

Committee(s)	Dated:
Corporate Asset Sub-Committee – For Information	24 th November 2021
Subject: Corporate Property Asset Management Strategy 2020-25 – Progress update	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	All
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	
What is the source of Funding?	
Has this Funding Source been agreed with the Chamberlain’s Department?	
Report of: Paul Wilkinson, City Surveyor (CS.442/21)	For Information
Report author: Paul Friend, City Surveyor’s Department	

Summary

Members of this committee previously approved the Corporate Property Asset Management Strategy 2020-25 in November 2020. Briefly, this strategy outlines the overriding objectives for managing the operational estate (excluding Housing) and provides the platform for decisions on all operational property assets to be guided by the objectives within.

Good progress on the new strategy has been achieved since approval last year and this report provides a summary of the progress made on specific objectives. It also alerts members where some objectives such as better utilisation, enhanced data/corporate reporting, adopting Core Processes and development of the Asset Management Plan process may need prioritisation and/or additional resources to meet expectations over the 5 year life of the strategy. Associated governance issues such as proposed changes to Committees Terms of Reference, Standing Orders and Scheme of Delegations also need to be further progressed to support the above objectives.

Continued adherence and implementation of the objectives within the strategy, across all committees who have responsibility for decision making for property assets, is essential to achieve an efficient, effective and sustainable operational estate.

Recommendation

Members are asked to note the progress on the new Corporate Property Asset Management Strategy 2020-25.

Main Report

Background

- 1) The existing Corporate Property Asset Management Strategy (CPAMS) was approved in November 2020. The core purpose of CPAMS is to provide a member approved strategy, outlining the common objectives shared across all the operational property estate, which in turn supports the Corporate Plan. By way of clarification, this strategy solely relates to the operational property portfolio overseen by this committee; it is separate from any property asset strategies held on the investment or housing portfolios, albeit there may be commonality for example in the management of third-party interests.
- 2) The scope of CPAMS covers all of the operational property portfolio, excluding Housing (whose strategy is contained within the Dept of Community and Children's Services Business Plan). It therefore includes all operational assets such as for example private schools, the Barbican Centre, Guildhall, Markets, Environment, Courts, Mansion House, Car Parks, City of London Police, Open Spaces, Schools, Bridges and Special structures. It also covers the City's Heritage Estate portfolio which consists of a varied range of over 870 assets, including listed buildings, statues, policeboxes etc.
- 3) The scope also covers the third party portfolio where we lease out or licence operational premises to third parties. This third party portfolio income (rent and service charge) is approximately £12m per annum, but is not held specifically for investment purposes; the strategy for these assets is tailored towards the operational portfolio and services provided, albeit the commonality is a commercial property management approach.
- 4) The new CPAMS was approved by CAsC and Finance committee in November 2020. It was subsequently distributed by the Chairman and Deputy Chairman of CAsC to the Chairmen and Deputy Chairmen of all committees with responsibility for decisions on operational assets. The CPAMS was also distributed to all Chief Officers and those officers involved in asset management for their respective departments. The current version of CPAMS 2020/25 is currently held on the COL intranet. It is also available to members of the public from the City website.

Review

- 5) This is an informal review undertaken by the Corporate Property Group in consultation with officers from the Chamberlain and Town Clerk's department.
- 6) The review of all of the new 19 objectives within CPAMS 2020-25 and their RAG status is attached as Appendix 1. Performance was assessed by evidence of workstreams, initiatives or projects supporting the objective and/or where activity is planned either funded or to be funded.

- 7) In summary 10 objectives are assessed as green, 8 as amber and 1 as red. Where there is concern that specific objectives are not currently being met, either through lack of adherence to the strategy, capacity and/or resources these are summarised as potential issues below.
- 8) The following core issues are identified as impacting the Amber and Red on the assessed objectives:-
 - a) Insufficient budget availability to maintain the entire operational property portfolio in at least a Good condition overall and prioritisation of investment.
 - b) Delay to the implementation of all of the Asset Management Service Based Review (AM SBR) recommendations due to the impact of the current Governance Review, Target Operating Model (TOM) and business case for additional resources.
 - c) Insufficient progress in driving through reviews and delivering improved utilisation of the operational estate due to lack of transparency, reporting, and delays to the maturing of the Asset Management Plan process (part of the AM SBR recommendations above).

Next steps

- 9) The objectives within the new CPAMS need to be embedded into the TOM and the outcome of the Governance review. It is therefore proposed that a revised communication of the strategy is undertaken on completion of the TOM in 22/23.
- 10) Further, consideration of the introduction of key performance metrics on the CPAMS objectives and Performance Management Plans on specific assets will be assessed in consultation with the Chief Strategy Officer, subject to prioritisation and available resources.
- 11) Officers will continue to review whether implications arising from the ongoing Fundamental Review, the Governance Review and the impact of Covid-19 may dictate an earlier formal review of the portfolio strategy is appropriate before 2025. Officers will therefore undertake an informal review on an annual basis and advise members if amendments or additions are necessary within the proposed life of the strategy.

Corporate & Strategic Implications

- 12) The revised CPAMS will continue to align with the aims of the Corporate Plan 2018-23 (subject to further review) and associated outcomes: -
 - i) Contribute to a flourishing society
 - ii) Shape outstanding environments
 - iii) Support a thriving economy

Conclusion

13) This report provides an update on the current Corporate Property Asset Management Strategy 2020-25, since its adoption in November 2020. Good progress is being made across the majority of objectives, although some areas of concern require more focus, prioritisation and/or additional resources to make significant progress within the life of the strategy.

Appendices

- Appendix 1 - Corporate Property Asset Management Strategy 2020-25 RAG Status November 2021

Paul Friend

Head of Corporate Asset Management, City Surveyor's Department
T: 020 7332 1497 E: paul.friend@cityoflondon.gov.uk