



## **Our vision**

'The City of London Corporation will support and promote the City of London as the world leader in international finance and business services, and will maintain high quality, accessible and responsive services benefiting its communities, neighbours, London and the nation'.

# **CORPORATE ASSET MANAGEMENT PLAN 2010**

## CONTENTS

	<b>Page No.</b>
<b>FOREWORD</b>	3
<b>1. THE CITY IN CONTEXT</b>	
▪ Our Services	4
▪ Our Stakeholders	5
▪ Statement of current property portfolio	Appendix 1
<b>2. OVERVIEW OF KEY CITY STRATEGIES</b>	
▪ Strategic planning cycle – “The Golden Thread”	7
▪ City Together Strategy	8
▪ Local Area Agreement	8
▪ Corporate Plan	10
▪ Procurement Strategy	Appendix 2
▪ Risk Management Strategy	Appendix 3
<b>3. CORPORATE ASSET MANAGEMENT PLAN</b>	
<b>Processes</b>	
▪ Introduction	11
▪ An Overview of the Property Assets Covered by this CAMP	12
▪ Organisational Arrangements for Corporate Asset Management	13
▪ Consultation	15
▪ Data Management	16
▪ Control of Capital and Major Revenue Projects	19
▪ Performance Management and Monitoring	21
▪ Heritage At Risk Register 2009 (shortly to be updated by City Surveyor)	Appendix 6
<b>Progress</b>	
▪ Programme, Plan Development and Implementation	26

### Notes

This document sets out policies and principles applying across the entire City of London Corporation but, where appropriate, focuses on the City Fund (which covers the City’s statutory local authority functions).

When available hyperlinks to the full versions of the various strategies and business plans located on the City’s internet site have been inserted.

## **FOREWORD**

1. Welcome to the City of London's 2010 Corporate Asset Management Plan.
2. The Plan gives an integrated overview of the City of London's use of resources, particularly property assets, primarily in respect of the City Fund (i.e. assets held under the local authority powers exercised by the City).
3. Police, Education and Community and Children's Services have their own separate business/asset plans. However key initiatives being implemented by them are reflected in this document to ensure it gives an "overarching" view.
4. The City also owns and manages two separate funds, Bridge House Estates, which maintains five Thames bridges and is London's largest charitable giving organisation, and City's Cash which provides additional services locally and nationally and holds property assets such as Mansion House. They each have as appropriate their own asset/business plans but any cross cutting initiatives or partnerships are also reflected in this document to ensure it is, as far as possible, all encompassing.
5. The City has:
  - gained Beacon status for its work on climate change;
  - replaced the Corporate Asset Management Working Party (CAWMP) with a more high powered decision making Corporate Asset Sub Committee; and
  - continued to allocate significant resources to the cyclical repair and maintenance of its operational property portfolios based on a rolling 20 year programme of works.

*Peter Bennett*

City Surveyor

July 2010

# **1. THE CITY IN CONTEXT**

## **OUR SERVICES**

6. The City of London is the world's leading international financial and related business services centre – a global powerhouse at the heart of the UK's financial services. The City of London Corporation provides a dedicated service to the City, from essential infrastructure maintenance to strategic economic development as well as carrying out the normal functions of a local authority. We also provide a range of services that make a wider contribution to economic, social and environmental wellbeing. Many of these have a direct effect on people outside of the City's geographical boundaries and contribute to a wider regional and national prosperity. Full details of all of our services are available on the City of London Corporation website [www.cityoflondon.gov.uk](http://www.cityoflondon.gov.uk). The following gives an indication of our diversity.

7. **We support and promote the business City by:**

- Playing a leading role in promoting the City of London as the world's leading international financial and related business services centre, representing the interests of the financial services industry in the City of London and the UK as a whole.
- Working with partners to promote and advocate improvements to London's transport infrastructure.
- Engaging with government and businesses in order to boost the competitiveness of the City as a British, European and global financial centre.
- Protecting the City's interests in Westminster, Whitehall, Brussels, China and India.
- Operating as the City of London Police Authority.
- Delivering real estate and infrastructure solutions to businesses and the property industry through the work of our City Property Advisory Team.
- Maintaining the City of London's public and non-commercial buildings, including the Mansion House and the Guildhall, ensuring that these buildings fulfil their function as both historic buildings and places of business for the City of London.
- Receiving visiting Heads of State, World Leaders and business delegations on behalf of the Government, the City and the UK.

8. **We provide excellent local authority services by:**

- Providing residential housing within the City (and in six other London Boroughs).
- Providing five libraries (including the Guildhall and City Business Libraries used by people from all over the world) and one of the world's most comprehensive metropolitan archives.
- Providing Planning and Building Control for the City, seeking to foster the continued development of the City, whilst at the same time improving living, working and travelling conditions, enhancing the City's environment and protecting its historic properties and spaces.
- Providing a range of services designed to promote the welfare of the City's residents, workers and visitors.
- Providing an education service to promote learning, skills, development and employability.

- Working to ensure that City residents and businesses enjoy an environment which is safe and, as far as possible, free from risks to health and welfare.
- Managing over 150 gardens, churchyards, parks and plazas.
- Offering a comprehensive street sweeping, waste collection and disposal service.

9. **We provide valued services for London and the nation by:**

- Supporting and funding flagship organisations including the Barbican Centre, the Guildhall School of Music & Drama, Guildhall Art Gallery, Museum of London, the London Symphony Orchestra and the City of London Festival. The City of London Corporation is one of the largest funders of the Arts in the United Kingdom.
- Being the Port Health authority for the River Thames.
- Managing and protecting around 10,500 acres (4,250 hectares) of open spaces, in accordance with nationally recognised standards including Hampstead Heath, Epping Forest, West Ham Park, the City Gardens, Burnham Beeches, Ashstead Common and West Wickham and Coulsdon Commons.
- Owning and operating the largest cemetery and crematorium in Europe at Manor Park.
- Owning and managing three of London's leading wholesale food markets (Billingsgate, Smithfield and Spitalfields).
- Supporting the Sir John Cass's Foundation Primary School in the City, three independent schools (the City of London School, the City of London School for Girls and the City of London Freemen's School) and co-sponsoring three City Academies
- Running London's largest grant-giving charity, the City Bridge Trust.
- Providing facilities for the Central Criminal Court at the Old Bailey.
- Maintaining five bridges across the Thames and running Tower Bridge as one of London's top tourist attractions.
- Engaging in a series of extensive regeneration programmes in conjunction with neighbouring boroughs and other partners.

## **OUR STAKEHOLDERS**

### **The City**

10. The City of London is unique amongst UK cities in that its daytime population so significantly outweighs its residential population. The City is predominately a thriving business centre; however, it is also a residential community, and increasingly a visitor destination. These unique demographics represent a challenge to us as a provider of dedicated services to the City.
11. The City's total daytime population is in excess of 350,000 comprising approximately 9,200 residents, 312,000 workers, 29,000 students and over 8,000 visitors. According to ONS 2005 mid-year estimates the City is home to fewer children and young people, and more people of working age, than London or national averages. According to the 2001 Census of Population, 69% of the City's residential population class themselves as white British. The rest of the City's residential populations are from a wide range of ethnic origins, most notably 'other white', Bangladeshi and Irish.

## **London and the wider Nation**

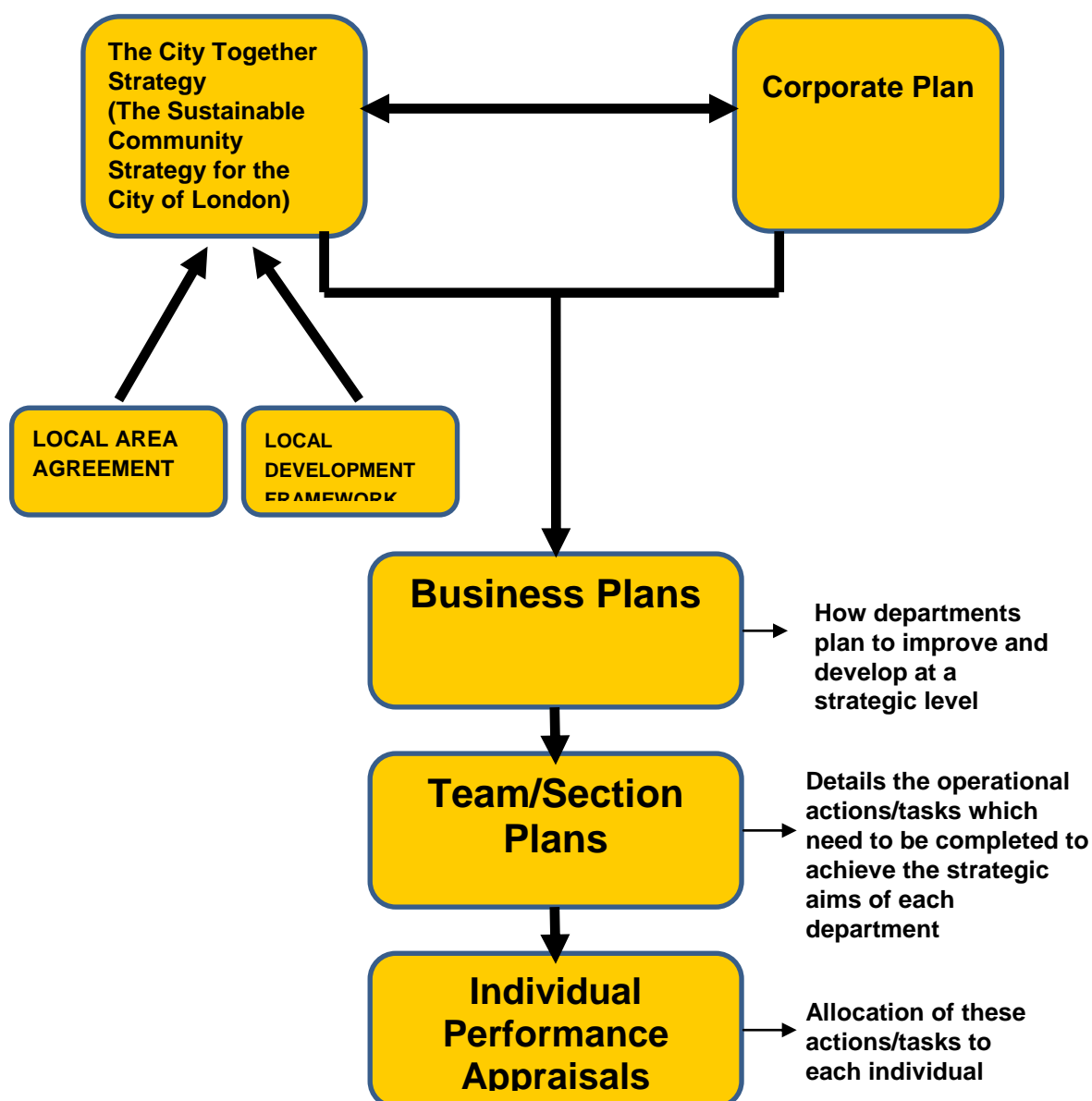
12. The significance of the City Corporation's asset base enables us to support work which reaches beyond the geographical boundary of the City and our stakeholder base extends far beyond the City's businesses, workers, residents and visitors. We recognise that the City will not prosper in isolation and are acutely aware that although the City houses some of the richest concentrations of economic activity in the world, our neighbours include some of the UK's most deprived communities. For this reason we are involved in partnerships and various other alliances across seventeen of London's boroughs working to bring lasting social, economic and physical regeneration for mutual benefit.
13. As well as our regeneration partnerships, some of our statutory functions also extend far beyond the City boundary. These include ensuring the health and safety of large numbers of people through our role as the Port Health authority for the River Thames, operating the Animal Quarantine Centre at Heathrow and providing recreation and enjoyment for many Londoners through our Open Spaces in and around London.
14. The City Bridge Trust, London's largest charitable grant giving organisation, of which we are the sole trustee, makes grants of £15m a year to charitable projects benefiting the inhabitants of Greater London.
15. The Barbican Centre has a reputation as one of the foremost arts centres in the world, producing and presenting world class programmes of international performing and visual arts of unparalleled quality and diversity in the UK. A strong commitment to excellence and diversity is evident in both the programming and the audiences at the Barbican Centre attracting audiences, clients and visitors from London, the UK and overseas.
16. A further contribution to culture and the arts are the collections, including the records of the City Corporation, held by the London Metropolitan Archives (LMA) and the Guildhall Library covering almost a thousand years of history, relating to all aspects of London life, and which are essential for anyone interested in the history of London and Londoners. We also own, manage and maintain Keats House in Hampstead which is visited annually by people from across the world.

## 2. OVERVIEW OF KEY STRATEGIES

### STRATEGIC PLANNING CYCLE

17. Our annual planning cycle establishes clear linkages between the City Together Strategy and the Local Area Agreement, our own Corporate Plan and departmental business plans. The chain of processes, from the City Together Strategy and LAA, through the Corporate Plan, other statutory plans and partnership plans, to local departmental business plans and individual performance appraisals, establishes a clear link between all the different levels of strategy, policy, target setting, planning and action and is known as the 'golden thread'.

# The Golden Thread



## THE CITY OF LONDON CITY TOGETHER STRATEGY

18. The City Together Strategy sets out the vision for the City of London for the next 10 years. Its purpose is to facilitate greater co-ordination of public service delivery and to ensure that these services reflect the needs and aspirations of the City's communities – namely businesses, residents, workers and visitors.

### VISION

**‘The City of London Corporation will support and promote the City of London as the world leader in international finance and business services, and will maintain high quality, accessible and responsive services benefiting its communities, neighbours, London and the nation’.**

19. The Strategy comprises five themes and considers how each of these themes contributes to the City's economic, social and environmental sustainability. It looks to address three cross-cutting issues (equal opportunities and accessibility, sustainable development and climate change) across all themes, and encompasses the views and needs of the City's diverse communities, including children and young people, older residents, disabled people and our ethnic minority populations.

### THEMES

- ... is competitive and promotes opportunity
  - ... supports our communities
- ... protects, promotes and enhances our environment
  - ... is vibrant and culturally rich
  - ... is safer and stronger

20. Each theme identifies its vision, its key objectives and its actions. An overview of each theme is available on the City's website, [City Together Strategy](#), starting on page 7.
21. Coupled to the City Together Strategy is an annually updated Action Plan which is devised by The City Together and its individual partner members. This shows the objectives set for each theme as well as related actions for which the lead partner is identified, appropriate measures, a baseline and target. Full details are available on the City of London Corporation website with direct access via the following hyperlink [Action Plan](#)

### LOCAL AREA AGREEMENT

22. The City of London Local Area Agreement (LAA) was introduced in June 2007 and it reflects and responds to the needs of the varied communities with which, and for whom, the partners to the agreement work: the business community, our residential community, the communities in our neighbouring boroughs, the people of London and the nation as a whole.

23. The City Together (TCT), the City of London's local strategic partnership, proposes through the LAA, the priority outcomes to be focussed on over the next three years. The agreement brings together the key partners within the City and encourages them to work together to engage in its delivery for the benefit of our varied communities of interest within the Square Mile, London and the nation.
24. The intention of the LAA is to:
- improve public service delivery to our communities;
  - focus on delivering key outcomes centred on areas of need in our communities;
  - build on partnership working;
  - allow partners to deliver services more flexibly within simplified partnership arrangements;
  - establish efficiency and effectiveness improvements both in terms of quantity and quality;
  - reduce reporting requirements to central Government; and
  - articulate the City of London's wider influence in London and the UK.
25. The scope of the LAA includes:
- clear local commitment to delivering some of the key headline national priorities;
  - clear local commitment for dealing with the priority issues that matter locally, and where appropriate beyond the City boundary; and
  - identification of indicators and targets which have been selected as suitable to be stretched over the coming three years in return for the payment of a performance reward grant from central Government on the successful achievement of these reward targets.
26. The City's 2008 LAA contains 6 indicators which are:
- NI 7 Environment for a thriving Third Sector
  - NI 36 Protection against terrorist attack
  - NI 41 Perceptions of drunk or rowdy behaviour as a problem
  - NI 188 Adapting to climate change
  - NI 191 Residual household waste per household
  - NI 194 Level of air quality – reduction in NOx and primary PM10 emissions through local authority's estate and operations
27. Emerging priorities identified in the LAA are reflected in the Corporate Plan.

## CORPORATE PLAN 2010

28. The Corporate Plan is the City of London's main strategic document and was adopted by the Court of Common Council in July 2010.
29. It provides a framework for the delivery of our services and sets out a clear statement of the City of London's vision, strategic aims and policy and organisational development priorities for the next four years. The Plan also outlines the key actions which will support the delivery of these priorities during 2010/11 and beyond and the performance measures which will demonstrate success.
30. The full version of the latest Corporate Plan can be found at the following hyperlink [Corporate Plan 2010 - 2014](#)

### Shaping the future of services

31. The aim of the Corporate Plan is to prioritise those areas of activity on which the organisation will focus its attentions over the medium term and it covers in detail all of the wide ranging areas of work in which the organisation is involved. The supporting departmental business plans provide the detail on the improvement plans of individual service areas.

### Our strategic aims and policy priorities

32. From the overall vision three **strategic aims** have been identified:
  - SA1** To support and promote 'The City' as the world leader in international finance and business services
  - SA2** To provide modern, efficient and high quality local services and policing within the Square Mile for workers, residents and visitors whilst delivering sustainable outcomes
  - SA3** To provide valued services to London and the nation
33. Supporting the achievement of these strategic aims are **five key medium term policy priorities**:
  - KPP1** Improving our efficiency whilst maintaining the quality of our services
  - KPP2** Being a good neighbour
  - KPP3** Supporting people and business in recovering from the economic downturn
  - KPP4** Acting as a voice for the City and all its communities
  - KPP5** Providing cultural opportunities for all

### **3. CORPORATE ASSET MANAGEMENT PLAN 2010**

#### **PROCESSES**

##### **INTRODUCTION**

###### **Primary Aim**

34. The primary aim of this Corporate Asset Management Plan (CAMP) is to ensure that the opportunity cost of the City's financial resources tied up in land and buildings is recognised, and that capital and revenue expenditure on the portfolio is directed efficiently and effectively to provide value for money. This aim is set within the general context that asset management is “optimising the utilisation of assets in terms of service benefits and financial return”.

35. The RICS in January 2008 published their “RICS Public Sector Asset Management Guidelines” which defines asset management as:

*“This is the activity that ensures that the land and buildings asset base of an organisation is optimally structured in the best corporate interest of the organisation concerned. It seeks to align the asset base with the organisation’s corporate goals and objectives. It requires business skills as well as property skills although only an overall knowledge of property matters is required. However, property input within the overall process is imperative. It does not seek to respond solely to the requirements of any particular operating part of the organisation, but rather, it seeks to take all requirements into account and to deliver the optimal solution in terms of the organisation’s overall operational and financial goals and objectives. It has a consultancy and executive orientation. It is a corporate, that is whole organisation, activity and may be led and/or coordinated by a property, construction or facilities professional, although this is not always the case.”*

36. This CAMP demonstrates that there is an authority wide co-ordinated approach to asset management planning within the City of London Corporation together with ongoing regular reviews of its property holdings. Partnership is one of the key concepts underlying the overriding City Together Strategy which has been developed by “The City Together”, a partnership, which brings together key public, voluntary and private sector providers alongside representatives of our business and residential communities. Wherever appropriate, this CAMP seeks to identify possibilities where property can play a role in the development of partnerships.

###### **Scope of the CAMP**

37. The City of London Corporation is a diverse body with wide ranging roles and responsibilities. However it differs from the normal concept of a local authority in that it only has one school and limited social housing. Appendix 1 gives an overview of the property assets held and this helps illustrate the wide range of services it provides.

38. This CAMP has been written to assist with the realisation of the City Together vision.

39. Housing, education and police assets are dealt within the Community and Children's Services Housing Business Plan and the City of London Police Business Plan. The Corporate Property Officer is in regular contact with the Director of Community and Children's Services (housing, social services and education) and the City of London Police to ensure that no partnership or cross cutting opportunities are missed. Any significant matters arising from this consultation process and the business plans are reflected in this document. As regards the City's infrastructure, such as highways, bridges etc., the City is developing its approach to their better management.
40. The scope of the CAMP is, thus, all of the City Fund property assets (i.e. property held under the local authority powers exercised by the City of London) together with the Guildhall office complex. In this way all property assets either owned or occupied (in whole or in part) by City Fund services are covered.

## **AN OVERVIEW OF THE PROPERTY ASSETS COVERED BY THIS CAMP**

### **Operational Assets**

41. The authority's City Fund operational assets range from the usual local authority properties (such as lending libraries, car parks and public conveniences) to individualistic buildings of regional/national importance. Examples of the latter include the Barbican Centre, the Central Criminal Court (the "Old Bailey") and the New Spitalfields Market.
42. The principles of good asset management are applicable to each operational property although clearly the City has also to allow for potentially wider issues (e.g. operational constraints) pertaining to certain of its unique buildings.

### **The Guildhall Complex**

43. The main administrative base of City Fund services is the Guildhall office complex. Whilst this accommodation is predominantly vested in City's Cash it is being covered by this CAMP as explained above. The complex comprises three main office blocks, constructed in the 1950s (North Wing), 1970s (West Wing) and 1990s (East Wing), around the mediaeval Guildhall, a Grade I listed building. A major refurbishment has recently been completed of the North Wing and the West Wing, along with the Old Library and the restoration of the Livery Hall (formerly the Old Museum) to new function space. This, in conjunction with Walbrook Wharf, constitutes the two core locations within which the City's main administrative offices are contained.

### **Non-Operational Assets**

44. With some 270 acres of the City devastated by bombing in the Second World War, the City of London Corporation, in pursuance of its statutory obligations, proceeded to facilitate the rebuilding of the City. The City Fund Estate came into being by the purchase of land and buildings under the provisions of the Town and Country Planning Acts and, to a lesser extent, the Highways Acts. The Estate now comprises 90 commercial properties, predominately offices and, in the main, located within the "Square Mile". Many are let on long ground leases although a limited number are directly managed.
45. The City Fund investment properties actively contribute towards the City's policies for the continued redevelopment and enhancement of the City and its immediate environs. The City's ongoing objectives for these properties are not only to manage the portfolio efficiently and to maximise its economic potential, both for the benefit of the City of London Corporation and the City but, more importantly, to use its position as landowner

to ensure the availability of land and buildings in the City and its immediate environs for institutions and businesses. This is the overriding theme of the 10 year strategy for the City Fund Investment Properties which was adopted in 2003 and was reviewed in early 2008.

## **ORGANISATIONAL ARRANGEMENTS FOR CORPORATE ASSET MANAGEMENT**

### **Operational Properties**

46. The management of operational properties “in use” is generally the responsibility of the relevant Service Committee, although the approval of either the Policy & Resources or Finance Committee (and, in some instances the Court of Common Council) is needed for expenditure on major projects.
47. However, the City has introduced a “landlord” and “tenant” arrangement where the departments in occupation become the “tenants” and the “landlord” provides and maintains the accommodation for them. This is gradually being rolled out during 2010/2011 and will be reviewed next year.
48. Operational property can cease to be used for operational purposes or it can be declared surplus to requirements by a Service Committee. In the former case the Corporate Property Officer in conjunction with the Service Department considers the property’s potential and in the latter case the property is transferred to the Property Sub-Committee which has regard to any other potential uses for that property including transfer to one of the investment portfolios before deciding on the most appropriate method of disposal.

### **Non-Operational Properties**

49. A dedicated property committee of senior Members was created some 12 years ago, the Property Sub-Committee of the City Lands and Bridge House Estates Committee, primarily to manage the City's non-operational property. Its terms of reference include responsibility for determining and approving property investments and property management matters relating to the City's non-operational properties.
50. The Sub-Committee usually meets on a monthly basis to consider reports submitted, in the main, by the City Surveyor. Each year the Investment Property Databank (IPD), an external benchmarking service to which the City of London subscribes, makes a presentation to the Sub-Committee on the performances over the previous calendar year of the City's commercial investment properties, including those owned by the City Fund. A similar exercise is undertaken internally for the Strategic Property Estate.

### **Officer Arrangements for Asset Management**

51. The City has appointed a Corporate Property Officer (CPO) who is the Director of Corporate Property within the City Surveyor’s department. Committee reports, where there are property implications, are seen and commented upon by the CPO and this requirement is included in the Town Clerk’s report consultation check list.
52. Responsibility for the day-to-day management of the City's non-operational properties rests with the City Surveyor. Advice is given on property issues across the City of London Corporation and maintenance of the operational properties managed, the main exceptions being the Barbican Centre and Housing.

53. The City Surveyor provides an overall property service to the City of London Corporation, supporting strategic aims by :-
- (i) producing updated property strategies for each of the City's investment property portfolios, having regard to their wider objectives;
  - (ii) achieving total property performance (i.e. rental and capital growth) for each investment portfolio in accordance with agreed targets;
  - (iii) maintaining an up-to-date terrier of all of the City's interests in land;
  - (iv) maintaining and enhancing in cost effective terms the physical condition of the City's investment properties;
  - (v) undertaking asset valuations for capital accounting and other purposes;
  - (vi) providing a cost effective property review and advisory service in respect of the City's operational properties and all City and City fringe properties through the departmental City Property Advisory Team;
  - (vii) providing a comprehensive property database; and
  - (viii) developing and maintaining an effective internal and external communication strategy and improving the management systems of the department.

### **Corporate Asset Management Team**

54. The CPO acts as Chairman of the Corporate Asset Management Team (CAMT) whose members include senior representatives of the Town Clerk's and Chamberlain's Departments. Other senior officers are co-opted on an ad hoc basis when their particular knowledge or skills are sought. Much of the role of the CAMT is to draw together work and initiatives already undertaken across the City of London, and to identify property implications.
55. Its detailed terms of reference are:-
- (i) to see whether the City Together Strategy, other strategies/business plans and recent internal or external audits have any implications for asset management and to identify appropriate overall objectives and detailed targets;
  - (ii) to consult all relevant stakeholders on future asset requirements;
  - (iii) to identify and clearly define the extent of the City's property portfolio to be covered by the CAMP;
  - (iv) to assemble the necessary property data, identify any deficiencies and arrange for required data to be collected;
  - (v) to prepare, monitor and review Property Performance Indicators (PPIs) that are relevant and meaningful for effective asset management;
  - (vi) to ensure that condition surveys of all properties covered by the CAMP are undertaken and updated regularly;
  - (vii) to promote the application, where appropriate, of Whole Life Costing techniques in option appraisals and evaluations;
  - (viii) to ensure, where appropriate, that on completion of schemes outcome/outturn reports are produced following consultation with the relevant stakeholders;

- (ix) to review the suitability and sufficiency of the existing portfolio in the light of all of the above – in particular, to identify inefficient, uneconomic, ineffective or surplus assets and determine the available options so as to recommend the action that should be taken; and
- (x) to prepare the annual Capital Strategy and CAMP for examination and comment by the Corporate Asset Sub-Committee whose role is described below.

### **Member Arrangements for Asset Management**

- 56. At Member level, a Corporate Asset Sub-Committee (CASC) has been established by the Policy and Resources Committee comprising the Chairmen and Deputy Chairmen of the Policy and Resources Committee, Finance Committee and the Property Sub-Committee. Thus the CASC includes the key Members of the two central Committees which oversee each year's budget round and are responsible for the policy and financial management of the City of London, as well as senior representatives of the dedicated Property Sub-Committee.
- 57. When considering property as an investment medium the Resource Allocation Sub-(Policy and Resources) Committee (which is chaired by the Chairman of the Policy and Resources Committee and includes the Finance Committee Chairman and a representative of the Property Sub-Committee) looks at the weighting of property vis-à-vis other forms of investment to ensure an appropriate spread of risk.
- 58. The overall role of the CASC is to oversee the preparation and annual updating of the Corporation's Capital Strategy and CAMP and to monitor its implementation. The strategy and CAMP is presented to the CASC for final approval before it is formally adopted.
- 59. The Chairman of the Policy and Resources Committee has been formally designated to act as the lead Member having special responsibility and oversight for the City's property holdings.

### **CONSULTATION**

- 60. To provide appropriate Member involvement with the collection and use of PPIs as well as the preparation of the CAMP, the CPO ensures that Members are fully consulted on these matters.
- 61. One of the key objectives of the City Surveyor's department is to provide a cost effective property review and advisory service to all departments within the City of London Corporation. To promote best practice and good communication with client departments, a yearly programme of visits to all major client departments was introduced over five years ago with priority being given to those where the Chief Officer has recently changed. It is intended to carry out twice yearly visits in the future to enhance the management of the City's assets. The purpose of these visits is essentially twofold; firstly, to agree and implement clear Service Level Agreements with each department, and secondly, to obtain feedback on property use and requirements including property asset implications arising from CPA action points, efficiency reviews and Business Plans. As part of this process, the CPO may challenge the way properties are being used and look at alternative options to improve service delivery. Appendix 5 sets out in broad terms the property audit process that is considered with Chief Officers.

62. The City Surveyor also employs staff with a client liaison remit who consult and obtain feedback from client departments and other stakeholders such as contractors and consultants. Stakeholders are consulted on whether their expectations with regard to service delivery are being met and how and what service improvements can be carried out.
63. The expectations and requirements of users are reflected in the CAMP through the mechanisms of consultation with client departments described above but also through monitoring the City Together Strategy, Local Area Agreement, CAA, and the Corporate Plan along with efficiency reviews and Business Plans plus any other service plans.
64. In the case of non-operational commercial properties in multiple occupation which are in direct management and where the City of London, as landlord, provides certain services, the costs of which are recoverable from the tenants via a service charge, there are regular "Tenant Liaison Meetings" to air topical issues concerning the way the properties are managed. Surveys of the stakeholders involved in the facilities management service provided to such properties are carried out on a regular basis to monitor performance trends and to see what action needs to be taken.
65. The City Property Advisory Team (CPAT) concentrates a large proportion of its time speaking to, and consulting with occupiers (movers, potential movers, general after-care contact), developers, property investors and agents (discussing existing, proposed and future schemes as well as frequent general contact). CPAT project manages various matters on behalf of occupiers and property industry clients, liaising with other City of London departments and external bodies. In addition, CPAT promotes its services to SMEs, encouraging them to use CPAT services for advice on available premises in the City and City fringes, and in providing general help via the City Relocator web tool (forming part of the [New London Quarterly](#) website).

## **DATA MANAGEMENT**

### **All Properties**

66. Core and intermediate data on all properties in which the City of London has an interest (other than certain peripheral highway lands which are being researched and added on a rolling basis) is held on the corporate Manhattan database, which acts as the City's Property Asset Register.
67. Manhattan is supplemented by a plan based system on GIS (geographical information system) which shows the extent of the City's property holdings graphically on Ordnance Survey maps. Information between these two systems are to be linked by means of Unique Property Reference Numbers (UPRNs) which comply fully with BS7666, and have been introduced in conjunction with the Planning & Transportation Department which took the lead on this. The City's Implementing Electronic Government (IEG) statement contains a commitment to establish and maintain the local land and property gazetteer which will conform with the national land and property gazetteer, and provide UPRNs for land and property in the City that comply with BS7666.

68. There are procedures in place to ensure that any property information changes are properly recorded. When any land transaction is completed, the Comptroller & City Solicitor's Deeds Registry will not accept the legal document unless it has been endorsed to the effect that Manhattan has been updated accordingly. A copy of the document is also sent to the IT Services Officer in the City Surveyor's Department to input supplementary information and to amend the GIS database. The IT Services Officer routinely checks the integrity of the information by running reports to identify omissions/changes or inconsistencies.
69. Following an Internal Audit review, Service Departments have to verify on a regular basis that all the properties they either use or control are included on Manhattan and to clarify which department will be responsible for monitoring events such as lease expiries and rent reviews.

## **Operational Properties**

### **Space Utilisation**

70. The relevant floor plans for the City's central office accommodation and other City Fund operational properties are held on a CAFM (Computer Aided Facilities Management) software package called Archibus and over the coming years this will be extended to cover all other properties occupied by the City of London (excluding housing).
71. CAFM, within the Guildhall complex, allows the City to track all aspects of its building space. Additionally the system can incorporate many other asset management activities such as furniture and equipment inventories or cable routing details, if so desired.
72. Apart from being invaluable in holding and analysing information, CAFM assists with attribution of premises costs, capital accounting valuations and accommodation moves/space planning. It was and is a powerful tool when looking at decanting arrangements for the refurbishment of North Wing and West Wing of the Guildhall complex and, for example, allowed the efficiency of space usage to be easily measured, including determining typical densities and costs, so that comparisons could be made with industry standards.
73. Coupled with this is a dedicated technical officer who is responsible for collecting, analysing, and manipulating etc. the data within CAFM, using skills based in property or architectural drawings. This allows for:
  - the rigorous and efficient assembly of the various data required for asset management planning including, where appropriate, PPIs;
  - the detailed appraisal of staff accommodation and updating as churn occurs;
  - the efficient and timely preparation of accounting matters;
  - the extension of internal asset management planning as appropriate to all City's Cash and Bridge House Estates properties; and
  - the particular term of reference set for the Property Sub-Committee "to undertake a regular review of all property held by the Corporation for operational purposes, to ensure that such property continues to be held effectively for its proper purposes" to be advanced.

## **Planned Maintenance**

74. The City Surveyor maintains a standalone database, the main purpose of which is the financial planning of property maintenance. It is used to produce a plan showing projected expenditure on maintenance over a 20 year period which has regard to the condition of the various building elements. Relevant details feed into the City's revenue and capital estimates and financial forecasts. Additional revenue resources have been allocated towards meeting the requirements within the plan.
75. The Corporate Asset Sub Committee now receives regular progress reports on the additional repairs and maintenance programmes and also approves each year a detailed bid for resources for the following year; there is a system of prioritisation and allocation of funds to aid them in this process.
76. In respect of the Barbican Centre there is a separate planned maintenance programme (the 'Capital Cap'). The Centre's planned maintenance programme of major works is based on condition surveys of the Centre's fabric, mechanical and electrical, and drainage systems carried out in 2001. A budget of £15m (the 'capital cap') was initially approved for the first five years of the programme, 2003/4 to 2007/8 and a five year extension to this, spanning the years 2008/9 to 2012/13, was approved at an additional budget of £10.6m.

## **Energy Consumption**

77. The City Surveyor monitors energy consumption and CO<sub>2</sub> emissions using a proprietary standalone software package System Link, which produces a variety of reports based on meter readings. Service departments are made aware on an ongoing regular basis of any major energy consumption fluctuations.

## **Project Management**

78. CBIS (the City's Business Information System) records details of expenditures of all the operational properties maintained by the City of London and is used to monitor all capital and revenue projects.

## **Asset Valuations**

79. The Chamberlain maintains a database CARACAS (Corporation's Asset Register & Capital Accounting System) which for the purposes of the capital accounting regulations contains valuations and other information on all of the Corporation's local authority assets including property assets. A replacement for CARACAS is currently being implemented.

## **Non-Operational Properties**

80. The capital valuations of all non-operational properties for IPD purposes are held on Circle Visual Investor, a proprietary valuation package in widespread use by the private property sector. This allows valuations to be easily updated annually or more frequently as required. Circle Visual Investor automatically calculates internal rates of return, equivalent yields and other performance indicators and the information held can be transmitted electronically to IPD for independent analysis and calculation of total returns. The City's non-operational investment properties are analysed by Investment Property Databank in this manner and a similar exercise is undertaken internally in respect of the Strategic Property Estate.

81. The City Surveyor monitors and controls the cyclical maintenance of the non-operational portfolio, using Manhattan to provide details of the required standard of maintenance (graded A to E) for the following 5 years and the budgets needed to maintain each building to the pre-determined standard. This data provides essential input to the City's estimates and financial forecasts.

## **Training**

82. The City Surveyor's department achieved its Investors in People (IIP) accreditation in 2002; the City of London as a whole was fully accredited in 2005 and this was recently reaffirmed.

## **CONTROL OF CAPITAL AND MAJOR REVENUE PROJECTS**

83. For many years, the City has operated a comprehensive system of controls covering the entire life cycle of capital and major revenue projects from inception to completion. Detailed procedures and advice are contained in the Control of Projects Manual which is available on the City's Intranet website. Property schemes are required to comply fully with these procedures. There is now a post implementation review procedure for completed capital projects to measure achievement against the objectives established when the evaluation report was initially approved.
84. Every year in accordance with Standing Orders, the City of London prepares and updates its five year capital budgets. These act as the strategic action plan for assets over the medium term. The budgets are primarily planning documents, to enable the City to:-
- (i) identify perceived needs;
  - (ii) allocate resources to needs;
  - (iii) exercise financial planning; and
  - (iv) monitor the implementation of its capital budgets.
85. The annual process for submitting bids for new capital projects is coordinated with the preparation of revenue estimates so that:
- (i) information on capital plans can be allowed for in the revenue estimates; and
  - (ii) both capital and revenue spending plans can be considered simultaneously within a coherent policy framework and against the same backdrop of financial information.
86. Prior to the submission of bids for new schemes, the Policy and Resources Committee may agree an overall policy in relation to new projects – for example, in regard to the likelihood of approval of new bids. The degree to which a new project may be self-financing or provide revenue benefits may also be an important criterion. Service Committees are then asked to prioritise any new bids within the parameters of this policy.
87. A short committee report is prepared for each bid for a new capital project. This sets out in summary form for each project the overall purpose and intentions together with the benefits (outcomes) expected, the outline evidence of need, the options to be evaluated, indicative financial implications and the categorisation. Service Committees submit these bid reports to a joint meeting of the Estimates Working Party and Resource Allocation Sub-Committee (which report to the Finance and Policy and Resources Committees respectively) for ultimate confirmation by the Policy and Resources Committee to obtain approval to proceed to evaluation stage, together with the associated resource

implications. During this process the determination of which projects should be supported and their priority order is made.

88. Subsequently, an in-depth evaluation report is prepared covering the evidence of need, assessing the different options available and examining the costs and benefits of the proposed scheme. These reports are generally considered by the appropriate Service Committee, the Finance Committee and in the case of major schemes, the Court of Common Council. The Policy and Resources Committee occasionally selects projects for policy consideration by them instead of the Finance Committee. At the evaluation stage (or potentially earlier in the bid report), clear objectives which crystallise the purpose and anticipated outcomes of the scheme are to be established. These “remain” with the scheme throughout its life, with the achievement of such objectives being reported as appropriate at each key stage.

89. As part of the evaluation process and option appraisal, the available procurement options (including if applicable the use of PFI) are also examined and, when appropriate, costed so that value for money can be demonstrated whichever route is chosen. The processes by which these detailed appraisals are undertaken in order to reach an objective decision include the following:-

**discounted cashflow analysis** - demonstrates the impact the chosen option will make on cash reserves over the duration of the project expressed in present day terms by discounting;

**net present value** - converts the financial implications of the project into a value represented in today's monetary terms;

**risk factors** - as part of finding the "Best Value" option, ways of minimising or transferring the amount of risk will be considered and quantified;

**whole-life costs** - in conjunction with risk factors, a whole-life cost analysis to include future running costs will be undertaken to protect against the possibility of a decision being made on the basis of false economy;

**opportunity costs** - regardless of the chosen route, a considerable amount of money may need to be expended on the new project and account will need to be taken of purchases or other actions which may need to be forgone as a result;

**sustainability-** the City has made great strides in integrating sustainable development across a range of policy and strategy documents over the last five years. A commitment to sustainable development is contained in the City's Policy Plan and sustainable development is a cross cutting theme of the City Together Strategy;

**environmental policy** - the City has recently updated its environmental policy - the new document combines social, economic and environmental aspects to create a holistic picture of its position on sustainable development. The elements most relevant to the Asset Management Plan are reproduced at Appendix 4

90. After the necessary evaluation approvals have been obtained detailed design work and ultimately tendering and implementation can take place. Subsequently, outcome/outturn reports are submitted which is a Standing Order requirement.

## **Capital Budget Monitoring**

91. Each individual capital scheme is controlled and monitored by the department responsible for its implementation. The largest technical department (i.e. the City Surveyor) has a customised project monitoring system (PROMIS) and dedicated monitoring officers. Information on expenditure to date and spending approval details for individual schemes is available to all finance and project management staff on the corporate accounting system.
92. Overall monitoring of the capital budgets is carried out by the Chamberlain. Regular monitoring occurs during the year through interdepartmental meetings of programme officers to establish whether projects are proceeding in accordance with forecast targets, in terms of expenditure and key dates. Formal reviews are carried out three times during each financial year; revisions to the budgets are reported to the Finance Committee after each review, with explanations given for significant individual anticipated expenditure variations.
93. In instances where particular problems are perceived to exist these can be referred, as appropriate, to the Summit Group (comprising Town Clerk, Deputy Town Clerk, Chamberlain, Comptroller & City Solicitor, City Planning Officer, City Surveyor, Director of Environment Services and Director of Community and Children's Services) and/or the Estimates Working Party for scrutiny. Financing of the capital budgets is also determined and monitored centrally by the Chamberlain. This finance is derived mainly from internal sources (direct from revenue, revenue reserves, capital reserves or capital receipts) but external sources (Government grants, other grants and developers' funds) are levered in wherever possible.

## **Developments in Management Arrangements**

94. To strengthen further the City's asset managements and project control procedures, clear measurable objectives are required to be set for each scheme at evaluation stage with the achievement (or otherwise) of these being reviewed in a succinct outturn/outcome report, following completion. A new Standing Order No 52 was introduced in 2008 to reinforce this and the Town Clerk has made it part of his agenda planning process.
95. Reference has already been made to the technique of using whole life costing to evaluate schemes. The concept of whole life costing involves assessment of the total costs of ownership, which include acquisition, operating, maintenance and disposal costs, with a view to achieving value for money. A seminar was held some time ago and a two day work shop held for key City staff. This was followed up in 2009 by a special lunch time session which covered the capital bid process, outcome reports and whole life costing to maintain the high profile of these key elements.

## **PERFORMANCE MANAGEMENT AND MONITORING**

### **Property Performance Indicators**

96. Property Performance Indicators have been included in the City Surveyor's Business Plan and have assumed the status of Local Performance Indicators. Thus they form part of the City's Performance Management system and performance against these is reviewed by the City Surveyor with reports to the Summit Group, as required.

97. City Fund investment properties and the Strategic Property Estate are benchmarked using the IPD which is considered to be the best benchmark to use as the City's "portfolio" is similar to a private property company and not a Local Authority. These are commented upon later.

## **Energy Monitoring**

98. The Energy Management Team (EMT) forms part of the Corporate Property Group within the City Surveyor's Department and is staffed by three energy specialists. The team is involved with a wide range of energy related work, the three main areas being:-

### **Managing energy accounting database.**

The team monitors virtually all of the City's energy usage and costs (£13m per annum) providing regular reports to departments and annually to a dedicated Member led Energy Working Party. All energy usage is reported including associated CO<sub>2</sub> emissions, which has been carried out since 1995. In 2008 the City was awarded Beacon status for its work on climate change.

### **Operational Work**

The team has specialist knowledge in their field as engineers and energy managers. They aid the implementation of projects in this area, an example being the £400,000 Carbon Trust/LAEFS project which will involve a variety of direct and practical energy reduction projects across particular City properties.

### **Strategy Work**

- Climate change and increasing energy costs have led to more government and local initiatives to mitigate these effects. Anticipating, monitoring and implementing them at a high level are important areas of work.
- City Together Strategy actions involve the team organising over 30 energy events a year for City businesses, residents and the public.
- Monitoring changes in legislation to ensure the City is well placed to respond is essential and examples include the deregulation of the energy supply markets, changes to the building regulations, the introduction of the European Energy Performance Directive and the proposed introduction of the Carbon Reduction Commitment.

99. To move forward in a dynamic way on energy, the City has adopted an energy hierarchy or strategy. The Energy Strategy links with the City's corporate policies and plans and can be broken down into four elements:

- Commitment - provided by the City Together Strategy and Policy Plans.
- Top Management Support - provided by the Member led Energy Working Party.
- Delivery Mechanism - the Energy Team and its terms of reference.
- Feedback – regular monitoring, targeting, reporting on energy, costs and CO<sub>2</sub> use.

100. More detail in respect of energy monitoring and other initiatives carried out by the EMT is as follows:
- A substantial database of energy use matched to billing data is maintained and monitored for over 90% of the City's energy usage. The database comprises three parallel datasets, from direct readings, invoices and electronic data aggregated from suppliers. This facilitates regular energy monitoring, emission management and bill validation.
  - Energy surveys are carried out in house or via consultants, such as the Carbon Trust. Where resources permit, an in house design overview function is available by either the EMT getting directly involved or training in-house design professionals to integrate energy efficient technologies within projects as standard.
  - The EMT is involved in specific initiatives such as workshops on climate change (mitigation and adaptation) or new design briefs incorporating sustainable features such as the re-use and recycling of construction materials, condensing boiler, solar thermal and electric panels and natural ventilation design aspects. Other strategic initiatives include the on-going promotion of the Citigen CHP network.
101. It should be noted that the City leads on many matters regarding climate change adaptation with a regular and updated action plan considering pan-City operational effectiveness and ensuring continuity and maintaining adaptive capacity. A summary of the City's sustainability policy is shown at Appendix 4.

### **Carbon Reduction**

102. The City is fully committed to this, is in the process of reviewing its approach and has already entered into ["The City Climate Pledge"](#)

### **Local Operational Property Benchmarks**

103. The City, in conjunction with the Occupiers Property Databank, is producing suitable occupational property benchmarks for its main administrative offices following the major refurbishment works of the Guildhall North Wing which have been in operation for a year. The OPD has developed a system with the Office of Government Commerce which has similarities and benefits to the City's operational portfolio. The City is also a member of the Association of Chief Estates Surveyors (ACES) London bench marking club although during 2010/11 the London Boroughs will be migrating to the National Best Value Bench Marking Scheme run by CIPFA, as Kensington and Chelsea who co-ordinated the ACES scheme relinquished the role in 2009.
104. Locally it was decided to investigate the application of the following to show whether efficient use of buildings was being made and to identify space which could be surplus to requirements:
- a. the average net space occupied by each member of staff;
  - b. the average cost of each square metre of net space occupied; and
  - c. the net to gross ratio of buildings.
105. The CAFM software package, which was acquired in October 2003, is used to help produce these three statistics and has been of great help when considering the Guildhall complex.

## **Non-Operational Property**

106. The City Fund Estate is an extensive portfolio of commercial properties, mainly offices, located in the City of London or within its immediate borders.
107. The properties form part of the City's local authority assets, and whilst their main purpose is not occupation for service departments, they are legally held in furtherance of the City's local authority functions, generally for planning purposes.
108. The City Fund Estate came into being by the purchase of land and buildings for comprehensive redevelopment after World War II, under the provisions of the Town and Country Planning Acts, and to a lesser extent under the provisions of the Highways Acts. More recently some purchases have been made under different powers including a number of buildings both within and without the City. A number of disposals have taken place in recent years as part of an agreed 10 year strategy which is regularly reviewed.
109. The City Fund Estate has acquired some very strong characteristics through time, related to its geographical concentration within the City of London, its sectoral concentration on offices, and its historical assembly meaning that the majority of the properties were originally developed during the late 1950s and 1960s under the terms of standard restrictive fixed income ground leases. These buildings have largely been subject to redevelopment in either the late 1980s or late 1990s development cycles, or are now approaching the end of their economic life.
110. There is a reasonable current balance in terms of value and income between ground leased and directly held properties. Many significant assets are within the latter category resulting from the Estate buying in its own ground leases to promote redevelopment or other strategic objectives. The acquisition of properties outside the City has also meant further rebalancing toward directly managed assets. Nine such properties have been purchased under Local Government Act powers for inclusion in the Strategic Property Estate. There were 83 properties in the main City Fund Estate as at 31<sup>st</sup> March 2010.
111. A revised ten year strategy for the City Fund investment properties was approved in early 2008 and included ten Strategy Objectives, ten Supporting Policies, priorities for the next three years and a new Action Plan.
112. As an overriding theme, the properties are managed to enable the City as landowner to help ensure the availability of land and buildings in the City and its immediate environs for City businesses, in accordance with the City Together Strategy.
113. The City Fund investment properties also significantly support the City's Financial Strategy. In 2009/10 total rental income from the Estate was nearly £27.7m. To measure the financial performance of the Estate, the City subscribes to the external benchmarking service provided by IPD, which analyses and compares the performance of property portfolios, both private and public. It is recognised, however, that the Estate's performance can be influenced by general economic factors and the special nature and location of its property holdings which can be to its relative advantage or disadvantage in any particular year. The total market value of the Estate at 31 March 2010 was some £627m. This reflects that during 2009/10 Leadenhall Market was appropriated to the City Fund from City's Estate, that the London Fruit and Wool Exchange Site was appropriated from the City Fund to City's Estate and the completion of the purchase of 4 properties on the Fleet Street Estate. In addition, the Strategic Property Estate currently contributes some £3.4m per annum to the City Fund and had a capital value of some £55m as at 31 March 2010.

114. The City Fund investment properties' annual performance has been measured by IPD since 1997. The total returns achieved are shown below, together with the City and E1 Offices Property Index (its benchmark) and the average rate achieved on cash balances (for the "nearest" financial year – for example for 1999, 1999/2000). In 2009 the Estate was ranked 76<sup>th</sup> out of 285 funds in the IPD Universe. The benchmarked assets in the property portfolio recorded a total return of 7.8% in the year to December 2009, and has outperformed both its benchmark and the IPD All-Fund Universe

Year	City Fund Estate Total Return %	City and E1 Offices IPD Property Index %	Average Cash Balances Rate %
1999	16.1	12.8	5.5
2000	21.8	17.8	6.3
2001	15.8	12.5	4.9
2002	3.3	(0.6)	3.9
2003	5.0	(0.9)	3.6
2004	19.3	14.5	4.6
2005	27.4	18.8	4.7
2006	26.0	26.6	4.94
2007	7.0	-1.0	5.75
2008	-19.8	-25.0	5.23
<b>2009</b>	<b>7.8</b>	<b>-1.7</b>	<b>2.60</b>

115. The proactive management of the City Fund Investment Properties has produced some attractive returns in comparison with the City's interest earnings on its cash balances. Nevertheless, the potential impact of the Estate's special nature and location must be acknowledged.
116. As previously mentioned the properties falling within the Strategic Property Estate were acquired mainly for strategic rather than investment reasons and are held separately from the main City Fund investment properties. They are not, therefore, included in the formal IPD analysis to which the investment estate is subjected. For monitoring purposes, however, the SPE properties are externally valued and their performance is analysed by the City Surveyor. The total return of the City Fund properties within the Strategic Property Estate for 2009/10 was around 18% for the Tabernacle Street Site and 40% for the much smaller (in terms of size and value) Hackney Backland Site. This compares to minus 1.7% being the IPD City and E1 Offices total return benchmark as at 31st December 2009 and reflects the relatively volatile nature of the performance of City Fringe properties.

## Property Reviews

117. All investment properties are subject to a rolling programme of reviews to determine whether there is any action that can be taken to improve their performance. Trading accounts are produced monthly for individual properties in direct management showing income and expenditure and this information is useful when undertaking reviews or looking at performance.

## **Rent Arrears and Vacant Space**

118. The position on rent arrears and vacant space is closely monitored and separate reports are submitted to the Property Sub-Committee every six months on these two matters with the one on vacant space containing a commentary on the current state of the property market. Monthly reports are produced for internal consumption with a detailed breakdown and analysis of the up to date position on rent arrears and vacant space. In addition write off reports are submitted when required and where over £10,000 are considered by the Finance Committee.

## **PROGRESS**

### **PROGRAMME AND PLAN DEVELOPMENT AND IMPLEMENTATION**

#### **Operational Property**

##### **Aims and Objectives**

119. The City's aims and objectives for the operational properties covered by this CAMP are directed to ensuring that such properties are:-
- (i) suitable for and supportive of the provision of first class services;
  - (ii) managed in an economic, efficient and effective manner, applying environmentally sustainable practices wherever possible;
  - (iii) maintained to a high standard in accordance with planned cyclical maintenance programmes;
  - (iv) accessible to people with disabilities; and
  - (v) subject to regular review (via reviews of Business plans and client visits).
120. The above aims and objectives are derived from the City's vision and strategies set out earlier. Each operational property is generally perceived as a "means to an end" – and is to be managed in accordance with the preceding paragraph – rather than as an end in itself.

#### **Overview of Major Current Property Initiatives**

121. The major property initiatives currently planned or underway, or recently completed, are set out in the following paragraphs.

##### **City of London Corporation Main Administrative Offices**

122. In December 2003 Members endorsed, as a fundamental principle, that the City's main administrative offices and departments should remain located in the heart of the area they serve i.e. within the City and based at the Guildhall complex.
123. The activities carried out at seven locations within the City have therefore been rationalised to two sites – the Guildhall complex and Walbrook Wharf. The former has been the seat of government for the City of London for centuries. The latter property is the City's waste transfer facility as well as providing workshops and garaging for Environmental Service and City Police vehicles, together with office and ancillary accommodation for operational and managerial staff.

124. The accommodation at the Guildhall complex, in particular the North Wing, has been significantly upgraded/refurbished becoming operational in April 2008 and the approved overall capital budget for the entire project is over £100m.
125. A further review of workspace usage through more flexible working initiatives is currently underway as well as a review of space planning to establish if there are any further improvements that can be made. The introduction of corporate storage and the phased introduction of electronic data storage (EDRMS) are also underway.
126. With regard to Walbrook Wharf, a phased redevelopment costing in excess of £25m is under way. Phases 1 and 2 are completed. Phase 3 is being reviewed and subject to the outcome will cover the depot refurbishment, service replacement, new operational accommodation and a re-designed vehicle workshop incorporating shared usage with the City Police. If Phase 3 proceeds, the target completion date is December 2014.
127. The rationalisation of office accommodation enabled the City to vacate certain leased premises as well as other buildings it owns which have been released for redevelopment in furtherance of its economic development objectives.

## **Libraries**

### **Camomile Street Library**

128. The Libraries Best Value Review, approved by Members in October 2000, concluded that the present pattern of lending libraries is necessary in order to ensure a reasonable access to library services across the City and the closure of one or more of the existing libraries would create imbalance and reduce access to such an extent that it would be unacceptable to the public. The principle of retaining the Camomile Street library, which is held under the terms of a short lease, in the eastern part of the City was approved by Members.
129. Camomile Street library is however at the centre of a proposed large scale office development known as 100 Bishopsgate. A new lease has been granted until 2011 with a landlord's option to break which secures the City of London library in the short term. The scheme has planning permission and notice has been served on the City to vacate the existing library by May 2011. The terms of this agreement will, inter alia, provide for a new library and suitable temporary accommodation to house the library during the redevelopment period is being investigated at the moment.

### **City Business Library (CBL)**

130. The current lease expired in December 2009 and the CBL was relocated within the Guildhall Library with the prints and maps section of the Guildhall Library being transferred to the London Metropolitan Archive to facility the scheme. Works were completed in February 2010 at a cost of £1.9m and the annual savings result in an anticipated simple payback period of some seven years.

## **Keats House**

131. Keats House is the museum where the poet John Keats lived from 1818 to 1820, and is the setting which inspired some of Keats's most memorable poetry. On 1 November 2007 Keats House closed to the public so an internal restoration of this Grade 1 listed building could take place to allow more of the collection to be displayed. The works were completed in July 2009 at a cost to the City of £363,000, with the remaining balance being lottery funded. The number of visitors has since increased significantly.

## **London Metropolitan Archives**

132. A Best Value Review identified a number of major building works required to maintain the fabric of the accommodation and improve its efficiency of use. Only one of the two buildings fully complies with BS5454, the standard set for the storage of archival material.
133. The City's lease of the existing buildings expires in 2035 and the possibility of purchasing the freehold or extending the lease to a long term to give greater security and justify capital investment in extending and improving the accommodation is being explored by the City Surveyor.
134. Acquisition of the freehold by the City has however been ruled out at the present time by the freeholder but if at a future date the site is to be wholly or partially developed then the possibility of renewing the lease for a substantial number of years can be negotiated at that time. The possibility of acquiring the freehold by the exercise of compulsory powers is also being considered as the long term future of the LMA must be secured.
135. Facilities at the LMA were expanded by adding extra storage capacity during 2007/2008 and various records from the Guildhall were accommodated to help facilitate the Guildhall complex refurbishment scheme. In 2009/10 the prints and maps section from the Guildhall Library were relocated to the LMA to facilitate the refurbishment of the Guildhall Library to accommodate the City Business Library.
136. Major items of repair, such as window replacement at a cost of £1.7m, were completed in January 2008. The flat roof to the LMA needs to be overhauled and provision has been made for this in the capital programme at a possible cost of £1.2m.

## **Barbican Centre**

### **Public Spaces Project**

137. Major works are being carried out to the Centre, which address certain failures. These include the public spaces where access and circulation need to be improved and also work to the fabric of the building and services. Capital expenditure of some £31m was approved over the six year period of 2002/03 to 2007/08. A further five year programme provision of £10.62m, beyond 2007/08 to 2012/13, was agreed in 2005.
138. The Centre's 4-year Public Spaces project was completed in February 2008. The official opening of the new £1.6m entrance (which includes a striking work of art) took place in September 2006 with the final element of the project (foyer lighting) in December 2006. This project has considerably improved the public access and circulation spaces. Other projects completed so far include the replacement of the Centre's 34 lifts and the replacement of the Art Gallery & Catering Block ventilation systems along with its 4-

sewage pumping systems. The works to the air handling units (Phase 2) at £2.6m were completed in September 2008.

139. A major theatre refurbishment scheme was successfully completed in September 2009 at a cost of £1m. The works involved the stage doors, members lounge, audio/video wiring, lighting wiring and dimmers.
140. Projects now being progressed include the replacement of the sprinkler systems at £0.7m (September 2010) and the upgrade of the Centre's electrical systems (Phase 1) at £4.12m (March 2011).
141. The Centre is co-operating closely with the City Surveyor on the development of the upper floors of Frobisher Crescent Levels 7, 8 and 9 (previously occupied by the City University Business School) which have been converted into residential accommodation. 69 new residential units have been created and the first sales and occupations have occurred.
142. The opportunity to install double glazing (circa £0.8m) to the eastern end of Levels 7 to 9 has also been taken as it has recently been identified that there could be noise transmission to the flats from some events held within the adjacent Conservatory.
143. The existing Cinemas 2 and 3 within the Barbican Centre are, subject to planning permission, to be relocated to Exhibition Hall 1 at a cost of circa £4m.

### **Environmental Services - Port Health**

#### **City of London Cemetery & Crematorium**

144. There are proposals to repair and restore the principal buildings and enhance customer service for the bereaved which emanated from the Conservation Management Plan for the City of London Cemetery & Crematorium completed in January 2005 and was jointly funded by the Corporation and the Heritage Lottery Fund at a total cost of £100,400.
145. The proposals, inter alia, involved listed building repairs (completed in October 2009 at a cost of £790,000), the installation of mercury abatement equipment (works completed in November 2009 at a cost of £690,000) and the refurbishment of the Old Crematorium (works are due to complete in October 2010 at a cost of £1.4m),

### **Old Bailey**

146. A major upgrade/renewal of mechanical and electrical plant has been identified as being necessary to maintain the Central Criminal Court building. Further consideration is being given to the extent of the programme and the overall project with the intention of starting these multi-million pound works in 2011/12.

### **Planning and Transportation**

#### **Street Scene Enhancements**

147. The City has a rolling programme of street enhancement projects and the total cost to 2011 is estimated at some £50m. These projects have improved the environment of the City for residents, workers and tourists alike with £1.7m being spent in 2008/09 and a further £3.5m during 2009/10.

## **Strategic Walks**

148. These are similar to the Green Chain network. The City project managed the expenditure with Transport for London (TfL) funding of £1.05m in 2008/09 and £1.4m in 2009/10. A similarly financed project with TfL relates to the London Bus Priority Network (Central Sector) has been completed and cost £2.05m in 2008/09 and £686,000 in 2009/10.

## **OTHER ASSET MANAGEMENT PLANS**

### **Significant Reviews/Projects**

#### **City Of London Police**

149. The City of London Police needed to secure alternative office accommodation in 2007 when three of their existing tenancies came to an end and achieved this by leasing 21 New Street.
150. A working party, of which the Corporate Property Officer is a member, is currently reviewing the City of London Police accommodation requirements and arrangements over the short, medium and long term. Entering into a partnership with the Crown Prosecution Service or another police body will form part of the review and this will help define their property requirements and allow a revised property strategy to be developed.

#### **Department Of Community and Children's Services**

##### **Decent Homes**

151. The City's Decent Homes Strategy sets out targets to ensure the Government's target of 2012 for the delivery of Decent Homes is achieved. The necessary improvement works are being carried out on a phased estate basis and should be achieved within overall budget provisions.
152. Improvement works to the Southwark Estates were completed at a cost of £741,000 in February 2009 and those to the Middlesex/York Way and Holloway Estates are being carried out during 2009/11 at a cost of £478,000 whilst works to the Golden Lane Estate will cost £2.4m and are due to complete in September 2010.

##### **Infill Developments**

153. An infill development is planned for the Middlesex Street Estate and this will create new housing stock within the City. It is hoped the works will start in the autumn of 2011 and will mainly be funded from Section 106 planning agreement contributions.
154. Other infill options are being investigated and will be reported on in next year's plan.

##### **Sports Facilities**

155. The Golden Lane Leisure Centre is to have a major refurbishment during 2010/2011 and subject to a final review of the options is to cost circa £2.6m.

##### **Social Services**

156. The Lodge at St Ursula's was opened in March 2010 by St Mungo's and the City and the B&B style accommodation is specifically aimed at helping long term, older rough sleepers. The City's contribution to the joint project was £0.838m.

157. Guests at the 40-bed “The Lodge” will have more independence over their lives than in a traditional hostel, but also the support of Lodge staff and outreach workers who will actively help them with move on options, depending on people's various needs. It is believed to be the first joint charity and local authority managed project of its kind in the UK.
158. The City and St Mungo's expect The Lodge's guests to be long-term rough sleepers, aged between 40 and 65, some of whom may have been on the streets for decades. It is hoped that guests will then move from The Lodge into more permanent accommodation.

### **Education**

159. Education forms part of the responsibilities of the Department of Community and Children's Services.
160. The City of London Academy in Southwark was completed in September 2005 and has proved to be extremely successful. The City has jointly sponsored two more academies in the adjoining boroughs of Hackney (occupied September 2009) and Islington (occupation date September 2010) at a cost of £1m each and the City has co-ordinated and project managed the two construction projects.

### **Museum Of London (MoL)**

161. The MoL was established in 1975, by the merger of the London Museum and the Guildhall Museum. The Museum is a Non-Departmental Public Body, funded jointly by the Department for Culture, Media and Sport through the GLA and the City of London Corporation and is governed by the Museum of London Acts, 1965 and 1986.
162. General improvements are being made to the Museum and the City is providing capital funding to the tune of up to £1.6m per annum over the 2008/11 period (up to £4.8m in total). The improvements include air handling units, glazing, lifts and health and safety works.

### **Bridge House Estates**

163. Tower Bridge and Southwark Bridge are undergoing a major planned redecoration programme during the period 2009/12 at a cost of £5.7m and £3.3m respectively.

## **NON-OPERATIONAL PROPERTY**

### **Introduction**

164. The non-operational commercial properties covered by this CAMP fall within one of two estates which are managed as “funds” albeit with differing but overlapping objectives:
- The City Fund (Investment Properties) Estate
  - The Strategic Property Estate (SPE)
165. Both portfolios are held for strategic purposes. The City Fund Investment Property Portfolio is also a significant and important contributor to the City's financial position. The SPE provides rental income to the City Fund but it is held mainly for economic development reasons.

## **The City Fund (Investment Properties) Estate**

166. A report to the Court of Common Council in October 1998 recognised the possibility of using property for strategic purposes as follows:

*“The Corporation’s property holdings can play a key role in achieving the Corporation’s strategic objectives by facilitating the implementation of planning land use and economic development objectives. This is particularly important in relation to partnership arrangements with adjoining authorities.”*

167. The formal Strategy for the City Fund (Investment Properties) Estate was adopted in September 2003 and covers a 10 year horizon. It recognised this overriding strategic purpose, but also the need to manage the significant financial assets of the Estate proactively and to pursue an income profile that provided greater security of long term income and less exposure to the income risk concentrated on a few large properties. The strategy was reviewed in early 2008.

168. The 12 Strategy Objectives approved under the Strategy are as follows:

### **Strategy Objectives**

- As an overriding principle to ensure that the Estate continues to be used as a tool for implementing the City's Vision for the City.
- To maintain and maximise rental income from the Estate and to endeavour to secure rental income growth at least in line with inflation so far as market circumstances permit and allowing for net investment in the Estate.
- To at least achieve and ideally outperform the City Offices Benchmark for Income Return on an annual basis.
- To outperform the City Offices Benchmark in terms of Total Return on a rolling five year basis.
- To target at the very least equality over the strategy period between capital investment and disinvestment on the Estate in order to maintain the Estate’s long term income potential.
- To promote the need for a proactive asset management policy that accepts the need for both disposals and acquisitions to achieve Estate strategic objectives, rather than a narrow focus on existing assets.
- To implement a structured disposals programme that aims to contribute to both Strategy and wider City objectives.
- To implement a targeted acquisitions programme which addresses identified investment and strategic policies on the Estate as well as wider City objectives over the strategy period.
- To seek to improve the percentage of the Estate’s income held on secure leases (providing a minimum of 10 years unexpired term) to at least 75% by the end of the strategy period.
- To rationalise the Estate’s smaller holdings with a view to increasing both the average lot size to that of the Benchmark and the number of properties above the Estate’s average lot size.
- To encourage the concentration of the Estate on the office sector generally with

diversification of uses only to be supported on policy not investment grounds.

- To seek an acceptable balance in portfolio risk terms between properties fulfilling strategic and investment criteria. In the short to medium term to recognise the need to balance income risks over the next five years with a focus on longer term secure income elsewhere on the portfolio. In the medium term and beyond to offset an acceptable secure income base with a programme of new strategic initiatives focused on both large scale redevelopment opportunities and the provision of niche economical offices.

169. Significant recent projects involving Estate properties include:

- 1 & 10 Bishops Square, a 1m ft<sup>2</sup> gross office scheme pre-let to Allen & Overy, redeveloped in a joint venture partnership with Spitalfields Development Group and which achieved practical completion on 20th July 2005. It should be noted that the City achieved a 20% return on its project costs amounting to a £26m profit;
- the London Fruit and Wool Exchange where a planning application for a new building exceeding 250,000 ft<sup>2</sup> is proposed, with Exemplar plc being the expected developer taking the project forward;
- Riverbank House which has been redeveloped to provide 320,000 sq.ft. of offices. Man Group plc took an occupational lease of this property in May 2010. The estimated total capital receipt from this project is some £50m and the City will also receive a ground rent of some £700,000 p.a. from 2012;
- International House which forms part of a larger development site with the potential to provide around 270,000 ft<sup>2</sup> of new offices when developed, which could be in partnership with Helical Bar;
- One New Change where lease regearing terms to facilitate a new 550,000 ft<sup>2</sup> redevelopment including a 250,000 ft<sup>2</sup> shopping centre were recently agreed and anticipated completion is end of 2010;
- The significant disposal of Queensbridge House for redevelopment was concluded in July 2007 the terms of which are currently being restructured to accelerate development including the Riverside Walkway.
- An agreement has been entered into with Hammersons for them to secure a planning permission for the redevelopment of St Alphage House. It is anticipated that the planning application will be submitted by the end of 2010.

170. All of the above exemplify the City's strategic aim of using its property assets to meet the property requirements of the Business City as well as improving its financial position in accordance with its Financial Strategy.

### **The Strategic Property Estate (SPE)**

171. This is a portfolio of recently acquired City Fund and City's Cash owned properties located in the City fringe and held mainly for strategic rather than investment reasons. This is primarily in support of the City Together Strategy medium term priority "to support growth in the business cluster of the City and City fringes by providing high quality floor space".

172. The total capital value of the City Fund owned properties in the SPE was some £559m as at 31st March 2010.

173. The City Fund properties within the SPE, were acquired using Local Government Act 2000 powers, which enable the City to do anything that it considers likely to achieve the promotion or improvement of the economic wellbeing of the City.
174. The properties held within this estate can be categorised as being acquired either:
- as part of a site assembly to provide large scale offices for City type occupiers in the City fringe; or
  - to provide workspace for Small and Medium Enterprises (“SMEs”) in the City fringe.
175. These twin aims are not mutually exclusive as properties acquired for long term redevelopment may be utilised for SME accommodation in the site holding period, wholly in accord with the City Together Strategy. This strategy is for instance being actively pursued on 13/17 Worship Street and 1/3 Worship Street.
176. In respect of the first category above, approximately 67.7% of a 0.58 hectare site in Islington has been acquired to date that should provide more than 480,000 ft<sup>2</sup> of City type office space when redeveloped in some 10 to 14 years time. The current target vacant possession date for redevelopment is 2017, however this is kept under review. The buildings within the City's ownership also provide a rental income for the City Fund (of some £2.5m per annum as at 31 March 2010).
177. In respect of the second category above, a most significant project is the refurbishment of 1 Alie Street, a 100,000 ft<sup>2</sup> vacant office building near Aldgate in Tower Hamlets. Floors 2-5 have been refurbished and provide over 50,000 ft<sup>2</sup> of flexible workspace for SME's in suite sizes ranging from 250 ft<sup>2</sup> to over 5,000 ft<sup>2</sup>. The majority of this space is now let to firms relocating from LFWE and the remainder to other local SME's. It is proposed that the first and sixth floors are refurbished in 2010/11 to provide a further 20,000 ft<sup>2</sup> of office space for SME's. In addition refurbishments of 13/17 Worship Street and 1/3 Worship Street have been completed providing around 25,600 ft<sup>2</sup> and 6,100 ft<sup>2</sup> respectively of SME workspace in Islington. Participation in a mixed use scheme at New North Road in Hackney should deliver another 15,000 ft<sup>2</sup> in the medium term.

**APPENDIX 1**

<b>STATEMENT OF CURRENT PORTFOLIO as at 31/03/10</b>					
<b>Property Type</b>	<b>No.</b>	<b>Freehold</b>	<b>Leasehold</b>	<b>GIA m<sup>2</sup></b>	<b>Asset Value (£000)</b>
<b><u>OPERATIONAL</u></b>					
Arts Centres	1	Barbican		69,041	76,050
Art Galleries	2	Guildhall Yard East	Pt of Guildhall	0	7,912
		Barbican	Pt of Barbican	0	6,015
Cemeteries	1	CoL Cemetery & Crematorium		3,755	11,494
Waste Transfer	1	Walbrook Wharf		16,882	21,620
Libraries/Archives	5	Barbican	Pt of Barbican	0	5,376
		Guildhall/City Business Library	Pt of Guildhall	0	3,268
			Shoe Lane	790	0
			Camomile Street	555	1
			Records Office	15,686	0
Museums	1	Museum of London		18,026	1,719
Theatres	2	Barbican & Pit	Pt of Barbican	0	15,502
Wholesale Markets	1	New Spitalfields		25,902	12,540
Sports Centres	1	Golden Lane		621	824
Public Car Parks	4		Tower Hill	6,656	1,671
			Baynard House	10,062	1,868
		London Wall		9,222	2,408
			Minories	12,435	1,632
Public Conveniences	8	Various addresses		925	2,377
Social Services	1		Mansell Street		244
Port Health	7		Charlton Wharf	67	0
			Denton Boarding Stn	200	0
			Thamesport PHO	112	0
			Sheerness PHO	78	0
			Tilbury PHO	221	0
			Animal Reception	1,958	35
			Fish Imports	209	5
Information Centre	1	St Paul's		95	1,536
Economic Development	1	City Marketing Suite		346	1,883
Courts	3	Old Bailey		28,200	50,711
		Magistrates (GLMCA Service)		2,503	0
		Mayor & City		1,592	0
Central Offices	3	Guildhall *		3,635	9,143
		Walbrook Wharf		17,381	7,533
		Lauderdale Place *			323
<b>SUB TOTAL</b>	<b>46</b>			<b>247,155</b>	<b>243,690</b>
<b><u>NON OPERATIONAL (All freehold)</u></b>					
Green Belt Lands	1	Woodredon & Warlies Park Estate		agricultural	4,746
Strategic Properties	10	Offices/Development Sites		21,523	55,225
Investment Properties (incl. Fleet Estate)	84	Predominantly Offices		1,101,781	628,526
<b>SUB TOTAL</b>	<b>95</b>			<b>1,123,304</b>	<b>688,497</b>
<b>TOTAL</b>	<b>141</b>			<b>1,370,459</b>	<b>832,328</b>
*City Fund portion only					

## PROCUREMENT STRATEGY (MAY 2009)

### DEFINITION

*“Procurement is the process of acquiring goods, works and services, covering both acquisitions from third parties and from in house providers. The process spans the whole cycle from identification of need through to the end of the useful life of an asset. It involves option appraisal and the critical “make or buy” decision which may result in the provision of services in house in appropriate circumstances.” (National Procurement Strategy for Local Government 2003)”*

### VISION AND AIMS

There is wide recognition within the City of London Corporation and throughout that effective procurement techniques need to be applied across all categories of non-pay expenditure, and in particular in areas of high value and risk, such as construction and social care as well as reducing the process costs of high volume low value purchases.

In implementing its strategic approach to procurement, the City of London Corporation will act in accordance with the following vision and aims.

#### Vision

*“To support the delivery of innovative, cost-effective and high quality services in fulfilment of the City of London Corporation’s aims and priorities within its Corporate Plan and The City Together Strategy (the sustainable City Together Strategy for the Square Mile and City fringes)”*

#### Aims

- Ensure that procurement practice contributes to the effective use of resources as set out in the Guidance on National Indicator 179 (NI179) on Value for Money Gains and Comprehensive Area Assessment
- Ensure that procurement delivers year on year efficiencies and savings
- Ensure that quality is measured by seeking feedback from customers
- Secure commitment to effective, consistent and co-ordinated procurement from members and officers to achieve the delivery of high quality, innovative and cost-effective services
- Encourage long-term thinking and commitment to a strategic approach to procurement issues
- Ensure that whole life costing methods are used to assess and evaluate costs and benefits over the entire life of assets and services
- Establish a mechanism to link procurement action plans to this strategy and promote the continuous improvement of procurement activity across the City of London Corporation
- Provide greater visibility and understanding of the role of the procurement function
- Develop skills and provide support for staff involved in procurement
- Promote and deliver sustainability, local economic development, equality and diversity objectives throughout our procurement activities
- Continue to use and further develop procurement collaboration with other public bodies and partnering arrangements with suppliers
- Recognise the contribution of procurement to achieving our community, corporate, departmental and service objectives

- Raise awareness of the complex regulatory framework in which procurement operates & that it is potentially high risk; with financial, legal, environmental, health & safety & reputation impacts.

## **STRUCTURES AND ACCOUNTABILITIES**

**Central Co-ordination:** The Exchequer and Business Support Director of the Chamberlain's department leads strategic procurement and also oversees the Strategic Procurement Unit (SPU) which undertakes the role of a corporate procurement team and is responsible for:

- putting in place corporate arrangements for the purchase of common use goods and services (indirect supplies) on behalf of all departments
- providing a procurement support and review service to departments and individual contracts
- developing procurement strategy, policies and procedures
- co-ordination and consistency within the procurement process
- delivering appropriate e-procurement solutions
- fostering collaboration with other public bodies
- supporting the activities and providing a link to the procurement arm of Capital Ambition the Regional Improvement and Efficiency Partnership (RIEP) for London

**The Procurement Practitioners Forum** represents all departments and is responsible for consulting on and implementing corporate procurement initiatives and performance at operational managerial level. In particular to:

- develop procurement practice across all departments
- report and improve on performance
- build more corporate procurement arrangements
- support knowledge and information sharing.

### **Summary and actions**

- The City is committed to a comprehensive review of its procurement structure and processes
- Embedding category management is fundamental to any restructure of the procurement function
- The City will draw upon external exemplars of best practice in determining its future structure
- The City will seek to leverage external partnerships to facilitate change

## **E-PROCUREMENT STRATEGY**

### **Definitions**

Electronic procurement (E-Procurement) is the use of information and communications technology (ICT) to facilitate procurement processes.

For the City of London, e-procurement embraces the automation of a wide range of procure to pay (P2P) applications, including requisitioning, ordering, bill payment, competitive tendering, inventory management, contract management, on-line auctioning, tender analysis and approved list systems.

## **Summary and actions**

The City has made steady progress with e-enabling much of our procure to pay processes and the introduction of new e-procurement applications has brought operational and in some cases cashable efficiencies.

The implementation of the Due North e-sourcing system brings significant operational benefits to the tendering and contract management processes of the City London. It also replaces several pre-existing stand-alone systems such as BIP Tender Notices, Local Supplier Database and Alito.

## **SUSTAINABLE PROCUREMENT**

Sustainable procurement embraces environmental and social objectives and can deliver long term economic benefits. It will help the City achieve the vision outlined in our Sustainable City Together Strategy.

The City of London has also developed a Sustainability Framework which is required to be used at the development and implementation stages of significant schemes and proposals many of which will include major procurement projects.

For ease of reference the City's Sustainable Procurement Strategy is divided into environmental and social sections.

### **Sustainable Procurement (Environment)**

The Sustainable City Together Strategy details the following sustainability-related matters, which should be considered in procurement decisions:

- Greenhouse Gas emissions / energy consumption
- Water consumption
- Waste and recycling
- Transport
- Biodiversity, nature conservation and greening
- Noise, land and water pollution
- Air quality
- Responsible consumption

The City of London Corporation recognises that it also has impacts on distant communities through its supply chains. It has therefore passed a Fairtrade resolution committing it to actively support and promote the concept of fair trade and to purchase Fairtrade and fairly traded products whenever possible.

The City of London Corporation therefore commits to taking the following actions:

- Where possible, reduce procurement of new products by ensuring the effective maintenance of goods and assets, repairing or reusing existing products and identifying and addressing wasteful procurement practices.
- Establish detailed policies and guidelines for products and services with a significant environmental impact such as timber, construction materials, energy, fuel, food, vehicles and equipment, stationery, clothing and cleaning products.

- Support staff in the delivery of this policy by raising awareness of the environmental issues affecting procurement through provision of appropriate training, information and guidance.
- Continually review its direct purchases and contract specifications with the intention of reducing the environmental impact of its goods, works and service purchases.
- Include environmental considerations on its assessment of suppliers and their products and engage with suppliers to improve their environmental performance and the environmental performance of the goods and services they provide.
- Ensure environmental considerations are included in all contract documentation.
- Specify environmentally and socially acceptable products, services and ways of working in contract conditions and specifications, where possible. In particular, specify products which are made from recycled materials; materials that can be recycled and re-used; can be operated in an energy efficient manner that cause minimal damage to the environment in their production, distribution, use and disposal, so long as the requirements of value for money and quality are met.
- Provide active support for the Mayor of London's Green Procurement Code and communicate this to staff.
- Wherever possible ensure that the final disposal of redundant or obsolete assets is in accordance with the waste hierarchy and relevant legislation, and after all reasonable opportunities for re-use have been explored.
- Avoid the use by the City, or its appointed agents, of certain environmentally damaging products where the use of more suitable products, or production methods, is possible. These products include:
  - Ozone depleting chemicals
  - Tropical hardwood which is not independently certified as coming from sustainable forests
  - Peat for soil amelioration
- Adopt mechanisms and indicators for improving, monitoring and reviewing the environmental performance related to its procurement function.

## **Sustainable Procurement (Social Issues)**

### **Equality and Procurement**

Equality is one of the City of London's core values and we recognise the important role that procurement can play in promoting equalities and fighting discrimination. We will do this in accordance with our existing Equalities in Service Delivery Policy and in ways that are consistent with value for money policy, the UK procurement regulations and EU Procurement Directives.

### **Local Procurement**

A key part of the City's drive for sustainable procurement is to take positive steps to use procurement as a way of benefiting disadvantaged local communities. We have therefore developed a Local Procurement Strategy for businesses in the City and in postcodes adjacent to the City in the following boroughs; Tower Hamlets, Southwark, Hackney, Lambeth, Islington, Camden and Newham.

Small contracts are covered by the Local Procurement Directive: "It is required that when seeking quotations for all contracts of a value in excess of £500 and up to the EU threshold (currently £139,893) for supplies and services and to £400,000 for works, the officer seeking quotations must ensure that at least one firm located in the local procurement target boroughs is invited to quote, where possible."

Larger contracts in the City are subject to Community Benefits Scheme where appropriate which identifies suitable contracts and encourages suppliers to enter into voluntary agreements to employ, subcontract and procure in the LPP target areas to the value of 10% to 20% of the contract value. This allows local SME's to participate in larger projects and programmes they might not have been able to compete for and provides an incentive for suppliers to employ local residents and undertake their own local procurement programmes.

A permanent full time officer has been deployed in the SPU to promote the Local Procurement Policy internally. This project was initially time limited to 4 years but is now fully embedded in the City's procurement strategy and procedures. At the same time, our Economic Development Office promotes the City's good practice on local procurement to the commercial square mile commercial sector via the Partnerships Team.

### **Small and medium enterprises**

The City of London recognises the importance of small and medium enterprises to its own supplier base and the wider British economy and the difficulties many face during the current economic downturn. Measures taken by the City to support the SME sector include signing an SME concordat to set out clear fair and consistent rules of engagement, reducing payment terms to 10 days together with the local procurement project mentioned above. In addition, the City is committed to implementing as many as possible of the recommendations of the recent Glover Report (Accelerating the SME economic engine November 2008).

### **The third sector**

A key part of the City's approach to sustainable procurement is to engage and work in partnership with the third sector, made up of charities and voluntary and community organisations. The City's Local Strategic Partnership has produced a Compact, a voluntary agreement between the public sector and the third sector, which sets out how they will work together in partnership for mutual benefit and for wider community gain. The Compact, which also includes a Commissioning Code of Practice, aims to *"ensure a cohesive and vibrant relationship between the public and third sectors in the City of London – a relationship that will promote our role as a world class city and maximise high quality, accessible and responsive services for our workers, residential and business communities."*

### **Summary and actions**

- The City has a good track record of incorporating environmental and social sustainability into our procurement procedures
- We have:
  - embedded good practice by producing better practical sustainable procurement guidance for officers and systematically record progress.
  - produced clear guidance on incorporating sustainable principles into procurement decision making such as the use of sustainability and equalities impact assessments
  - draw up an action plan for ensuring that our equalities procurement procedures meet the requirements of Equalities Level 4 standards and incorporated this plan into the strategic review of procurement.
  - facilitated further courses on sustainable procurement to communicate the message
  - implemented many of the Glover Reports recommendations on supporting SME's

## RISK MANAGEMENT STRATEGY

### Introduction

1. Risk management is the process by which risks are identified, evaluated and managed.
2. The City Corporation recognises that there are risks involved in its day-to-day activities and that it has a clear duty to ensure that all risks are managed effectively. Consequently, it already has a series of risk management procedures in place (e.g. emergency and contingency planning, business continuity planning, the annual Internal Audit Plan, the 'Whistle Blowing' Policy, insurance arrangements). The City Corporation will also consider positive risks (opportunities) as well as negative risks (threats) in relation to its planning and activities.
3. Risk management is an intrinsic part of the City Corporation's system of corporate governance. It recognises the importance of adopting an over-arching policy to ensure that a culture of risk management is embedded throughout the organisation.

### Policy Statement

4. The City Corporation's Policy is to develop, implement and maintain corporate procedures, based on best practice, for the efficient and effective management of risk.
5. The objectives of the Policy are to:-
  - minimise the possibility of organisational failure
  - ensure that statutory obligations are met
  - maintain and improve the effective control of public funds
  - protect the City Corporation's assets
  - embed a risk management framework within the City Corporation's policies, practices and procedures
  - safeguard the interests of Members, officers, stakeholders, service users and all other persons to whom the City Corporation has a duty of care
  - preserve and enhance existing and future service delivery through a systematic approach to the management of risk so as to increase the likelihood of the City Corporation's objectives being achieved
  - safeguard, enhance and promote the City Corporation's reputation
6. These objectives will determine the City Corporation's risk management strategy and the resource, processes, tools, documentation, training and communication required to implement it effectively.

### Risk Management Strategy

7. The purpose of the Risk Management Strategy is to ensure that the objectives of the Policy are realised.
8. The objective of the Strategy is to establish processes for the following:-
  - assigning roles and accountabilities for risk management activities within the organisation
  - identifying the scope of risk management
  - the preparation of Risk Registers

- identification, evaluation and prioritisation of risks
- implementation of action plans to eliminate or reduce risks to an acceptable level
- ensuring that risks are considered and recorded in all decision-making processes
- the provision of skills training for relevant staff and Members in the effective management of risk
- regular monitoring of risks and reporting to Members and senior managers to enable the effectiveness of the Strategy and delivery of the Policy to be evaluated
- the identification of the outputs and benefits from risk management

9. The Strategy will be subject to regular review.

### **Roles and Accountabilities**

10. The key roles and accountabilities in relation to risk management are outlined below.

Tier	Responsibility
Court of Common Council	Overall accountability for risk management.
Audit Sub Committee	Provides assurance to Court on the effectiveness of the risk management policy and framework and its implementation. The Chairman is the Member 'Risk Champion'.
Strategic Risk Management Group (SRMG)	Promotes, steers and monitors risk management. The Group will report upwards to the Performance and Strategy Summit Group and Chief Officers Group for guidance and will then report to the Audit Sub Committee. The Chairman is the Deputy Town Clerk, who is the officer 'Risk Champion'.
Chief Officers	Accountability for the effective implementation of risk management within their departments reporting to their relevant service Committee(s) thereon as part of the Business Planning process.
Departmental Risk Champions	Normally second tier officers represented on the SRMG. Promote and facilitate implementation of risk management within their departments.
Service / Project Managers	Accountability for effective management of risk within their areas of responsibility.
Employees	An awareness and understanding of risk management.

## Scope of Risk Management

11. Attention has to be paid to the whole of the City Corporation's risk profile.
12. Risk has to be assessed in terms of the way in which actions, or omissions, impact on the organisation and its ability to meet its duties, plans and objectives. It must be assessed in the round and take account of all relevant factors, including financial and reputational impacts.
13. Risks do not reside at one level within the organisation. Those assessing risk must consider all strategic, operational and project risks. The process will involve people at all levels.

## Risk Registers

14. Documentary evidence of identified risks and risk management must be maintained in order to support assurance and to inform the evaluation of risk management.
15. For this purpose, the City Corporation will maintain two types of Risk Registers that record all current risks as follows:-
  - Strategic Risk Register – maintained by the SRMG and comprising key risks identified that would impact on the achievement of the City Corporation's Strategic Aims.
  - Departmental and Operational Risk Registers – maintained by departmental management teams and at the appropriate team level, and comprising those risks that would impact within their area
16. Project risk lists will be maintained for each major project and reviewed and updated by the Project Team as work progresses. Committee reports on such proposals should make explicit reference to the risks involved.
17. The information held on the strategic and departmental Risk Registers must include the following:-
  - (i) Unique risk identification number
  - (ii) Name of specific risk owner (responsible officer)
  - (iii) Title/description of the risk
  - (iv) Likelihood/impact assessment (using the standard matrix)
  - (v) Consequence if the risk is realised (i.e. the event being guarded against)
  - (vi) Mitigating actions/ measures
  - (vii) Residual risk assessment (to measure the effectiveness of the mitigation)
  - (viii) Link to business plan objective(s)
  - (ix) Date entered on risk register
18. All registers should include a field to identify the document file location, version number and date last updated.
19. The Risk Registers will be kept under continuous review to determine which risks no longer apply and, more importantly, to identify new risks. The SRMG will review the Strategic Risk Register regularly and Chief Officers are to conduct a formal annual review of their Departmental Risk Register.
20. The Risk Registers will be posted on the City Corporation's intranet.

## **Evaluation and Prioritisation**

21. All identified strategic risks will be initially evaluated by the SRMG using a matrix that measures:
  - the likelihood of risk occurrence
  - impact on the City Corporation
  - where appropriate, impact on the geographical City and/or the UK generally
22. The initial evaluation will cover the inherent risk i.e. the total risk before any controls or mitigation is taken into account. The process will assess the validity of proposed controls or mitigation to minimise the impact of the potential risk. Following this evaluation, the risks will be re-scored by the SRMG and prioritised by means of an individual score and denoted as 'high risk' (red), 'moderate risk' (amber) or 'low risk' (green).
23. The SRMG will review the inherent risks and determine whether or not the proposed actions enable the risk to be:
  - (i) treated (by preventative measures)
  - (ii) tolerated (by ensuring that adequate plans exist to respond to potentially disruptive events)
  - (iii) mitigated (by, for example, insurance arrangements although it must be noted that the insurance arrangements will not remove the need to control and manage the risk)
  - (iv) removed from the register (recognising that later changes may lead to risks being reinstated)

## **Embedding the Process**

24. For a systematic and effective risk management framework to be successfully implemented, 'risk management thinking' has to be embedded into the culture of the organisation. This is achieved by means of the following:-
  - staff receive appropriate training and are encouraged to consider risk management in their day-to-day activities
  - the SRMG continues to promote, steer and monitor risk management throughout the organisation
  - the Deputy Town Clerk chairs the SRMG and acts as the officer 'Risk Champion'
  - the SRMG reports on a six monthly basis to the Summit Group, Chief Officers and Audit Sub Committee
  - the Chairman of the Audit Sub Committee acts as the Member 'Risk Champion'
  - the Audit Sub Committee reports on a six monthly basis to the Finance Committee
  - Chief Officers ensure that effective departmental risk management procedures are in place, and that expected procedures are clearly communicated
  - annual departmental risk management plans and Risk Registers have been developed
  - all staff are aware of their responsibilities in managing risk and contributing to the City Corporation's overall strategy
  - Strategic and Departmental Risk Registers, the Risk Management Policy and Strategy, minutes of all relevant meetings etc. will be posted on a risk management site on the City Corporation's intranet
  - risk management will feature, as appropriate, in individual staff appraisals and Performance & Development Reviews

- risk management is considered as part of any proposal being presented to Spending Committees.

### **Impact on CAMP**

25. Elements of the risk management strategy described above impact upon the CAMP as there will be financial, operational and reputational risks both transferable and non-transferable that need to be identified and monitored.

## SUSTAINABILITY POLICY

The City of London has a proud history of looking to the welfare of future generations and has long been aware that a clean environment and economic prosperity go hand in hand with a good quality of life.

The City takes in people, information and goods and it produces trade, wealth, and of course waste. Thus the City cannot exist in isolation as it is reliant on regional, national and international networks, all of which are reliant on social, economic and environmental systems.

As a result, the City of London seeks to behave in a way which ensures the protection of these systems. We also seek to encourage this behaviour amongst our stakeholders. In this way we can ensure that future generations can enjoy a quality of life that matches or exceeds our own needs.

To this end sustainability is integrated into key policies and programmes such as procurement and business planning and the City of London has commissioned research into issues such as carbon finance and the sustainability of tall buildings, as well as established groups such as the City Environmental Forum in which to spread best practice on energy and waste management amongst City businesses.

With respect to the issue of climate change the City of London has split its efforts into two work streams:-

The City's Climate Change Adaptation Strategy takes a risk management, resilience and business continuity approach to ensuring that the City's physical assets, infrastructure and services remain fit for purpose in the face of climatic risks. The issues identified within the Climate Change Adaptation Strategy and associated Action Plan therefore have implications for the capital strategy and asset management plan.

The City of London's Climate Change Mitigation Strategy and associated Carbon Descent Plan, seek to ensure that the City of London Corporation uses energy as efficiently and effectively as possible. The targets within this plan aim to ensure that the City of London Corporation is aligned with EU, UK and GLA policy, however, as the Corporation's 2009/10 energy costs were £14,830,715 (and set to increase due to the CRC and rising wholesale prices), there is an economic imperative to reduce carbon emissions which has a direct impact on the Capital Strategy and Asset Management Plan.

Further information, including copies of the adaptation and mitigation strategies can be found on the City of London's website-

### [Tackling climate change in the City of London](#)

The Sustainability Policy was adopted in 2005 and takes social, economic and environmental aspects from a range of Corporate strategies and plans to create a holistic picture of the City's position on sustainable development. The elements of this policy most relevant to the Asset Management Plan are reproduced below.

- EC1 Improve the awareness and understanding of climate change and its potential impacts and assist partners in anticipating, preparing for and adapting to the impacts of climate change, thereby helping City businesses to become more stable, competitive and attractive to investors.
- EC5 Actively seek environmentally and socially responsible options when purchasing

- goods and services in all areas of the Corporation's operation and continue to encourage our partners and suppliers to do the same.
- EN1 Raise awareness of environmental issues, encourage the use of best environmental practice, and ensure adherence to relevant environmental legislation in all areas of operation and partnership working.
  - EN2 Continue to pursue the reduction of the Corporation's and its partners' absolute Carbon Emissions through increasing energy efficiency, use of green energy, the development of Combined Heat and Power (CHP) generation and improved transport options.
  - EN3 Reduce the excessive consumption of water in its own buildings and operations and encourage others to do likewise.
  - EN4 Reduce waste generation and maximise the re-use and recycling of waste material in its own operations, ensuring the most sustainable option for waste disposal is pursued. Encourage and enable others in doing the same.
  - EN5 Entrench sustainable development principles into the heart of the planning system.
  - EN8 Protect, maintain and enhance the built environment of the City, ensuring that it is a safe and pleasant place to live and work, and seek to ensure that new developments have a positive impact on the environment. Continue to be aware of areas of major flood risk and work with partners to counteract and reduce risks.
  - SO1 Encourage the active involvement of businesses, local residents and other stakeholders in its open spaces, in the protection and maintenance of the natural environment.
  - SO4 Provide activities and meeting places for young people.
  - SO6 Consult, inform, include and engage all sections of the City's diverse community when making decisions and delivering change.
  - SO7 Work to ensure marginalised/ minority/ disadvantaged groups have equal access to and are encouraged to use all City services and activities.
  - SO9 Protect and maintain the historic properties which it owns both inside and outside the City of London, and ensure that streets and public spaces are designed and maintained to a high standard.

## DEPARTMENTAL PROPERTY AUDITS

This is a list of the areas covered with the respective Chief Officers when reviewing operational properties.

The main drivers for changes in property needs are:

- Business Departmental business plans/best value reviews/audits
- Potential future changes
- Financial objectives and constraints
- People Insufficient/excess space
- Future staff projections
- Changing ways of working
- Timing Lease expiries or breaks.
- Major cyclical maintenance items

### The Business

- Departmental objectives and activities as set out in the Departmental Business Plan and how these underpin the City Together Strategy and the Corporate Plan.
- Financial goals or constraints.
- Key issues facing the department in relation to its property portfolio (*e.g. insufficient space, lease expiries, break dates, inflexible space, suitability of location*).
- Whether there is an agreed accommodation/estate strategy in place. The guiding principle behind all such strategies is to ensure that the estate supports service delivery.
- Looking at possible changes over the next 2, 5 and 10 years and how this could affect property needs. Legislative reforms, changes in working practices, partnership arrangements or the use of other agencies may well have a bearing on staffing numbers and, ipso facto asset requirements. Other potential threats/risks for the continuity of the business will need to be identified.

### The Properties

- Suitability of the properties in terms of location, image and access.
- Sufficiency of the properties having regard to facilities, operational efficiency and obsolescence.
- Major renewal projects
- Compliance with legislative requirements including DDA, asbestos surveys etc.
- Appraisals to identify latent development potential or if there is a more valuable alternative use or marriage value that could be released.
- Property running costs and the use of benchmarks.
- Opportunities for better space utilisation and whether changes in working practices or IT could produce efficiencies.
- Location of backroom activities outside the City.
- Comparison with space standards adopted by Corporation.

**English Heritage (EH) - Heritage at Risk Register (HARR) 2009**

1. The City of London, which owns some 350 heritage properties in total, has 12 City of London historic properties on the HARR which was published on 23 June 2009. EH for monitoring purposes, records all monuments in its HARR files at three differing risks levels which are high, medium and low.
2. The City Surveyor, who monitors the HARR and reports regularly to the Property Sub Committee, is developing a strategy with EH to ensure there is an early removal of all City of London heritage properties from the HARR.
3. To enable this a City of London Monuments Working Party has been established and there are regular liaison meeting with the English Heritage Director for London Region.
4. Action has been taken to review the 12 properties and produce proposals and cost-estimates for further consideration and action. There should be scope for modest initial action and positive scope for longer-term action, with a view to starting the process of removing City of London heritage properties from the HARR during 2009/2010.

**Scheduled Monuments in the City of London**

	<b>Property</b>	<b>Designation</b>	<b>Priority</b>	<b>Comment</b>
1-5	London Wall: five sections of the remains of the Roman wall	Five separate Scheduled Monuments	NA	The Roman City Wall consists of 19 separately Scheduled sections
6	Roman Bath House, Lower Thames Street	Scheduled Monument	NA	This property is Scheduled as the Roman hypocaust and building on site of Coal Exchange
7	Roman wall in basement of 90 Gracechurch St	Scheduled Monument	NA	This small Scheduled Monument is located in the basement of a shop within Leadenhall Market

**Scheduled Monuments outside the City of London**

	<b>Property</b>	<b>Designation</b>	<b>Priority</b>	<b>Comment</b>
1	Group of four World War II fighter pens, Kenley Common	Scheduled Monument	NA	Three of the pens are on private, non-City of London owned property.  It is difficult to maintain structures that were built to meet urgent war time needs, rather than long-term use.
2	Group of seven World War II fighter pens, Kenley Common	Scheduled Monument	NA	All seven of these pens are within Kenley Common

### Listed Buildings: Within the City of London

	Property	Designation	Priority	Comment
1	St Mary Somerset Church Tower	LB Grade I	E	Is now the subject of a Building Agreement, the completion of which, at the end of 2010, will activate a lease agreement for a period of 250 years. It is anticipated that this event will trigger an enfranchisement process, leading to the transfer of the freehold to the third-party and removal of the City's association with the property on the HARR.

### Listed Buildings: Outside the City

	Property	Designation	Priority	Comment
1	Bunhill Fields Burial Ground LB Islington	LB Grade II In a Conservation Area	F (F)	Designation under review by English Heritage, with possible designation as Registered Historic Park or Garden and a series of individual Listed Buildings; all would be added to the HARR.

### Registered Historic Park & Garden: Outside the City

	Property	Designation	Priority	Comment
1	Wanstead Park, LB Redbridge	RHL Grade II* In a Conservation Area	Medium Vulnerability; Trend: Deteriorating	Described as having "Extensive significant problems" and "Mixed, multiple owners".

- Key:**
- A:** Immediate risk of further rapid deterioration or loss of fabric; no solution agreed.
  - B:** Immediate risk of further rapid deterioration or loss of fabric; solution agreed, but not yet implemented.
  - C:** Slow decay; no solution agreed.
  - D:** Slow decay; solution agreed, but not yet implemented.
  - E:** Under repair or in good repair, but no use identified; or under threat of vacancy with no obvious new user (applies only to buildings capable of beneficial use)
  - F:** Repair scheme in progress and (where applicable) end use or used identified; functionally redundant buildings with new use agreed, but not yet implemented.