

Asset Management Progress Report - Appendix 2

Recommendations – Progress and Status

1	Town Clerk's department to propose enhancement of the Terms of Reference of CAsC to assist its role in overseeing operational estate matters
Progress	Draft changes to Terms of Reference for Finance Committee, CAsC and Service Committees were submitted in a paper to Operational Property Change Board (OPCB) and endorsed in September 2019. They have not been submitted for formal member approval pending the outcome of the Governance Review being undertaken as part of Fundamental Review, which may recommend wider reaching changes to Committees and their responsibilities.
Status	Complete, but Member approval and implementation on hold due to Governance Review.
Action/Next Step	The applicability of the draft changes proposed will be reviewed again in the light of the Governance Review and amended to reflect any changes to the Committee Structure that impact control and oversight of the Operational Property Estate.
2	Town Clerk's department to revise Officer Scheme of Delegations to reflect changes as outlined above and approved by committee/s required
Progress	Draft changes to General Provisions of Scheme of Officer delegations was included as part of recommendation 1 above and endorsed by OPCB in September 2019. Member approval and implementation deferred, pending outcome of Fundamental Review.
Status	Complete, but Member approval and implementation on hold.
Action/Next Step	Proposed changes to be reviewed following completion of Fundamental and Governance Reviews.
3	City Surveyor's department and Operational Departments to draft, agree and adopt new operating agreements confirming asset management /property roles, responsibilities and functional reporting.
Progress	Operating Agreements covering all strategic and operational asset management activities have been drawn up between CSD and all relevant Service/ Institutional Departments and endorsed by OPCB. They are effective from 1 st April 2020 however formal roll out, including Intranet launch has been impacted by resources

	being diverted to Covid-19 associated activity. Some aspects of the Operating Agreements e.g. Core Processes and additional reporting requirements are subject to an additional resource bid.
Status	Complete.
Action/Next Step	Implementation effective from 1 st April 2020. Operating Agreements will be reviewed regularly between CSD and Departments and changes made to reflect agreed revisions in responsibilities or to the Corporation's Target Operating Model.
4	City Surveyor's department to create brief of professional services required and in consultation with City Procurement tender for a call off agreement to support capacity to deliver the asset management services as provided in the new operating procedures, asset management plans and service agreements.
Progress	<p>A comprehensive review of supply chain arrangements under the current operating model concluded with a recommendation to OPCB in September 2019 for a limited scope contract to include annual capital asset valuations (some of which are undertaken in house), rating services and other ad hoc feasibility and appraisal advice. This would deliver some additional capacity within CSD to focus on strategic asset management, but preserves the flexibility to procure external professional advice on a "horses for courses" basis, reflective of the diversity of the operational property estate and the local and specialist nature of required professional and transactional services.</p> <p>A draft scope of services has been prepared for the competitive tendering of a contract via a suitable government framework, but is subject to approval of a business case, given anticipated additional resource costs.</p>
Status	Complete, but procurement is subject to business case approval for a limited scope call off contract for valuation and rating when the rating services contract is scheduled for renewal in May 2022.
Action/Next Steps	Business case to be submitted for Member approval.
5	City Surveyor's department and HR to update job descriptions for those responsible for asset management in departments, as provided in the operating procedures and operating agreements and reorganise to best align with the External Asset Management Partner recommendation.
Progress	CSD job descriptions have been reviewed and are already appropriately drawn for Corporate Asset Managers within the

	Corporate Property Group. The devolved management structure of Service Depts and dispersed responsibilities for asset management activities prevents the imposition of systematic changes to Job Descriptions by the Corporate Centre. OPCB has agreed the appropriate approach is for Departments to review for themselves the implications of new policies, corporate processes and reporting requirements on current staff roles, capacity and skills and only change job descriptions on a case by case basis if considered necessary.
Status	Complete.
Action/Next Steps	Departments to review requirement for changes to JDs and implement as necessary or where roles come up for recruitment.
6	City Surveyor's department and HR to identify all operational department staff with an asset management responsibility and create a property functional reporting line to City Surveyor's department via relevant Department Chief Officer.
Progress	The activity baselining exercise conducted by the Programme has identified for most Departments the key staff with responsibility for asset management. A paper detailing reporting and consultation responsibilities from Departments to CSD under the current operating model has been approved via consultation with Depts and endorsed by OPCB. Further communications to help embed the new functional reporting responsibilities will follow shortly.
Status	Complete
Action/next Steps	Implementation from 1 st April 2020
7	Operational Departments to be responsible for reporting routinely the management (including arrears) of third-party interests to CAsC as well as their service committee.
Progress	Core process agreed for periodic reporting of property income and arrears by Departments to Service Committees, with a portfolio report from CSD to CAsC. A standard arrears and aged debt financial report is being prepared by Chamberlains, and officers have developed a standard Committee report template, in line with reporting on investment property.
Status	Partially implemented.
Action/next steps	Service departments to present property income and arrears reporting to Service Committees, and CSD Asset Management to develop into a cycle of twice-yearly portfolio reporting on March and September quarter days. The intention is to submit the first of these reports after Q2.

8	City Surveyor's department and Operational Departments to draft, agree and adopt new 'operating procedures' manuals concerning strategic asset management.
Progress	<p>New corporate Core Processes agreed with Departments and endorsed by OPCB for 6 priority asset management activities Processes for property acquisition, vacant and surplus space, income and service collection and arrears management, and Dept reporting are effective from 01/4/20, however formal roll out, including Intranet launch has been impacted by resources being diverted to Covid-19 associated activity. It is intended that further communications to help embed the new Core Processes will follow shortly. Processes that are capable of being implemented with only limited impact on existing resources i.e. could be implemented through minor reprioritisation are:</p> <ul style="list-style-type: none"> (a) Property Acquisition (b) Vacant, Underutilised and Surplus property (c) Income and Arrears Management (d) Dual Reporting to CSD <p>Implementation of new processes for (e) asset management planning and (f) asset performance reporting are subject to a further business case/resource bid.</p> <p>A new consolidated core process for all property data management is still in preparation by CSD Plans and Records team.</p>
Status	Part completed.
Actions/Next Steps	Full implementation of Asset Management Planning and Performance Reporting processes subject to resource bid to follow. Data Management Core Process to be developed by CSD Plans and Records Team. All Core Processes will need to be reviewed against any changes to Target Operating Model.
9	City Surveyor and operational departments to review with the Chamberlain a mechanism to change current collection and allocation of income to departmental central risk i.e. as with investment property rents and arrears except for local risk income conceived and generated by service-based initiatives linked to relevant assets.
Progress	Review of 3 rd party income allocation with Chamberlains has been completed. There is inconsistency in the way in which income is allocated and budgeted, but the amount of Local Risk property income across Departmental budgets is too small to justify changes to risk allocation and would remove Departmental incentive for managing income efficiently.

Status	Review complete - recommendation not to progress with budget location changes, pending outcome of Fundamental Review.
Actions/next steps	Allocation of budget risk will be reviewed against any future changes to Target Operating Model.
10	City Surveyor's department to consolidate property data changes and systems management of building data into City Surveyor's department
Progress	<p>City Surveyor's Plans and Records team has assumed responsibility for all data entry and updating OPN (asset/lease management) and MICAD (FM and compliance) .In addition some redundant software has been decommissioned and multiple heritage asset databases are being consolidated.</p> <p>Data cleansing is taking place as records are updated and a more comprehensive audit will be required before transferring OPN to a new system. (see recommendation 12).</p>
Status	Some progress made, but pace is limited by staff resources available and prioritising higher value transactional activities for both investment and operational property.
Action/next steps	Action plan for next 12 months to continue progress to improve compliance with processes for plans and drawing updates, address data errors as new records and updates come through, and to develop a single Corporation wide process for updating property records on OPN.
11	City Surveyor's department to instigate a new project to identify and deliver better asset management information to support financial sustainability across the operational estate.
Progress	<p>CSD has defined a suite of reports that are deliverable without significant investment in new property IT systems, helpful to CAsC in discharging its responsibilities for oversight of the operational portfolio and furthering its understanding of financial risk and sustainability, informative to addressing short term performance issues and long term strategic asset planning and evidence of good industry practice in the Corporation's stewardship of assets.</p> <p>These include:</p> <ul style="list-style-type: none"> • Twice yearly report by CSD to CAsC on 3rd party property income and arrears, • An annual report to CAsC on the Total Occupancy Cost of the Operational property estate

	<ul style="list-style-type: none"> Annual benchmark report on portfolio performance – across a range of criteria including utilisation, condition, service amenity, energy efficiency and compliance <p>Note all reports above require a reprioritisation of existing activity with support from the Chamberlain’s department to accommodate more asset management related reporting at a portfolio level. Prototypes of the first two reports have been prepared by the programme with guidance on how they should be developed into a repeatable output. The third report will be developed through engagement between CSD and Departments on a regular asset challenge process, so the timescale in which a summary report can be produced for CAsC will be dependent on the programming of planning work, including reprioritisation of existing activity over the next 12-24 months.</p>
Status	Project instigated
Actions/next steps	Further development and implementation of recommended reporting is dependent on approval of business case for additional resources within CSD and in other Departments as necessary.
12	City Surveyor’s department to work with and support the Chamberlain to identify a replacement system for OPN that meets the objectives of not just the investment, but also operational estate.
Progress	<p>Review of system options by AM SBR has confirmed the preferred solution for Operational Property Estate is to include requirements (except social housing) within scope of IPG specification for new system to manage investment estate, as core requirements for managing 3rd party rents and service charges are the same.</p> <p>An officer Working Group with representation has identified two possible solutions. In principle approval for c. £1m funding secured from Policy & Resources in November 2019 to procure and implement in FY 2020/21, with system likely to be acquired via a tender off a government IT framework. Migration of Operational Property onto new system would be likely to follow Investment Estate, timescale to be determined.</p>
Status	Direction of travel and funding agreed in principle, but subject to final ratification and timetable, options appraisal and procurement of new system.
Actions/Next Steps	Develop procurement approach and detailed project execution plan.

13	City Surveyor's department to work with Town Clerks to better integrate Standing Orders concerning asset management into the annual business planning process
Progress	Core process concluded with Departments for the production of Corporate Asset Management Plans (Standing Order 53), Property Acquisition (Standing Order 55) and Surplus Property disposal (Standing Orders 56 to 58). These prescribe the identification of surplus property and new space requirements as part of the asset management planning and review process, which is integrated with the annual business planning and capital bid cycle to ensure there is a direct and explicit link between corporate and service objectives and priority actions, projects and investments relating to assets
Status	Completed
Actions/next steps	Implementation subject to CSD and Department resources for development of detailed property specific Asset Management Plans.
14	City Surveyor's department with support of Operational Departments to continue to develop Asset Management Plans across all the operational estate requiring regular review meetings with service departments.
Progress	Following completion of an initial phase in 2018, engagement with Departments on a second phase of high-level asset management plans is now underway. However, the new Core Process for Asset Management Planning prescribes a more rigorous approach for the production of plans that will challenge the performance and efficiency of operational assets at a granular level and over the medium to long term would expect to drive out further opportunities for the consolidation of occupations to improve efficient use, release of surplus land and buildings for disposal, or income generation.
Status	Partially implemented
Actions/next steps	Full implementation will require a business case for additional resources in CSD and some Depts to fully engage. Covid 19 and agile working will provide more opportunities to rationalise space required by CoL.
15	City Surveyor's department (and operational departments where not managed directly by City Surveyor) to update and enhance building Forward Maintenance Plans, regularly report on "bow wave" of deferred expenditure and seek approval to additional resources where required.

Progress	<p>CSD currently report on CWP and deferred maintenance (Bow Wave) annually to CASC and at the Committee's request a report was submitted in January that also provided a five year forward view of maintenance liability.</p> <p>For 2020/21 it is proposed to develop an annual composite report on maintenance liabilities, that includes deferred expenditure, AWP/CWP, ringfenced property and major works – with 5 year forecast and including impact of transformation projects.</p> <p>It is also proposed to instigate a programme of building condition surveys to get a more accurate view on future liabilities, and time profile of likely spend. For 2020/21 budget has been set aside from the CWP for two pilot surveys, and if they demonstrate clear value, a special funding bid may be put together for the full survey programme that will provide COL with a much improved view of the condition of assets and support better strategic planning of assets.</p>
Status	Partially complete, but further progress to be made in 2020.
Actions/next steps	Development by CSD Operations Group and Asset Management of a composite report on estate condition and forward maintenance liabilities. Progress pilot surveys and potential funding bid through 2020/21.
16	City Surveyor's department to undertake utilisation surveys across the operational estate, identifying key assets for opportunities for rationalisation/ disposal or alternative use, seeking approval to additional resources where necessary.
Progress	AM SBR has concluded that there is currently no financial justification for a systematic programme of new surveys to fulfil reporting requirements. Any requirement for surveys on specific buildings or areas can be identified both through asset challenge that is part of a more mature asset management planning process, or as required to support business cases for moves or the expansion of a service. However, Covid 19 and current working patterns will assist and the re forecasting of existing budgets and preparation of departmental business plans for 2021/22 will provide new opportunities to release under- utilised space.
Status	Not implemented as a full programme but will be progressed as part of roll out of asset management plans and business planning process.
Next Steps/actions	None specific. Work with departments to identify space required for future occupations and surplus accommodation.

17	City Surveyor's department to continue to implement the Guildhall Workplace strategy programme through support of dedicated and now appointed Workplace Manager
Progress	2 nd , 3 rd ,4 th and 5 th floors of Walbrook Wharf now vacated and relocated to Guildhall complex, and space released and let to Unity . Ground and first floors of WW will remain in CoL occupation until alternative space is identified as next phase.
Status	Programme of moves from Walbrook Wharf completed by March 2020.
Next Steps/actions	Identify accommodation for occupiers of ground and first floor from Walbrook, and integrate HR policies and IT activities into making use of accommodation more flexible. Guildhall Masterplan opportunity to be reviewed by members.