

Committee:	Date:
Corporate Asset Sub (Finance) Committee (CASC)	10 February 2017
Subject: Standing Order 55 (Efficient and effective use of operational property assets)	Public
Report of: Town Clerk	For information
Report author: John Galvin, Town Clerk's Department	

Summary

This report investigates Standing Order 55, and how effective the integration of a mandatory element within business plans was in identifying assets that were surplus to requirements.

The Standing Order requires Committees to consider the efficient and effective use of operational property assets and, where these assets are no longer required, a report on the circumstances must be made to Corporate Asset Sub Committee (CASC). Last year this process was undertaken through the business planning process, with mixed results. Although there were a number of positive conversations, there were no additional surplus assets identified in the business plans in 2016.

Feedback has been received from both the Corporate Property Group (CPG) within City Surveyor's Department (CSD) and from departments across the organisation. These comments have been summarised in paragraph six below.

This feedback has been integrated into the current review of business planning and performance management. This will promote the development of organisational and departmental aims fully aligned with a consideration of the resources, including assets, required to deliver these aspirations. These goals have a much longer time horizons than current departmental business plans. This should create the right environment for more productive interaction between departments and CSD and a more strategic consideration of property assets.

It should be noted that Standing Order 55 will remain a requirement for Committees and their departments, and they will continue to report through to CASC when they identify property assets that are surplus to requirements.

Recommendation

Members are asked to note the report and the improvement of departmental interaction through a revised business planning process

Main Report

Background

1. Departments should undertake a regular review of their operational property requirements, working with City Surveyor's Department to identify assets no longer necessary for the efficient delivery of services, and flagging potential future needs.
2. In May 2014 this interaction was formalised through a new provision included in Standing Orders.

55. Identification of Property Assets Surplus to Departmental Requirements

- *Committees are required to consider the effective and efficient use of all operational property assets. This will be monitored by the Corporate Asset Sub Committee.*
 - *Where assets are no longer required, in whole or in part, for the provision of operational services for which they are currently held, a report on the circumstances must be made to the Corporate Asset Sub-Committee. This does not apply where lettings are an integral part of the service e.g. market or housing tenancies.*
3. It was subsequently decided that this process would be monitored through departmental business plans. A mandatory statement was produced by Corporate Property Group (CPG) within the City Surveyor's Department (CSD) for inclusion in business plans for 2016/17.

I confirm, as Director of [Department Name] that the [Department Name] is utilising its assets efficiently and effectively and that I have considered current and future requirements for service provision. Any assets that have been identified as surplus to the department's requirements have been or will be reported as required to the Corporate Asset Sub-Committee and the schedule will be annually reviewed to ensure that the use of assets by [Department Name] continues to be challenged appropriately.

Signed [CHIEF OFFICER of DEPARTMENT]

Dated

4. This report explores the current effectiveness of this process, both by investigating the completed business plans, and through feedback supplied in subsequent months. It also identifies on-going activity which will impact the delivery of the process in future years.

Current Position

5. Between February and May 2016, fourteen departments submitted business plans to their respective service committees. Of these, six included the full statement as noted in paragraph three above. A further five departments made

reference to the statement within their plans (such as “in line with standing order 55, we are”). Three departments did not make a reference to standing order – two of which omitted any property references and one which stated that “we do not manage property assets”.

6. However, inclusion of the statement is, in itself, insufficient. The real test of effectiveness is whether there was a proper, considered, and productive interaction between departments and CSD. To understand this point, we contacted both CPG within CSD and also sought feedback from departments across the organisation.
 - a. CPG reported that only seven departments contacted them seeking property information. However, those interactions were positive and a constructive conversation resulted.
 - b. Departments reported that they often did not have the expertise to critically assess property information, and it would be difficult for them to provide assurance themselves (essentially some saw this as a responsibility of CSD). Departments also expressed that they felt they did not fully understand the cost implications of their space occupation and this could be an area of development.
 - c. Some departments were committed to property being considered a ‘corporate asset’, yet felt the thrust of the assessments perpetuated a ‘departmental ownership’ concept.
 - d. The departments which were most engaged in the review process were also those which had undertaken such assessments through Service Based Reviews. These departments, typified by being larger property operating departments, also reflected that the complexity of a comprehensive review would make a critical assessment difficult to undertake on an annual basis.
 - e. There were no assets identified within the business plans which were ‘surplus to requirements’.
7. The corporate business planning and performance management framework is currently being reviewed. This project will impact on the property review process in future years. One of the priorities for this project is to improve the relationship between service delivery and service support departments (including asset management). One key change will be to bring the start of the business planning process earlier in the year – this will result in strategic priorities being agreed prior to the allocation of resources. This will mean that the organisation sets out its aspirations and subsequently plans and allocates resources (including assets) around delivering these objectives. Consideration is currently being given to how best officers can use this opportunity to get service delivery and support service departments (including CSD) planning and working more effectively together. There will also be a greater focus on long term planning, which should create a positive environment for the strategic consideration of property assets. It will also mean that the inclusion of a standard statement will no longer be necessary.

Corporate & Strategic Implications

8. The City of London's Efficiency Plan requires that the organisation demonstrate value for money in the delivery of its services. The consideration and assessment of property utilisation will be able to support the delivery of this Plan.
9. It is important to note that Standing Order 55 remains in place for the organisation. The proposals contained in this report relate to how the organisation more effectively delivers against the requirements of the Standing Order.

Conclusion

10. The consideration of property assets through the existing business planning process has not delivered the critical assessment of property utilisation that is required either by the organisation or by Standing Order 55. However, the new framework for corporate and business planning will enable a more critical assessment of our property use and greater collaboration between colleagues across the organisation (facilitated through the revised business planning process).

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