AGENDA MANAGEMENT SHEET

Name of Committee	**Overview and Scrutiny Board**
Date of Committee	**5th October 2010**
Report Title	**Update Report – Progress on Property Review**
Summary	Work is well underway in reviewing the Councils property, to challenge how it is being used and to identify opportunities to use the property in the most efficient ways to meet service needs, and to rationalise where property is deemed surplus. This report provides update on progress and the next steps.
For further information please contact:	Steve Smith Head of Development Resources Directorate Tel: 01926 412352
Would the recommended decision be contrary to the Budget and Policy Framework?	No.
Background papers	

CONSULTATION ALREADY UNDERTAKEN:-   Details to be specified

Other Committees	☐	....
Local Member(s)	☐	
Other Elected Members	☒	Cllr Tandy and Cllr Roodhouse *For information*
Cabinet Member	☒	Cllr Hayfield *(in Cllr Heatley's absence)* *For information*
Chief Executive	☐	....
Legal	☒	....
Finance	☒	....
Other Chief Officers	☐	....

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District Councils ☐ ....

Health Authority ☐ ...:..

Police ☐ ....

Other Bodies/Individuals ☐ ....

FINAL DECISION   YES

SUGGESTED NEXT STEPS: Details to be specified

Further consideration by
this Committee ☐ ....

To Council ☐ *..*

To Cabinet ☐ ....

To an O & S Committee ☐ ....

To an Area Committee ☐ ....

Further Consultation ☐ ....

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Agenda No

Overview and Scrutiny Board – 5th October 2010

Update Report – Progress on Property Review

Report of the Strategic Director, Resources

Recommendation

That the progress on the review of property be noted.

1.0   Background

1.1   The effective utilisation of our property asset base is a key challenge for the organisation and one that has a significant profile amongst Members. As the Council faces a tough economic environment with predicted reductions in government funding and spending putting significant pressure on balancing the Council's budget, the effective use of the Council's property and its rationalisation will make an important contribution to the Council's savings plans for the next 3 years and beyond.

1.2   Property review and property rationalisation should not be seen as isolated pieces of work. This is part of a major change programme to the way the Council works, and is an important component in supporting the activities that will transform the Council's services and how they will be delivered over the next few years.

1.3   The approach therefore needs to be a combined effort to pull together the savings required to be delivered by the delivery of an holistic one front door (OFD) approach to service delivery into the future with a clear focus on delivering savings from reducing our property portfolio; from amending our methods of customer interaction to a more cost effective basis; from implementing revised HR arrangements that allow further efficiencies to be delivered particularly in relation to achieving a remodelled workforce where modern and flexible working is embedded as a core behaviour; and by maximising the efficiencies available to the Council from new technological solutions particularly in IT.

1.4   The connectivity, linkages and dependencies between the support services means that a joint effort is required in ensuring successful delivery. Whilst the service's will be able to facilitate solutions there is however a fundamental need to ensure that the links to service deliverables and business priorities is made as the functions delivered by these Resources and Customer,

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Workforce and Governance services are truly there to support the efficient and effective delivery of frontline services to the citizens of Warwickshire.

2.0   Context

2.1   The concept of Property Review is not a new and recent phenomenon. In 2007 the Head of Property instigated a new programme of Area Property Reviews, the purpose of which is to:

- Optimise utilisation of assets in terms of service benefits and financial return
- Identify property for additional service provision
- Promote the shared use of assets with partners
- Replace existing poorly performing assets with new purpose built, efficient, sustainable facilities
- Improve customer access
- Exploit the potential of e-government
- Reduce overall operational costs
- Release assets from their current use, either for an alternative use by the council, for letting to obtain a rental income, and/or disposal to obtain capital receipts
- Reduce maintenance backlog by disposing of assets in a poor state of repair, and possibly use some of the receipts to address maintenance issues with the retained assets
- Identify the potential for the transfer of an asset to the community

These property reviews have continued as we work geographically around the county and are due to complete with the Wellesbourne review in November 2010.

2.2   In May 2008 Cabinet adopted the new Corporate Property Strategy 2008 – 2018 which sets out a clear direction for the council's property, describing the policy areas, activities and actions needed to get there. The strategy clearly describes asset review as a key component to drive change in our organisation.

2.3   In 2009, the Public Service Board (PSB) commissioned an initiative for public sector organisations to review property across Warwickshire, to map and take into consideration all public land, to take into account customer insight data, locality profiles, sub-regional work, and to agree on opportunities that deliver the concept of One Front Door, ensure rationalisation and release of property, and the adoption of modern and flexible ways of working.

2.4   In March 2010, SDLT considered a report on Asset Challenge which was describing in greater detail the approach taken to date to challenge the organisation's use of its property asset base, to agree the priority areas for focus during 2010/11 which will be included within the Corporate Property Strategy Action Plan for 2010/11, and to agree the principle of engagement with consultants to further consider the opportunities available so as to deliver greater outcomes from our property asset base.

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3.0   Progress

3.1   As an outcome of the Asset Challenge report, directorates were instructed to produce clear plans on their property needs for the short, medium and long term. As a way of doing this, each directorate has produced a Directorate Asset Management Plan (DAMP) which describes the directorate functions and the types of property it occupies, and then describes specific service developments and how this might impact on property needs. The impacts are categorised over the short, medium and long term.

3.2   Each of the DAMP's have been analysed by the Strategic Asset Management Group in Resources, and from that analysis specific pieces of work have begun by working with directorates to review their property needs in light of their service reviews and proposed change programmes. Some of this work is about exploring the opportunities and savings that could be made, and is therefore about option appraisal and feasibility ahead of and subject to Cabinet approval.

3.3   By way of capturing all this activity under the heading of Property Rationalisation, a programme of projects and feasibility work has been produced, and these are at various stages of development, with varying degrees of progress. Some of this work is specific to directorate and service need, some work is taking a Council wide approach, and some work spans across our public sector partners.

3.4   The programme of projects comprises some elements that are advanced to the point of a high degree of certainty whilst others are at their early stages, and others are yet to be committed:

   o Rationalisation of ALL office accommodation, both across the Council and with partners,
   o Review of public facing property to rationalise the number of "front doors" and reception facilities, both across the Council and with partners
   o Review of all unused and underutilised pieces of land
   o Opportunities to transfer property to the community and voluntary sector
   o Review of all leases, and whether we are getting any operational benefit
   o Options for providing accommodation for elderly people and Extracare housing
   o Review accommodation needs for the use of the councils vehicle fleet
   o Review the options for providing accommodation for social education centres and day care centres
   o Review of the accommodation needs for the Youth Service
   o Opportunities for schools to become hub schools with co-located community facilities
   o Review options for the accommodation needs for Pupil Referral Units (PRU's)

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o Review of the options for the delivery of the library service and registrars, and opportunities for libraries to have additional services concentrated within them
o Review of the options for accommodation needs for the Heritage and Culture service
o Review of the opportunities from the smallholding estate e.g. affordable housing

3.5 It must be understood that the programme is a set of proposals for property rationalisation. The scale and pace of rationalisation and the savings that can be realised from rationalisation is going to be influenced by, amongst others, the Comprehensive Spending Review later in October. Ultimately the rationalisation programme is subject to Cabinet approval and ratification. There are significant decisions to take on the future of services and how they are delivered and the impact on property that this will have, so it should be recognised therefore that the programme is a constantly changing picture.

4.0 Project Governance

4.1 Property rationalisation has evolved into a project which essentially addresses changing the way we work on the ground. It is important that property rationalisation is seen in this broad but fundamental way because it is so dependent on our adoption of modern and flexible working, use of technology, the management of our information and records, delivery of services through one front door, partnership working, locality based service delivery, direct delivery versus commissioning, the integration of resources functions, budgeting and where budgets are held and controlled, the location and deployment of those functions that are not customer facing, our relationships with schools and academies, our approach to economic growth and sustainability of communities and narrowing the gaps.

4.2 Therefore the property rationalisation project has a project management structure reporting to the One Front Door and Property Programme Board on which the chair is the Leader of the Council, supported by the portfolio holder for Resources, Customers, Workforce and Governance, and Children Young People and Families. A project initiation document (PID) is being prepared, and PRINCE 2 methodology is adopted. The structure of the governance is taking shape, and whilst not at an agreed stage, it is likely to reflect the components described in Figure 1 below.

4.3 The project will form one of the workstreams from the One Front Door and Property Programme Board, of which the Head of Development Steve Smith is a member. For the Property Rationalisation Project, a project Board will comprise the portfolio holder for Resources, the Head of Development as the Project Executive, and the Group Manager for Strategic Asset Management, as the Project Manager, with other officer members in support described in the table in Figure 1 below.

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4.4   The Project will have a core 'Strategic' team, led by the Project Manager. Separate Feasibility Teams and Implementation Teams will be appointed with appropriate membership, for each property or groups of properties identified for change and rationalisation by the Strategic team. The Head of Development will be responsible for handling conflict resolution which may arise from rationalisation plans.   If agreement cannot be reached at Project Board level, there are opportunities to escalate to the Programme Board.

Figure 1: Reporting Structure
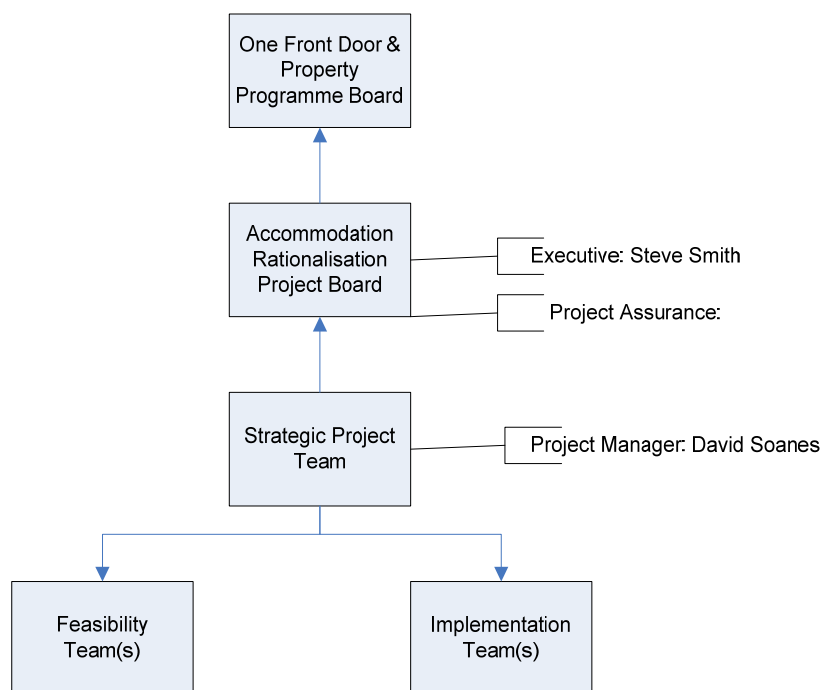
Suggested officer membership of Property Rationalisation Project Board:

Senior Supplier	ICT
Senior Supplier	Strategic Asset Management and Estates
Senior User	Head of Customer Service and Access
Senior User	Head of the CYPF Development Programme
Senior User	Head of Sustainable Communities and Economic Development
Senior User	Representation from Adult Social Care & Health Transformation project
Project Assurance	To be agreed with the Head of Corporate Finance, and could be a member of Audit and Risk Management

4.5   It is likely that there will be new construction and refurbishment work, property disposals, and significant changes to the way property is managed and operated. Therefore other officers from the Design and Construction and Facilities Management teams will be brought in to deliver the projects and

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provide progress and project management reports to the Project Board, in line with the corporate arrangements, and best practice for project management.

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24th September 2010

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