

Committee(s): Resource Allocation Sub Committee – For Decision Policy and Resources – For Decision	Dated: 11 th December 2024 16 th January 2025
Subject: City’s Operational Property Portfolio (non-housing) - Corporate Property Asset Management Strategy 2024-29	Public report: For Decision
This proposal: <ul style="list-style-type: none">• delivers Corporate Plan 2024-29 outcomes	Flourishing Public Spaces Providing Excellent Services Leading Sustainable Environment
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain’s Department?	N/A
Report of: (CS.310/24)	Paul Wilkinson, City Surveyor and Executive Director of Property
Report author:	Paul Friend, Head of Corporate Asset Management

Summary

The current Corporate Property Asset Management Strategy 2020-25, previously approved by Corporate Asset Sub Committee in 2020, is due for renewal to align with the revised Corporate Plan 2024-29 and to incorporate changes and development of the operational property portfolio over the past 4 years.

This report now seeks approval to the draft Corporate Property Asset Management Strategy 2024-29. Briefly, the strategy outlines the overriding objectives for managing the operational property portfolio (excluding Housing) and provides the platform for decisions on all operational property assets to be guided by the objectives within. There have been significant developments over the life of the existing strategy, including development of the Climate Action Strategy to net zero by 2027, a new Target Operating Model, Governance Review, the ongoing Charities Review and a substantial capital works programme supporting the development of operational property to meet evolving service objectives. These have a material influence on the new strategy; however, the new recommendations also seek to

build on the earlier strategy and reflect the growing maturity of asset management across the operational property portfolio.

Subject to member approval, the new strategy will be adopted across the operational property portfolio (excluding Housing) to guide decision making and help shape the management of the portfolio for the next 5 years.

Recommendation(s)

Members are requested to:

- Approve the revised Corporate Property Asset Management Strategy 2024-29

Main Report

Background

- 1) The existing Corporate Property Asset Management Strategy (CPAMS) was approved in November 2020. The core purpose of the document is to provide a member approved strategy, outlining the common objectives shared across all the operational property portfolio, 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 strategy for the investment portfolio, albeit they may be commonality for example in the management of third-party tenants and interests.
- 2) The scope of CPAMS covers all 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, public Car Parks, City of London Police and Charity assets, subject to the specific objects of individual charities. It also covers the City's Heritage Estate portfolio which consists of a varied range of over 800 assets, including buildings, statues, post boxes etc.
- 3) The scope also covers the third parties within the portfolio where we lease out or licence operational premises to third parties i.e. Tenants, Benefit in Kind occupiers and City suppliers. This third-party portfolio is income producing but is not held specifically for investment purposes; the strategy for these assets is tailored towards the operational property portfolio, albeit the commonality is a commercial property management approach. Specifically, the intention is wherever possible landlord obligations should support and align with this strategy e.g. alignment with the Climate Action Strategy, Destination City and SME Strategy.
- 4) The review of the CPAMS was led by the Corporate Property Group of the City Surveyors department seeking input from all departments and Institutions to consider developments in asset management across the operational property portfolio since the last review. Whilst many recommendations from the existing strategy remain relevant, there are new influences to support the new Corporate Plan outcomes, namely in Flourishing Public Spaces, Providing Excellent Services and Leading Sustainable Environment.

- 5) The scope of the objectives below covers all operational property and land held by the City. However, where the objectives may be in direct conflict with strategic objectives of operational property and land held within specific Charities (noting the ongoing Natural Environment Charities Review), then the strategic objectives for that specific Charity will take precedence. Where a conflict does arise the City Surveyor will work with the relevant Accountable officer for that specific Charity to ensure any conflict is managed appropriately.

Consultation

- 6) The draft strategy has been distributed for comment to key officers responsible for the management of operational property, including the Senior Leadership Team and the Executive Leadership Board.

New Strategy

- 7) The new Corporate Property Asset Management Strategy 2024-29 is attached as Appendix 1 including Opportunities and Risks. Officers have been extensively consulted, with presentations to the Senior Leadership Team and Executive Leadership Board and the key objectives contained within are as follows: -

Efficiency

- Ensure all operational properties allocated to the relevant departments or Institutions are fit for purpose to deliver the related service objectives and maintained in a safe, statutory and contractually compliant condition.
- Ensure all operational properties are managed to best practice in consultation with the City Surveyor and Executive Director of Property as Head of Profession, continuing to develop asset management on the operational property portfolio through improvements to property processes, sharing of data and consistency of approach. Further operation and optimisation of operational properties to be undertaken with appropriate oversight and input from all relevant Heads of Profession, integrating best practice wherever practical.
- Ensure all acquisitions of new operational property (leasehold or freehold) only proceed where subject to a compelling and robust business case, having previously exhausted all alternative means of service delivery and/or existing underutilised operational property.
- Ensure wherever possible there is appropriate connectivity (financial, operational and business planning) between major renewal/development/placemaking sites across the City.
- Support the Destination City and SME strategies, attracting visitors, workers and businesses alike to a safe, supportive and dynamic location; wherever possible seeking to utilise appropriate vacant or underutilised operational property for the use of occupiers that support Destination City and SMEs including meanwhile use.

- Adherence to the objectives within the Corporate Property Asset Management Strategy to be monitored by the relevant service committee (to whom operational property is allocated) with portfolio oversight of performance by RA subcommittee.
- Support delivery of Major Capital Projects across the operational property portfolio, through effective and coordinated multi-disciplinary support, aligning development, handover, and future maintenance/operation of new operational assets.
- Ensure where Heritage assets are not in the sole ownership of the City to drive the collective responsibility to maintain and prevent their inclusion on the Heritage at Risk Register (HARR) within the resources available.
- Maintain Heritage property through further investment and prevent their inclusion on the HARR wherever possible (subject to available budget).
- Ensure all statutory protected property (including landscapes) have up-to-date Conservation Management Plans in place.
- Ensure operational assets benefit from leading digital connectivity including Wi-Fi coverage for the benefit of officers and/or our third-party occupiers.

Financially Sustainable

- Seek to improve the performance and use of the operational estate, through use of (a) annual utilisation assessments and (b) periodic asset challenge on all property allocated to departments and Institutions in accordance with Standing Order 56 and to support the ongoing Operational Property Review to address any underutilisation and assets surplus to business plan and service requirements.
- Seek to ensure all planned capital and revenue investment into the operational property portfolio is fully incorporated into (a) the business planning process and (b) the individual Asset Management Plan process and (c) supports the Capital Strategy 2023/24 to 28/29.
- Ensure all capital and revenue projects directly support the Corporate Plan and are affordable, sustainable, prudent and directed to corporate priorities.
- Develop core property data to drive action, improve reporting to relevant committees on the costs of the operational estate and support decision making that contributes to objective of a financially sustainable operational property portfolio.
- Maximise third party income from leased out operational property and seek to secure maximum receipts or income from underutilised or surplus property, ensuring organisational consistency and implementing best practice and in accordance with the charity objectives where applicable.

Environmentally Sustainable

- Deliver the Climate Action Strategy targets of net zero in operational emissions by March 2027 and building climate resilience into our buildings and spaces. This includes (a) ensuring any projects (including new developments) meet the requirements of the Net Zero Design Standard and (b) engaging and supporting the City's Climate Action Strategy Resilience Plan.
- Meet departmental energy and carbon targets, through (a) supporting delivery of relevant energy-saving works through collaborative engagement with the City Surveyor's Energy and Sustainability Team and the Minor Works Team, (b) providing access to any relevant metering information, to accurately track performance, and (c) engaging in energy and carbon saving behaviours.
- To obtain at least EPC C ratings for leased out properties across the operational property portfolio by 2027 and to prepare for at least EPC B by 2030.

Next steps

- 8) Subject to approval, the new strategy will be adopted across the operational property portfolio (excluding Housing) and will help shape the management of and investment in operational property portfolio for the next 5 years.
- 9) Subject to approval in principle, the strategy will be communicated to the committees with responsibility for decision making on operational property in liaison with Town Clerk's department on how this is best achieved.
- 10) Subject to approval officers will 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

- 11) The revised CPAMS will continue to align with the aims of the Corporate Plan 2024-29 (subject to further review) and associated outcomes namely: -
 - a) Flourishing Public Spaces
 - b) Providing Excellent Services
 1. Leading Sustainable Environment

Conclusion

2. This report outlines the objectives of the revised Corporate Property Asset Management Strategy 2024-29. Following a 'corporation wide' officer consultation and challenge process, the final recommendations are now submitted to this committee for approval.

Appendices

- Appendix 1 – Corporate Property Asset Management Strategy 2024-29
Opportunities and Risks

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