

**CORPORATE ASSET SUB (FINANCE) COMMITTEE**

**FRIDAY, 21 NOVEMBER 2014**

# **NOT FOR PUBLICATION**

By virtue of paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972.

**8. NON-PUBLIC MINUTES**

**RESOLVED** – That the non-public minutes of the meeting held on 3<sup>rd</sup> June 2014 be approved.

**9. ADDITIONAL REPAIRS AND MAINTENANCE PROGRAMMES - PROGRESS REPORT (CARRIED FORWARD FROM SEPTEMBER 2014 COMMITTEE)**

The Sub-Committee received a report of the City Surveyor which provided an overview of the progress and expenditure on three additional works programmes.

**RESOLVED** – That the report be noted.

**10. ADDITIONAL REPAIRS AND MAINTENANCE PROGRAMMES - PROGRESS REPORT**

The Sub-Committee received a report of the City Surveyor which provided an overview of the progress and expenditure on three additional works programmes since September 2014.

**RESOLVED** – That the content of the report be noted.

**11. CITY SURVEYOR'S BUSINESS PLAN 2014-17 QUARTER 1 2014/15 PROGRESS REPORT (CARRIED FORWARD FROM SEPTEMBER 2014 COMMITTEE)**

The Sub-Committee received a report of the City Surveyor which provided an update on Quarter 4, 2013-14 and the progress of Quarter 1, against the 2013-2016 Business Plan.

**RESOLVED** – That the content of the report be noted.

**12. CITY SURVEYOR'S BUSINESS PLAN 2014-17 QUARTER 2 2014/15 PROGRESS REPORT**

The Sub-Committee received a report of the City Surveyor which provided details of Quarter 2 2014-15 progress against the 2014-2017 Business Plan and the key risk areas associated with the delivery of the plan.

**RESOLVED** – That the content of the report be noted.

13. **CORPORATE PROPERTY ASSET MANAGEMENT STRATEGY 2012-2016 ANNUAL UPDATE (CARRIED FORWARD FROM SEPTEMBER 2014 COMMITTEE)**

The Sub-Committee received a report of the City Surveyor which provided details of the progress on delivering the Strategic aims and objectives of the Corporate Property Asset Management Strategy for 2012-2016 and the next steps required.

**RESOLVED** – That the report be noted.

14. **65 & 65A BASINGHALL STREET (JUSTICE ROOMS) - FUTURE OPPORTUNITIES (CARRIED FORWARD FROM SEPTEMBER 2014 COMMITTEE)**

The Sub-Committee received a report of the City Surveyor concerning the development potential of 65 & 65A Basinghall Street.

Members were informed that 65/65a Basinghall Street was currently an ineffective asset which had potential for redevelopment which would be explored and reported back to Members with the various options for the future of this part of the Guildhall complex

**RESOLVED** – That the content of the report be noted.

15. **65A BASINGHALL STREET**

The Sub-Committee considered a report of the Commissioner of Police which provided a plan for premises at 65A Basinghall Street to be used as a joint business arrangement by the City of London Police (CoLP) in partnership with the City of London Corporation to establish an 'Interbank information sharing group' together with a number of third party businesses.

The City Surveyor informed Members that the proposal followed discussion between the Police Commissioner and the Home Office. A Member pointed out that the Policy and Resources Committee was responsible for determining the overall use of the Guildhall complex therefore the report should be considered by that Committee.

**RESOLVED** – That subject to approval by the Policy and Resources Committee approval be given in principle to the use of 65a Basinghall Street for the 'Interbank information sharing group' and that: -

- officers work closely with CoLP to develop a Memorandum of Understanding for the facility to form part of the CoLP estate for this new service;
- the approval of the proposed terms be delegated be granted to the Town Clerk in Consultation with the Chairman and Deputy Chairman of the Police Committee;
- the approval of the proposed terms for the use and occupation of 65a Basinghall street be delegated to the Town Clerk in Consultation with the

Chairman and Deputy Chairman of the Corporate Asset Sub Committee, as holding committee for the premises;

- funding for fitting out works and running costs for the first 12 months and the approval of the final costs of this project once the final scope had been determined be delegated to the Town Clerk in consultation with the Chairman and Deputy Chairman of the Police Committee and Projects Sub Committee;
- CoLP be authorised to seek to secure the funding arrangements with participating organisations to ensure that costs were borne equitably by all parties, beyond the initial 12-month start-up period; and
- Standing Orders be waived to enable contractors to be engaged with directly against a fixed “schedule of rates” to complete these urgent works.

**16. CITY OF LONDON POLICE ACCOMMODATION STRATEGY -DISPOSAL OF SURPLUS ASSETS**

The Sub-Committee considered a report of the City Surveyor setting out the disposal strategy for Bernard Morgan Section House (BMSH), Bishopsgate Police Station (BPS) and Snow Hill Police Station (SHPS).

The City Surveyor advised that the properties would become surplus over the next five years as part of the Police Accommodation Strategy. It was anticipated that BMSH would become vacant by April 2015 and the remaining properties would be vacated around 2018 in line with the overall strategy. It was proposed that DTZ an international real estate advisor should be selected to act as disposal agents, to work with the City of London Corporation to maximise capital receipts for these assets, whilst minimising void costs.

**RESOLVED** – That approval be given to the following:-

1. The disposal strategy as outlined in the report and Appendix 1, with the disposal proceeds being used to part fund the Police Accommodation Programme.
2. The appointment of DTZ to act as valuer, planning consultant and to provide marketing, negotiation and investment agency disposal services for the three buildings between now and 2018 / 2019 at a total fee estimated at between £174,000 and £237,000 (subject to final sale prices achieved) to be funded as follows:
  - a. £75,000 for valuation and planning advice from the overall £40m Police Accommodation Project budget (£25,000 of the £75,000 already having been approved); and
  - b. The remaining £99,000 - £162,000 for disposal fees from the eventual capital receipts.

**17. PUBLIC CAR PARKS - REVIEW OF CAR PARK PROVISION AND ASSET MANAGEMENT STRATEGY**

The Sub-Committee received a joint report of the Director of Built Environment and the City Surveyor which provided a review of the Car Park Provision and its inclusion in the Asset Management strategy.

Members were informed that due to well established traffic reduction policies, car restraints and alternative transport modes the demand for public parking provision had reduced resulting in the existing number of spaces no longer being required. It was noted that the report had been approved by the Planning and Transportation Committee.

**RESOLVED** – The short and long term Asset Management Strategy be approved and noted and that additional funding might be required to implement the creation of Life Care Plans for Minorities, Baynard House, Tower Hill and Smithfield Car Parks, of up to £200,000 if required. This would be subject to a separate report to seek approval for any additional funds.

**18. THE CITY'S OPERATIONAL PROPERTY PORTFOLIO - REPAIRS AND MAINTENANCE ADDITIONAL BUDGET REQUIREMENT FROM 2015/16**

The Sub-Committee considered a report and a presentation on progress of repairs and maintenance of the Operational Property Portfolio by the City Surveyor. Members were informed that Mitie was tasked with creating a complete physical asset register of all Plant and Machinery components held by the City of London Corporation as part of their contract and this would exclude the Barbican Centre and the Guildhall School of Music and Drama.

However, as extra component items that had been discovered during the creation of the new Register, it was important to decide what was considered a necessity due to statutory requirements, operational business critical items and good practice desirable items that needed to be serviced and maintained at extra cost by the City of London Corporation through the Mitie contract.

During further discussion it was noted:

- That the current BRM contract would end in approximately two and a half years;-
- The fabric of buildings were not included in the definition of Plant and Machinery;-
- There were 20 year plans for the maintenance of our buildings; and
- There was potential scope to bring forward proposed savings from the overall Service Based Review proposals.

**RESOLVED** - That the content of the report be noted and that approval be given to:-

- Option 2 being pursued by increasing the annual servicing and repair budget for the year 2015/16 and until the end of the current contract in July 2017 at an additional overall cost of £970,000 per annum;

- any changes in the repairs and maintenance budgets for departments with ring fenced budgets to be made following appropriate prior consultation only; and
- in agreeing Option 2 approval be given to an increase in the City Surveyor's local risk budget of £893,000 per annum from April 2015 to July 2017.

**19. CORPORATE PROPERTY PROJECTS**

The Sub-Committee received a report of the Town Clerk which provided it with an overview of the current property projects within the Gateway Approval process. The report included projects in the following categories: Capital and Supplementary Revenue projects over £50,000, Routine Revenue projects over 250,000 and Capital and Supplementary Revenue projects delivered with ring fenced funds over £250,000.

**RESOLVED** – That the content of the report be noted.

**20. SURPLUS PROPERTIES AT THE FREEMEN'S SCHOOL**

The Sub-Committee considered a report by the City Surveyor regarding two properties that would become surplus to operational requirements of the City of London Freeman's School.

**RESOLVED** –that both Sylvacote Cottage and Avenue Cottage, Park Lane, Ashted be declared surplus to the operational requirements of the City of London Freeman's School and the City of London Corporation and proposed to sell upon terms to be subject to the approval of the Property Investment Board.

**21. VERBAL UPDATE FROM THE CITY SURVEYOR**

Oracle Property Manager

Members were informed that current operational property data from the City of London Corporation's Archibus system and Manhattan system would be migrated to the new Oracle Property Manager. The overall Oracle upgrade project go live date had been changed to February 2015 and the operational property data enhancement would continue beyond go live where the new system allowed for the storage of more property related data.

City of London Police Accommodation Project

Members were informed that the GYE was nearing completion and that the City of London Police and IS were fitting out ready for occupation planned for January to March 2015. The City of London Police had defined their space requirements beyond a refurbishment of Wood Street and options were being explored to satisfy those remaining requirements in either a single location and building, or by way of a series of smaller buildings.

**RESOLVED** – That the comments of the City Surveyor be noted.

**RESOLVED** - At 3.45pm Members agreed to suspend standing orders in order to deal with the remaining business on the agenda.

22. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE**

There were no questions.

23. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED  
BARBICAN CAPITAL CAP EXTENSION**

The Sub-Committee considered a report of the Managing Director of the Barbican Centre requesting that the Barbican Centre's Capital Cap be extended by one year to 2016/17 at an estimated cost of £2M.

Members discussed the timing and process for requesting future extensions in view of the work currently being undertaken to ascertain future Capital Caps.

**RESOLVED** – That the extension of the Centre's Capital Cap by one year to 2016/17, at an estimated additional cost of £2 million and that projects identified as part of the Centre's 20 year plan for the following three years (2017/18 to 2019/20) be approved.

24. **SERVICE BASED REVIEW PROPOSALS - CITY SURVEYOR'S DEPARTMENT**

The Sub-Committee considered a report of the City Surveyor on the Service Base Review proposals.

In response to a question, Members were informed that plans were already in place to provide detailed savings proposals in autumn next year.

A Member suggested that external assistance maybe required to progress some of these initiatives for the City of London Corporation.

Members noted that the Mitie contract had not performed well and went onto question where the additional funding of one million to Mitie would be taken from. Officers informed Members that this could be provided from the savings made as part of the Service Based Review. Members requested that more information was provided on how this would be taken forward and were informed by Officers that the next stage would be to provide a proposal.

Members question whether savings designated for 2018/19 could be brought forward to 2017/18 and asked the City Surveyor to work with the Chamberlain's to ensure that their direction of travel in terms of savings were endorsed.

**RESOLVED** – That the savings proposals for the City Surveyor's Department as part of the Service Based Review be endorsed and for Officers to investigate next steps and whether saving designated for 2018/19 can be brought forward.

**The meeting ended at 4.45 pm**

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Chairman

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