

Cabinet – 27 September 2006

Corporate Property Strategy

Portfolio: Councillor John O'Hare - Resources

Service: Property Services

Wards: All

Key decisions: Yes

Forward plan: Yes

Summary of report

The Executive Management Team supported proposals to establish a Corporate Property Strategy (CPS) at its meeting held on the 13 July 2006. The document sets out key management principles which need to be adopted by the Cabinet and seeks to establish a framework for future property decisions by the Council. The report also describes key actions looking over a 5 to 10 year period. It is anticipated that the current action identified will be expanded as the four directorate Property Boards develop their individual property strategies.

The CPS will enable the Council to take an overview of its strategic proposals, in respect of the property portfolio, looking over a 5 to 10 year period. It is intended to be a dynamic document and will change over time in response to the changing circumstances. The Strategy complements the Council's Corporate Asset Management Plan (CAMP), which has been updated and will be presented to a future meeting of the Cabinet. A copy of the proposed CPS is attached (Appendix A).

Recommendations

Cabinet is recommended to endorse the key management principles and actions set out in the Corporate Property Strategy for Walsall Council.

Resource and legal considerations

The Strategy seeks to ensure the efficient and effective use of all property assets, linking the need to hold property with agreed service delivery requirements. By doing this, the Council will target financial resources at locations which best support service delivery.

The CPS advises that small reductions in the amount of accommodation held and securing running cost savings will release significant capital and revenue resources to support service development.

The Council's CPS does have regard to the Council's statutory obligations in terms of health and safety and employment law and will help ensure that its property portfolio is fit for purpose.

Citizen impact

By linking the need to hold property to support service delivery, the Council is seeking to ensure that investment is made at key locations, so that customers and staff have access to fit for purpose accommodation.

Community safety

Early planning to release surplus assets will minimise voids, resulting in fewer incidents of vandalism and anti-social behaviour. Security issues will be addressed at both the options appraisal and design stages for new projects.

Environmental impact

The adoption of a commitment to achieve at least a good rating under the Building Research Establishment's Environmental Assessment methodology for assessing the performance of new buildings will be a demonstration of the Council's commitment to sustainable development. Fit for purpose, well maintained properties will make a positive contribution to the street scene. The disposal of non-operational property – where appropriate and the minimisation of voids should attract fewer incidents of vandalism.

Performance and risk management issues

The use of resources is a key element of the Comprehensive Performance Assessment and a follow up inspection is due to take place in 2007. Evidence of a clear property strategy, that is owned and driven by members and senior managers, will be valuable evidence of the effective use of resources.

The adoption of a rolling 5-year strategic plan will minimise the risk of inappropriate investment and property defects. Planned disposals of property and better strategic management will provide reliable financial information, enhancing short, medium and long-term budget planning.

Equality implications

Equality issues are given due regard at both the options appraisal and detailed design stages of projects.

Consultation

The CPS builds on the existing approach of Directorate Asset Management Planning by introducing Property Boards for the following:-

- Children's and Young People's Services
- Neighbourhoods
- Regeneration
- Social Care and Inclusion

Each of these Boards will review property management principles, identify key actions/strategic issues and will produce Departmental Asset Management Plans annually. The Property Boards will report to the Corporate Property Group to enable the Council to establish a corporate strategic overview of the property portfolio and key actions.

Vision 2008

The provision of well maintained, fit for purpose property supports all Council priorities.

Background papers

None.

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Signed:

Executive Director: J Morris

Date: 18 September 2006



Signed:

Portfolio Holder: Councillor J O'Hare

Date: 18 September 2006



Walsall Council

Corporate Property Strategy

September 2006

Introduction

A Corporate Property Strategy (CPS) is essential to provide a strategic overview of the actions to be taken with the Council's property portfolio. This document is Walsall's first CPS.

The CPS should make explicit links with: service priorities, the Council's Capital Strategy and the Corporate Asset Management Plan. Service need should drive property requirements to enable the Council to deliver its key objectives and targets. The CPS needs to take a longer term view over a 5 to 10 year period, which will influence property investment decisions.

Property resources have an impact on service delivery. Next to finance and staff, property is the Council's most valuable resource, representing major capital investment and significant annual revenue expenditure. The condition of the stock communicates an impression about Walsall Council; good organisations tend to operate from good premises. The Council also has a role in providing exemplar buildings to encourage other developers to follow – examples can include maintaining good design standards and ensuring buildings are sustainable.

Our Property

The Council property portfolio has a value of over £715m and small savings can deliver significant capital and revenue resources. The estate can be categorised as set out below:

	No	£m
Operational – direct services	299	702
Operational – non direct services	301	1.30
Operational – offices/administration	55	7.00
Non-operational – investment	124	3.70
Non-operational – surplus/vacant	<u>7</u>	<u>1.30</u>
Total	786	715.3m

Condition, Suitability and Running Costs

In 2005 the Council's maintenance backlog was estimated to be in the order of £30m. An allocation of £5.6m in 2005/6 has secured a reduction in the maintenance backlog and a further allocation of £6.3m will continue to improve property condition. However, extrapolating recent condition survey information suggests that the maintenance backlog is significantly higher than that suggested in 2005 and the Corporate Property Group (CPG) will monitor this and provide advice in respect of future investment.

The CPS should identify those premises in poor condition and those that have a poor user suitability rating. This will provide a priority list for disposal or investment. Consideration also needs to be given to running costs - some benchmarking work is underway, particularly in respect of energy management, to identify invest to save work and areas where management action is required.

Primary Management Objectives

The Council's primary management objectives are:

- To make effective and efficient use of the Borough's property holdings in line with the Council's key objectives and targets.
- To optimise construction and maintenance expenditure, having regard to whole life costings. Specifically, an examination of life cycle costings will be used, which may justify greater initial capital investment to secure sustainable features and lower running costs.
- To ensure property running costs are optimised and expenditure associated with occupation is minimised through the use of benchmarking reviews.
- To keep under review the business case to retain non-operational assets.
- To identify and exploit linkages between the Council's land and property assets and Walsall's regeneration programme. Where appropriate land and property assets will be disposed on appropriate terms to secure regeneration objectives.

Management Principles

The key management principles of the CPS are as follows:-

1. All non-housing property will be held as a corporate resource – specifically capital receipts from property and land sales will be utilised to fund priorities identified in the Borough's Capital Programme.
2. Property will only be held to support service delivery – exceptions may include:
 - a) Property being held to generate income to secure services subject to a business case being demonstrated.
 - b) Property retained for future service provision for example land held for development of affordable housing.
 - c) Property required to promote a regeneration objective.
3. Non-operational property will be subject to annual review.
4. Property assets have a value and Executive Directors will account for assets used to deliver directorate plans and services.
5. The Council will maintain investment into its property infrastructure subject to available resources.
6. Partner organisations and particularly those in the public sector will be encouraged to share accommodation to reduce costs.
7. Investment planning will take into account life cycle costs.
8. Capital and revenue programmes will make provision for investment into the Borough's property infrastructure.
9. New buildings will be sustainable, based on life cycle costings and not initial capital outlay.
10. All new buildings will have a Building Research Establishment environmental assessment rating of not less than good.

11. Property occupation costs and property utilisation will be monitored through the Asset Management Plan process and benchmarking reviews
12. Property users have an obligation to reduce running costs.

Property Boards and Corporate Property Group

Property Boards have been established for the following services:

- Social Care and Inclusion
- Neighbourhood Services
- Children and Young People
- Regeneration

The Corporate Property Group (CPG) is chaired by the Executive Director of Neighbourhood Services and all of the Property Board chairs support the CPG to ensure that the Group includes strategic decision makers. The CPG makes cross service links between emerging property strategies from each of the service directorate teams. The interests of the Corporate Directorate are represented at CPG level.

The Property Boards will work closely with Property Services to identify planned service developments that will have a property impact. The Boards will look at strategy and the contributions that the Property Services Team can make to deliver directorate plans.

Information provided through the Property Boards will inform the development of the CPS and this is illustrated below. For example the closure of a school may provide an opportunity for Social Care or the Regeneration Team.

The Boards will also enable planning to start at an earlier stage on major schemes, which will assist the Council to reduce capital slippage. Schemes should not be included in the capital programme prematurely and certainly not before detailed option appraisals have been completed.

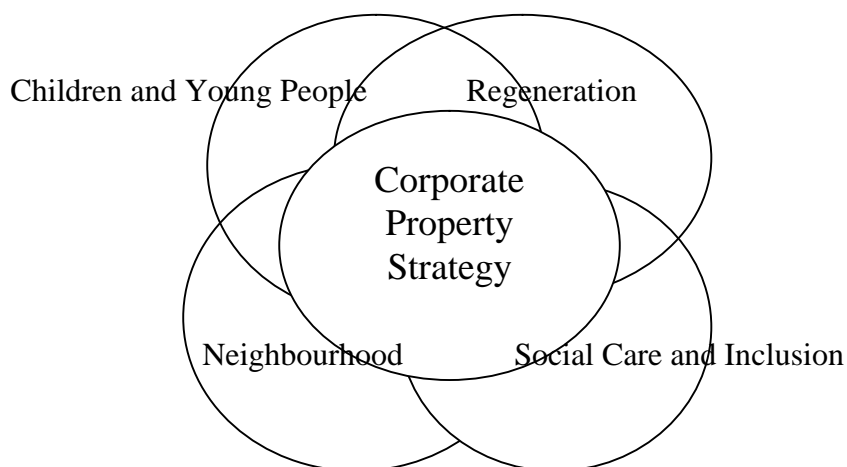


Illustration of Service Property Strategy linking to Corporate Property Strategy

Key Actions

The CPS sets out the major objectives of the Council in terms of the property portfolio. The action plan will be developed through the Property Boards and CPG. The following actions have been identified following discussion in the first round of Property Board meetings. It is expected that further actions will be identified over time:

1. Undertake a review of the Civic complex with a view to optimising floor areas and in particular the potential to release Tameway Tower.
2. Office accommodation will be predominantly open plan.
3. Action will be taken to move rapidly to introduce new ways of working
4. Staff not required to be permanently office based to move to hot desking with drop in facilities being provided.
5. The Council will engage with other public sector agencies with a view to developing joint accommodation strategies and to share facilities, where appropriate.
6. A single call-centre will provide a telephone access point for all the Council's services
7. Complementing the Civic Centre's First Stop Shop – one stop shops/service hubs to be provided in key centres of population
8. The Borough's Leisure Strategy will make explicit links with the Building Schools for the Future Programme.
9. A review of the proposed Building Schools for the Future programme will be undertaken in 2006/7 to enable linkages with other services to be identified.
10. A review will be undertaken of proposals to reduce surplus school places to enable redundant school building to be considered for use by other services.
11. Linkages to be made with the regeneration programme to identify locations that should benefit from exemplar schemes having regard to sustainability and design quality.
12. Major construction and engineering projects to be used to promote the regeneration training agenda
13. A corporate approach to records management to be adopted and this will include a review of valuable storage space in the Civic buildings used for record and other storage purposes. Consideration to be given to store old record off site or for key records to be held electronically.

The above is a statement of current work in progress and it is expected that a definitive action plan will be available by the end of the 2006/7 financial year.

The Transformation Programme and Corporate Property Strategy

People, property, finance and ICT make up the Council's key resources and there are explicit links between all of these resources. The CPS will act as a driver to deliver the Council's Transformation Programme. For example, a decision to move to new ways of working by having a corporate standard of open plan offices and not providing permanent desk spaces for staff who spend more than 50% of the time out of the office has an impact across all areas. Savings will be made in respect of notional cost of the accommodation or actual cost in respect of leased premises.

However, there will be a requirement to invest in good IT systems and to establish corporate standards in terms of, office layout furniture and equipment.

Conclusion

This first CPS for Walsall is intended to explicitly set out the Council's property management principles, together with key actions to be taken in respect of the property portfolio.

It should be used as a driver for change and to assist with the transformation agenda. Unlike the Corporate Asset Management Plan, which is an information document, the CPS is intended to be dynamic, setting out the strategic actions to be taken with regard to the property portfolio and will be reviewed regularly.

The establishment of Property Boards that link with the Corporate Property Group provide a vehicle to further develop Walsall's CPS.

There is potential to generate capital receipts and reduce revenue costs by making better use of the existing property assets.

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