive asset management of the operational property portfolio – **achieved**
- Amendment to the terms of reference and reporting lines of other committees into CAsC i.e. service committees undertaking asset management activities where necessary to ensure delivery of recommendations across the operational property portfolio – **to OPCB for final endorsement on 26th September. Projected to be submitted to this Committee and Finance Committee (via Summit Group) for approval in November or December 2019.**

4. Further progress has also been made in the following areas:

- A detailed Project Implementation Plan has been approved defining workstreams, activities, milestones and deliverables mapping to all previously approved recommendations.
- The baselining exercise is now complete via consultation with City Surveyors and Departments to establish current Asset Management activity, FTE involved, processes, service delivery approach and cost of service. (progress on this was delayed beyond the target deadline of end of June due to challenges in scheduling meetings and delays in obtaining some of the required information from Departments)
- An assessment of current supply chain activity, contracts and asset management opportunities across the operational portfolio has been undertaken to inform the case for procuring a single supplier call off contract for a range of professional and advisory property services.
- A review of job and role descriptions for staff involved in asset management activity across the operational estate, with a view to clarifying responsibilities and reporting lines and filling key activity gaps.
- Draft Operating Agreements (between City Surveyors and Departments) and a suite of Corporate Quality Management Statements (QMS) defining responsibilities and processes for key asset management activities have been issued to OPCB members for consultation.
- An assessment of current data systems architecture for Operational Property asset management and data management processes, to inform options for future consolidation and the potential replacement of OPN with an alternative system.

A summary of the RAG status of all recommendations and explanations where appropriate for Amber or Red is attached in Appendix 1.

Risk and Issues

5. The implications of Fundamental Review decision on the AM SBR recommendation implementation are not fully known at this stage; there is a risk that it will result in a reduction in resources for Asset Management activity and funds available to deliver asset management opportunities across the Corporation , resetting the scope and ambition of the review and limiting what can be achieved through the recommendations of AM SBR in driving a more efficient and sustainable portfolio. Even if this is the outcome however, the direction of travel remains positive as this review will support better corporate decision making and management of the City's diverse operational property portfolio.

Next Steps

6. A progress report will be submitted to OPCB on the 26th September with a summary of recommendations for revisions to the current Operating Model for Asset Management incorporating:

- Revised roles for Asset Managers and Departmental staff, and direct reporting line into City Surveyors for AM activities – with cost and timeline to implement
- Recommended scope of services and procurement approach for call off framework for transactional and professional advisory services across the Operational Estate with central account management.
- Operating Agreements between CSD and client Departments for Asset Management clarifying role and responsibilities
- Corporate Quality Management Statements for priority Asset Management activities and processes.

7. A business case will follow to Strategic Resources Group (SRG) and Summit Group in December 2019 following Fundamental Review setting out detailed proposals for new organisational arrangements.

Budget Position

8. Up to end of August 2019 total spend was £63,537 excl. VAT representing circa 30% of available budget.

Summary

9. Good progress is being made following approval of the AM SBR recommendations, The review is broadly on programme and within budget forecast profile. The most significant risk concerns the impact of the Fundamental Review which is not yet known. However, the direction of travel is positive and continues to support the more efficient and effective better management of the City's operational property portfolio.

Appendices

Appendix 1 – RAG status of AM SBR recommendations

Richard Grass

Programme Lead – Asset Management – Service Based Review

T: 07768 723653

E: richard.grass@cityoflondon.gov.uk

