

Committee:	Date:
Investment Committee	18 January 2017
Subject: Proposal from Finance Committee – amendment to Standing Orders to provide Corporate Asset Sub-Committee with responsibility for the disposal of surplus operational properties	Public
Report of: Town Clerk	For Decision
Report author: Chris Braithwaite, Town Clerk's Department	

Summary

In July 2016, the Finance Committee conducted a review of its Sub-Committees. One of the proposals which emerged from that review was to request that the Corporate Asset Sub-Committee (CASC) be responsible for decisions regarding the disposal of properties which had been declared as surplus to the Corporation's operational requirements and which were not suitable as investment property assets.

When properties are declared as surplus to operational requirements, the Investment Property Group will be given the opportunity to determine whether it would consider the properties in question to be appropriate as investment property assets. Properties will only be passed to CASC if they are not appropriate as investment property assets.

Properties which are not suitable as investment property assets would typically be those which are located outside of the City, often in areas around the Corporation's open spaces, or are of a type of property which is not suitable (such as former staff dwellings). For properties such as this, CASC would be the Committee responsible for decisions which may arise regarding ongoing management considerations. Therefore, it would be appropriate for decisions regarding the disposal of the properties to also be made by CASC.

This proposal was submitted to PIB in November 2016 and noted by that Board. Resolutions from Finance Committee and PIB are provided at Appendices A and B respectively.

In order to enact this proposal, should the Investment Committee be supportive of it, no amendment is required to the Terms of Reference of either Investment Committee or Property Investment Board. However, an amendment would be required to the Standing Orders which govern the disposal of property assets (Standing Orders 56 and 57). That would be a matter to be considered by the Policy and Resources Committee. However, as the Grand Committee responsible for Investment property, the proposal is being brought to the Investment Committee for consideration prior to proposing the amendment of Standing Orders.

Recommendations

The Investment Committee is recommended to:

- a) consider the proposal from the Finance Committee to allow the Corporate Asset Sub (Finance) Committee to make disposals of properties which are not suitable as investment property assets;
- b) if supportive of the proposal from the Finance Committee, request that the Policy and Resources Committee and Court of Common Council amend Standing Orders 56 and 57 to enable this proposal to be enacted.

Main Report

Background

1. In July 2016, the Finance Committee considered proposals to review the operation of its Sub-Committees, one of which is the Corporate Asset Sub-Committee (CASC). The primary role of CASC is to ensure the effective and sustainable management of all operational property assets to help to deliver strategic priorities and service needs. This role includes ensuring that the City Corporation is making the most efficient use of its operational properties and, where properties are surplus to operational requirements, declaring these as surplus to the organisation's requirements.

Current Position

2. Currently, when a property is designated as surplus to operational requirements across the organisation, it is passed to the PIB for disposal. Typically, properties which are declared as surplus to operational requirements are located in areas which are not suitable for investment property (outside of the City, often in areas around the Corporation's open spaces) or are of a type of property which is not suitable as investment property (such as former staff dwellings).
3. In many cases these properties are ultimately not sold but are leased out to commercial or non-commercial tenants, which can mean that the City Surveyor has to manage the property and occupier.
4. Due to the location and type of tenants, ongoing management of such properties fits more appropriately within the remit of the Corporate Property Group (which reports to CASC) than within the Investment Property Group (which reports to the PIB). Therefore, it would be appropriate for decisions regarding the disposal of the properties to be the responsibility of the Committee which will also be responsible for decisions which may arise regarding ongoing management considerations.
5. Recent examples of operational properties which were declared as surplus to requirements, for which it would be more appropriate for CASC to be responsible for decisions regarding disposal, are the Rabbits Road Bridge plot at the City of London Cemetery, and the Sylvacote cottage and Avenue cottage at the City of London Freeman's School.
6. Therefore, the Finance Committee agreed to propose to the Property Investment Board and the Investment Committee that it would be more appropriate for CASC

to be the Committee responsible for disposing of properties determined to be surplus to operational requirements, where those properties are not suitable as investment property assets.

7. When properties are declared as surplus to operational requirements, the Investment Property Group will be given the opportunity to determine whether it would consider the properties in question to be appropriate as investment property assets. In the event that any properties are suitable as investment property assets, these properties would continue to be the responsibility of PIB.
8. The resolution from Finance Committee, along with the relevant extract from the report considered by the Finance Committee, is attached at Appendix 1.
9. That resolution was considered by PIB at its meeting on 16 November 2016, and PIB was supportive of the proposals. PIB requested and received assurance that CASC would receive appropriate advice to consider these matters. The resolution from PIB is attached at Appendix 2.

Proposals

10. This resolution states that the Finance Committee requests that Investment Committee “considers an amendment to its Terms of Reference”. However, following review of the Investment Committee’s Terms of Reference, the changes proposed would not actually require any change to the Terms of Reference, either of Investment Committee or PIB.
11. However, amendments would need to be made to the Standing Orders which govern disposals of properties (Standing Orders 56 and 57) to authorise the Finance Committee (through the Corporate Asset Sub-Committee) to be responsible to dispose of assets which are not suitable as investment property assets.
12. Therefore, the Investment Committee is requested to consider the proposal made by the Finance Committee and, if supportive of this proposal, recommend to the Policy and Resources Committee and Court of Common Council the amendment of Standing Orders to enable this proposal to be enacted.

Conclusion

13. As set out within the report, due to the nature of the properties in question, it would be appropriate for CASC to take responsibility for the disposal of surplus properties which are not suitable as investment property assets. The Investment Committee is, therefore, requested to consider the proposal by the Finance Committee and, if supportive, recommend to the Policy and Resources Committee the amendment of Standing Orders 56 and 57 to enable CASC to dispose of such properties.

Appendices

- Appendix 1 – Resolution from the Finance Committee on 17 July 2016 to Property Investment Board and Investment Committee

- Appendix 2 – Resolution from the Property Investment Board on 16 November 2016 to the Investment Committee

Chris Braithwaite

Senior Committee and Member Services Officer

T: 020 7332 1427

E: christopher.braithwaite@cityoflondon.gov.uk