

## Resources and Fire and Rescue Overview and Scrutiny Committee

13 September 2017

### Update on Property Rationalisation Programme Phase 2

#### Recommendation(s)

1. That Committee endorses the approach in relation to the delivery of the remaining savings target associated with the Property Rationalisation Programme
2. That Committee endorses the approach in relation to managing future property rationalisation

#### 1.0 Key Issues

- 1.1 The Council is operating in an environment of reducing budgets and increasing demand for services, and therefore the Property Rationalisation Programme (PRP) recognises:
  - A reducing workforce as a result of current savings plans and OOP 2020 savings commitments
  - The Organisation's commitment to develop a culture that supports Smarter Working (Flexible Working Practices)
  - The need to act on the Workspace Utilisation Assessment analysis gathered over 2016 & 2017
  - The Asset Management standards which will be reviewed in the Asset Strategy 2017-2020
- 1.2 PRP phase 2 is a 3 year programme from April 15 to March 18, and forms part of the Council's medium term savings plan to 31<sup>st</sup> March 2018. The plan also overlaps the Council OOP 2020 plan by one year in 2017-18.
- 1.3 The savings plan objective is to deliver £1.6M of revenue savings by 31<sup>st</sup> March 2018, thus
  - 2015-16 £317,000
  - 2016-17 £733,000
  - 2017-18 £550,000

The £550,000 savings target in 2017/18 is included within the OOP 2020 savings plan. There are also additional savings targets that are associated with OOP 2020 savings that sit outside of PRP 2.
- 1.4 It is recognised that PRP 2 is an extension to the original rationalisation programme that secured savings of £4.376M to 31<sup>st</sup> March 2015 and as such PRP2 presented a greater challenge to deliver the savings and was likely to require more challenging asset disposals than in the earlier programme.

- 1.5 This report provides an update on achievements to date and identifies sources of savings to the end of programme. The principle established as part of PRP 2 was that all project activity had to be cash neutral i.e. capital works had to be funded from and limited to net capital receipts.

## 2.0 Property Rationalisation Programme 2017-2018

- 2.1 The current and final year proposals to meet the Property Rationalisation target for 2017/18 are attached at **Appendix A**. There is currently a shortfall in the Property Rationalisation Programme Target of £357,000. Proposals to address the shortfall will be addressed in the 2018/19 budget refresh. There is a risk associated with property disposals, as they are reliant on the property market responding and acting to timescales, and this is not all within the council's control.

## 3.0 Future Programme

- 3.1 To date all required development associated with the delivery of the Property Rationalisation Programme has been managed via the capital programme. To support the delivery of OOP 2020 savings and beyond, a robust capital investment plan is needed to support the refurbishment programme and increased utilisation strategy. This capital investment strategy will be worked up to support a bid to the Council's Investment Fund.
- 3.2 The delivery plan for future Savings is being informed by the current Transformation Programmes in OOP 2020. Property Services are supporting a number of work-streams that will have a likely impact on the portfolio going forward.
- 3.3 Barrack Street - office utilisation is too low. A report identifying our approach to vacating Barrack Street block and improving the utilisation of accommodation across the Warwick Core Office portfolio will be brought to Cabinet later this year.
- 3.4 In support of the Barrack Street Review, a review of current accommodation within Warwick and Leamington is also ongoing. This particularly relates to our future use of Holly Walk, Leamington and Myton Park, Warwick. Both assets are in need of investment. The assets were not purpose built to meet current service needs so additional investment beyond maintenance to improve the condition is needed to deliver a modern and flexible work space to meet both current and future needs of the Council.
- 3.5 Rugby Area Review – A review of accommodation within Rugby has commenced. The aim of this review will be to;
- Identify the short and long term solutions for the occupation of Oakfield Park via a purchase or continuation of occupation by way of a lease.
  - The short and long term solution for the future use of Fawsley Park.
  - The short and long term solution for the provision of the Sesame Centre; Bloxham Centre; 55 Clifton Road.

This review will aim to achieve revenue saving of at least £280,353.

- 3.6 Adult Transformation programme – Further opportunities may arise particularly in relation to the Health and Social Care Integration that may support shared service provision. This is still a work in progress and further updates will be provided as we obtain further clarity on proposals.

- 3.7 Children's Transformation programme – Further opportunities may arise particularly in relation to the 0-5 Redesign. The creation of Family Hubs could impact on the portfolio and enable a small number of opportunities to be realised.
- 3.8 WFRS – Cabinet recently approved the WFRS Asset Management Plan. This Asset Management Plan includes a vision for the estate aligned to the Integrated Risk Management Plan. We are reviewing the locations of some stations, principally as a result of housing growth and the overall condition of the estate. Recent works have been undertaken or are planned at a number of stations including Headquarters.
- 3.9 Further opportunities may arise as work streams associated with the Transformation and Regeneration Programmes continue to materialise. The changing approaches to service delivery, aligned to Smarter Working could also impact on the portfolio of property.
- 3.10 The DCLG's One Public Estate programme provides a further significant opportunity for property rationalisation. It is an initiative delivered in partnership by the LGA and the Cabinet Office Government Property Unit, where the programme has the aims of
- Delivering more integrated and customer focused services
  - Creating economic growth
  - Reducing running costs
  - Generating capital receipts
  - Shared Services
  - Housing Growth

Advice from the LGA and experience understood from other Authorities already on the programme suggests that a Warwickshire wide approach is appropriate to achieve significant benefits on this programme. Officers are therefore currently developing a bid proposal in collaboration with other public sector partners for submission by November 2017. Opportunities exist within Blue Light sector, WCC with Health and County / District / WMCA shared services.

#### **4.0 Timescales associated with the decision and next steps**

- 4.1 A further report will be brought to Cabinet at the end of 2017/18 to provide further details in relation to:-
- The position in relation to the delivery of the Property Rationalisation Programme – June 2018
  - A further report clarifying the approach for vacation of Barrack Street – Autumn 2017
  - The position in relation to the One Public Estate bid – As required
  - Further clarity in relation to opportunities as a result of the ongoing Transformation Programmes and Area Reviews – As required.

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The report was circulated to the following members prior to publication:

Other members:

Councillor Heather Timms –	Chair for Resources and Fire & Rescue OSC
Councillor Parminder Singh Birdi –	Vice Chair for Resources and Fire & Rescue OSC
Councillor Sarah Boad -	Party Spokesperson for Resources and Fire & Rescue OSC
Councillor Maggie O'Rourke -	Party Spokesperson for Resources and Fire & Rescue OSC

APPENDIX A

Property Rationalisation Programme 2017/18

UPRN	Property	Year	Earmarked for	Savings type	Forecast Receipt	Actual Receipt	4% of Receipt (for mngmt/ad min)	Receipt Adjusted (less 4%)	8% of Adjusted receipt / or identified Revenue saving	Anticipated completion	Actual Completion Date	GIA	GIA disposed	Disposal Complete
<b>Property Rationalisation Savings Target to be achieved by March 2018</b>									<b>£1,600,000</b>					
<b>Property Rationalisation Savings Target achieved to date</b>									<b>£644,000</b>					
<b>Property Rationalisation Target C/fwd (DB009)</b>									<b>£956,000</b>					
<b>Progress against PRP Target</b>									<b>£598,788</b>			<b>9477</b>	<b>242</b>	
1186	Caldwell Grange HEP, Nuneaton	2017/18	PRP 2	Capital Recpt	£342,000		£13,680	£328,320	£26,266	21/01/2018		0		Yes
2047	Bracebridge Court HEP, Atherstone	2017/18	PRP 2	Capital Recpt	£342,000		£13,680	£328,320	£26,266	21/01/2018		0		Yes
2096	Orchard Blythe HEP, Coleshill	2017/18	PRP 2	Capital Recpt	£342,000		£13,680	£328,320	£26,266	21/01/2018		0		Yes
4200	Low Furlong HEP Shipston	2017/18	PRP 2	Capital Recpt	£342,000		£13,680	£328,320	£26,266	21/01/2018		0		Yes
4246	Lower meadow HEP, Stratford	2017/18	PRP 2	Capital Recpt	£342,000		£13,680	£328,320	£26,266	21/01/2018		0		Yes
4276	Four Acres HEP, Studley	2017/18	PRP 2	Capital Recpt	£342,000		£13,680	£328,320	£26,266	21/01/2018		0		Yes
5265	Park View HEP, Warwick	2017/18	PRP 2	Capital Recpt	£342,000		£13,680	£328,320	£26,266	21/01/2018		0		Yes
5295	The Lawns HEP, Whitnash	2017/18	PRP 2	Capital Recpt	£342,000		£13,680	£328,320	£26,266	21/01/2018		0		Yes
2080	Coleshill Fire Station, Park Road (easement over access)	2016/17	PRP 2	Capital Recpt	£12,000		£480	£11,520	£922	31/08/2017	18/08/2017	0		No
2089	Coleshill 22 Lawnsdale Ave	2016/17	PRP 2	Capital Recpt	£134,400		£5,376	£129,024	£10,322	30/09/2017	30/08/2017	83		No
5189	1 Northgate Street	2017/18	PRP 2	Capital Recpt	£450,000	£450,000	£18,000	£432,000	£34,560	30/06/2017	16/06/2017	166	166	Yes
2196	Coleshill 57 Parkfield Road	2017/18	PRP 2	Capital Recpt	£170,000	£175,000	£7,000	£168,000	£13,440	31/03/2017	26/05/2017	76	76	Yes
4012	Alcester library (receipt - 275k less Globe House expenditure - 210K)	2017/18	PRP 2	Capital Recpt	£75,000		£3,000	£72,000	£5,760	31/12/2017				No
2210	Atherstone, Unit 4g Racemeadow Road	2017/18	PRP 2	Capital Recpt	£170,000		£6,800	£163,200	£13,056	30/09/2017		298		No
3009	Binley Woods (former) Library - This is to be confirmed.	2017/18	PRP 2	Capital Recpt	£200,000		£8,000	£192,000	£15,360	TBD		132		No
5199	Montague Road Area offices, Montague Road Warwick	2017/18	PRP 2	Revenue					£169,205	31/03/2018		6791		No
1014	Exhall Grange School & Science College, Easter Way Bedworth - Lancaster House	2017/18	PRP 2	Revenue					£63,100	31/03/2018		1611		No
4389	Winton House, Church Street Stratford-Upon-Avon	2017/18	PRP 2	Revenue					£53,739	30/09/2017		320		Yes
5189	1 Northgate Street, Warwick	2017/18	PRP 2	Revenue					£9,200	31/03/2018		0		Yes
<b>PRP Balance</b>									<b>-£357,212</b>					

Key
Already identified should fall as planned
Disposal completed / savings obtained