

Resources and Fire & Rescue Overview and Scrutiny Committee

21 February 2024

Estates Master Planning Programme

Recommendations

That the Resources and Fire & Rescue Overview and Scrutiny Committee:

1. note the update on the current programme position for Estates Master Planning; and
2. note the current performance of the Warwickshire Property and Development Group (WPDG) against their 2023 Business Plan (January 2022-December 2023).

1. Executive Summary

Estates Master Plan

- 1.1 The Estates Master Planning Programme (EMP) is designing and delivering a Council countywide asset disposal programme. This programme is supporting the rightsizing, alignment, and, where suitable, disposal of assets to ensure optimal utilisation and service delivery can take place.
- 1.2 An EMP report was previously presented to this Committee on 15 December 2021. The report set out the continued development of the redesign of Shire Hall and Old Shire Hall, aligned to the reinstatement of services. This element was successfully delivered during the challenges of the Covid pandemic, embedding a repurposed and modernised Shire Hall that visibly supports effective agile working and exposure to new opportunities for collaboration. Benefits have been evidenced by increased utilisation of the overall site, teams exploring new ways of working, and positive outcomes for business delivery.
- 1.3 Since May 2022 when development of the site began, average utilisation has doubled. Further, 5 new collaboration areas have been installed and are the highest single usage of any working type of space at over 60% utilisation, reflecting the very different way in which colleagues use our shared office space.

- 1.4 The EMP has applied the best practices from this success in delivering a repurposing programme of the remainder of the central Warwick estate, highlighted as follows:
- a) sub-letting four floors at Saltisford Office Park with early discussions taking place of a fifth leasing opportunity;
 - b) centralising conferencing and meeting facilities in Shire Hall and Old Shire Hall, resulting in the potential future disposal of Northgate House;
 - c) commissioning a Shire Hall access audit and report to ensure that the property meets with the requirements of Section 3 of the Equality Act 2010 (previously Disability Discrimination Act) and taking steps to assure compliance;
 - d) supporting parking with ANPR technology; and
 - e) improving Council chamber technology with the introduction of large screen technology and the ability to hold hybrid meetings where appropriate.
- 1.5 The EMP intends to introduce a third phase to create an asset disposal programme, which provides the Council with a complete oversight of the status of all assets. The overall aims are to:
- a) ensure that the Council can confidently be assured that all assets are efficiently used from a business utilisation and fiscal perspective, and align to best practises and locations for optimum service delivery; and
 - b) assets appropriate for disposal are identified at the earliest opportunity.
- 1.6 The objectives are as follows:
- identifying and accessing data sources to create the Council asset portfolio;
 - creating a single source of accessible data, ideally a property dashboard;
 - analysing data to identify current considerations for each asset;
 - engaging with Services to identify and support property requirements in the short, medium, and long-term, and develop a Service Asset Management Strategy;
 - making recommendations that support the optimum use of assets and identify efficiency savings and investment opportunities;
 - considering opportunities with partners supporting the One Public Estate principles and aligning to future grant funding opportunities; and
 - designing a phasing plan of changes to the asset portfolio, ensuring that it is aligned to the estate rationalisation savings set out in the Medium-Term Financial Strategy and contributing fully to the Sustainable Futures Strategy and 2030 net zero target.

WPDG

- 1.7 WPDG is an arms-length company wholly owned by Warwickshire County Council, which includes property development and property management subsidiaries in addition to a 50:50 joint venture with Countryside Homes Plc (with 30% owned by the Council and 20% by WPDG) to support the Council's objectives in relation to regeneration and renewal, along with ensuring best use of assets. WPDG submits an annual business plan for approval by

Cabinet, and delivery against this business plan is monitored through the year via an Officer led Governance Group as well as a Member Oversight Group. It was agreed as part of the Council’s governance for WPDG that an update on the financial performance would be brought for consideration to the Resources and Fire & Rescue Overview and Scrutiny Committee twice a year.

- 1.8 WPDG’s financial performance for 2023 was positive overall; despite some delays to specific sites due to factors beyond the company’s control, financial performance has been better than planned. See table below for specific key performance indicators.

WPDG 2023 Performance Against Approved Business Plan		Full Year 2023 (1st Jan-31st Dec)			Comment
		Business Plan	Actual	Variance	
Performance Measure	Units				
Programme - no of Site Specific Business Cases Developed and Approved at WPDG Board	No. Business Cases	7	3	-4	Development of a few sites delayed due project issues beyond control of company (i.e. planning). 2024 Business Plan to include contingency for future similar delays in approval timetable.
Total Borrowing levels	£'000 000s	£ 13.4	£ 8.0	-£ 5.4	Borrowing profile consistent with plan against approved site specific business cases.
Working Capital Borrowing	£'000 000s	£ 1.5	£ 1.5	£ 0.0	On Track - as per Business Plan.
Finance - Profit before Interest (Cumulative year to date)	£'000 000s	-£ 0.055	£ 0.183	-£ 0.238	Variation due to timing of site specific business cases. No material impact to Council MTFS.

2. Financial Implications

EMP

- 2.1 Commercial lettings – EMP phase 1 has identified an income stream of c.£4m for the lease of the Saltisford offices for the current period of the MTFS (c£0.8m a year), which requires some up-front capital investment which was subject to a Cabinet decision earlier in February 2024. Where decisions have been taken the lease rental/disposal income is already reflected in the 2024/25 to 2028/29 MTFS where it is confirmed. Further opportunities with either commercial leases or disposals will be assessed and collated on each occasion an asset is disposed of.
- 2.2 There is expected to be a significant reduction of utility costs as assets are disposed and the overall portfolio reduces to the correct size.
- 2.3 There may a need for further ‘spend to save’ investment to fund refurbishment or dilapidations of assets before entering disposal and/or sale/lease negotiations. These will be identified and acted upon as the programme rolls out, with any need for additional resources to support this activity likely to require additional allocations from the Capital Investment Fund.

WPDG

- 2.4 There is no immediate impact on Council's MTFS in relation to WPDG Business Plan performance, and risks in terms of timing of dividends are covered via the Commercial Risk Reserve established for that purpose. Officers will continue to monitor Company performance on an ongoing basis.

3. Environmental Implications

- 3.1 The positive contributions by the EMP disposal programme are projected to be:
- contributions towards the Council's objective of reducing its environmental impact and becoming net zero by 2030;
 - a reduction in the overall Council estate that will lead to reduced carbon emissions, supporting the next zero carbon targets;
 - the inclusion of new ways of working, incorporating better ways of recycling, monitoring of waste and incorporating transport considerations, inclusive of electric vehicle systems where appropriate.

4. Timescales associated with the decision and next steps.

- EMP Asset Review Programme to commence from 8th January 2024.
- Data analysis to identify potential Assets for Service changes, letting and / or disposal opportunities to be completed by 31st March 2024.
- Asset changes to begin from Summer 2024.

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

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