

7 December 2015

Agenda Item: 7d

## **REPORT OF SERVICE DIRECTOR TRANSPORT, PROPERTY & ENVIRONMENT**

### **PROPERTY SERVICES MID-YEAR PERFORMANCE REPORT 2015/16**

#### **Purpose of the Report**

1. This report provides information to the Committee on key action areas identified within the previous performance report in June 2015; a review of existing local performance indicators and an update on the current capital disposal programme including the level and timing of potential capital receipts.

#### **Information and Advice**

2. Some information relating to this report is not for publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972. Having regard to the circumstances, on balance the public interest in disclosing the information does not outweigh the reason for exemption because divulging the information would significantly damage the Council's commercial position. The exempt information is set out in the exempt appendix.

#### **Property Reviews**

3. A key area of activity within the Property Group during the last six months has been the development of a business case that would seek to transfer the design and operation elements of the Property Group into a joint venture arrangement with the Scape Group. This has been the subject matter of a separate report to Finance and Property Committee on 9 November.

#### **Property High Level Indicators:**

4. Members will recall that during 2014, the Chartered Institute of Public Finance and Accountancy (CIPFA) high level property indicators were introduced. These are used to monitor and manage the corporate property estate. The indicators are reported upon annually with the latest update presented to this committee in June, 2015. There were three indicators identified that required further investigation, water consumption, space/occupancy standards and accommodation sharing. These are reported upon below.
5. Water Consumption  
In the June report it was reported that water consumption was slightly below the Local Authority average, based on the then last available figures, although it was noted that

consumption had increased from last year. Further investigation has taken place why this increase has occurred.

cubic/sqm			
2011/12	2012/13	2013/14	2014/15
0.73	0.69	0.69	0.70

As will be noted there has been some reduction from 2011/12, possibly as a result of improved billing, identifying high usage or generally raising the profile of water consumption at certain sites.

However, from April 2013 onwards we have no data for schools' water consumption, so for the 13/14 & 14/15 years above, the average has been used for each school's water consumption from 11/12 and 12/13. For this reason, it is recommended that schools' water consumption be excluded from future water reporting.

The revised figures **excluding schools** are:

cubic/sqm			
2011/12	2012/13	2013/14	2014/15
0.69	0.60	0.57	0.62

The figures are lower because schools are generally more intensive users of water than most corporate buildings. The pattern is broadly similar with a drop in 2012/13, then remaining fairly stable."

LA average cubic/sqm			
2011/12	2012/13	2013/14	2014/15
0.58	0.397	0.465	Data not available

The average consumption is above the local authority average. As a result an exercise has been agreed with colleagues in the Waste and Energy Group to identify the top 10 worst performing properties and establish the reasons why and recommend mitigation measures. An update on this exercise to be reported upon in the end of year performance report.

## 6. Space usage/occupancy

The average floor space per full time employee (FTE) and the annual property cost per workstation, results were awaited from the Smarter Ways of Working programme in order to assist in the production of these two indicators.

The updated information is outlined below

	NCC (current)	LA average 13/14
(i) Average office floor space per FTE	9.2sqm	10.95sqm
(ii) Average annual property cost per office workstation:	£1,166*	£1,281

\* Average excluding Chadburn Hse that is still to be assessed

These results suggest that the main property assets are being more intensively used than the local Authority average which is a positive trend indicator

## 7. Shared accommodation

	12/13	13/14	14/15
(a) % of corporate office space shared	1% (1040 sqm)	2.2% (2056 sqm)	2.43% (2056sqm)
(b) % of all space shared across the whole portfolio	4% ( 60,500 sqm)	4.9% (73,253 sqm)	4.88% (72,847sqm)

The reduction in total shared area percentage has arisen due to the removal of non-county office shared properties, following sale

## **Local Existing Performance Indicators**

8. The indicators reflecting the performance of the Group are outlined in Appendix 1.0 and include a commentary explaining the reasons for the relevant out-turn. Particular points to note are:

### Customer Satisfaction (↑)

The excellent feed- back received on satisfaction surveys continues which are all showing a consistent trend of high positive returns ranging from 91% to 100% all above the target of 80%.

### Project Management (↓)

Accuracy in forecasting project design costs and time continues to below target. This is a reflection of the change in scope, budget and programme particularly for the large number of individual projects in the Schools Capital Refurbishment Programme where some of the base line information dates back to 2011.

### Health and Safety (↑)

High levels of performance are being maintained in this key area of work for the Property Group covering, Asbestos, Legionella and Fire risks. Improved working practices have been introduced during the last 12 months that assists with data inputting and ensuring that delivery of remedial works are undertaken in a manner that more closely reflects risk ratings. In addition a monthly report is produced for the Property Group management team identifying any significant compliance risks.

The Property Group is liaising with colleagues in Health and Safety to consider whether various inspections made by respective officers at properties could be consolidated to avoid multiple inspections for different purposes. This could potentially have the benefit of ensuring that properties are visited more frequently (by using staff resources more effectively) and providing a higher degree of assurance that properties are being used and managed in a safe manner

## **Asset Management Planning and Asset Sharing (↑)**

9. One of the core improvement areas of work for the Property Group is the development of Asset Management practices to ensure the corporate property estate is managed as effectively as possible to meet strategic and corporate objectives.

A two year work plan was established in the autumn of 2013 that seeks to conclude with the development of a strategic long term asset management plan. This period of time was necessary to effectively work up key components that will help inform the AMP. Key areas of work that have been completed are:-

- Resurvey of non-school properties to develop accurate and up to date condition survey information from which property condition and back-log repair information can be established - **Completed December 2013.**
- Development of a corporate wide and consistent suitability assessment model - **Completed December 2013**
- Development of a repairs and maintenance strategy - **Completed April 2014**
- Develop a new suite of high level property performance Indicators - **Completed May 2014**
- Undertake suitability assessments for all non-school properties - **Completed June 2014**
- Joint development of Smarter Ways of Working (SSWOW) Brief to inform future property need - **Completed autumn 2014**
- Area mapping of partner assets - **Initial stage completed September 2014**  
(Ongoing work with partners to identify hotspots of property clusters)
- Partners given access to the area map **May/June 2015.** However, there still remains some data on Broxtowe Borough Council's assets that needs adding. To date Bassetlaw District Council has not engaged in the mapping process or One Public Estate (OPE) initiative.
- The first workshop to enable joint consideration of partners property assets in the Gedling, Broxtowe and the southern part of Ashfield took place with partners on **Friday 11 September 2015.**
- Workshop 2 has been scheduled for the December to enable consideration of the Mansfield, southern part of Ashfield and northern part of Newark and Sherwood.

## **Next steps**

Identify asset categories that require urgent review - **Strategy for unsuitable properties completed March 2015.** A total of 78 properties have been identified as requiring urgent review. Each of these properties have been desk top reviewed in order to consider a potential 'exit strategy'. The results of this assessment will be reported to the Council's executive team in December.

Subject to executive approval the property group will engage with services in order to examine further the means of vacating these properties and work with departments to develop local asset management plans for their areas. The main objective will be to set a challenge to operate from a reduced property footprint by combining smarter ways of working with modern service delivery methods.

### **Asset Sharing (↑)**

10. The County Council has been taking a lead role in the One Public Estate Pilot launched in March 2013. The aim of the initiative is to encourage local councils to work with central government and other public sector organisations to share buildings and re-use or release surplus property and land. As an OPE core participant, NCC was tasked with leading on the asset mapping of all partner assets.

More specifically during the last 12 months Corporate Property has been working with Gedling Borough Council and the Police to share space within Sir John Robinson House.

As indicated above, the first workshop with partners took place on Friday 11 September 2015 from at Gedling Borough Councils Offices. The area reviewed was Gedling, Broxtowe and the southern part of Ashfield. The workshop was well attended and the feedback from partners has been good. A significant number of opportunities / issues were identified and each of these will now be progressed by the identified lead and progress monitored. A further workshop has been scheduled for December to enable consideration of the Mansfield, southern part of Ashfield, northern part of Newark and Sherwood which is being held at Mansfield District Councils offices.

At the end of August there was the opportunity for a bid to be submitted for £250,000 of funding over 5 years to support delivery of OPE projects and for additional targeted funding to speed-up delivery of projects. It has also been decided by Central Government that OPE should be aligned with D2N2 and hence that the OPE bid should be made jointly with Derby/Derbyshire. The proposal is that Derbyshire will establish an OPE Steering Group similar to the one we already have in place and that both will in the future report to a Joint Assets Board which will be responsible for overseeing the work across the whole area and the Board will report to the Combined Authority and or the Mayor. The focus is on regeneration, housing development and achieving a more integrated approach to how the public sector uses and manages its property assets to facilitate improved services and make efficiency savings.

### **Design and Delivery**

11. Recent examples of notable projects that have been undertaken is outlined below:-

#### **Schools Basic Need Programme14/15 (↑)**

12. The 2014/15 programme has been successfully completed with the exception of:

- a. Butlers Hill which has experienced delays as the design required change. All capital projects involve our early engagement with our Planning Authority colleagues to mitigate likely objections, but the ones raised here by statutory consultees were unexpected.

- b. Hollywell Primary, Hillocks Primary and Manor Park Infants. The delivery of these projects has been delayed within the procurement process, due to window delivery issues the causes have been identified and measures have been put in place to avoid these occurrences in the future.
- c. Jefferies, Flintham, College House Junior and Stanhope (phase 2). These projects are on schedule to complete to the programme agreed with the Client department.
- d. Ash Lea Special School which has been delayed with the agreement of the school and the Client department to secure additional funding streams and so deliver an enhanced project. The feasibility for this enhanced project has now commenced.

The 2015/16 programme is under way with 16 projects – all of these are undergoing feasibility works.

#### Schools Capital Refurbishment Programme (<-->)

13. It is anticipated that works at all schools under the current programme will be completed during the 2015/16 financial year with the exception of Chilwell School. This site was the subject of an unsuccessful bid in the Priority Schools Building Programme (PSBP) resulting in the start date being delayed. Other sites affected by the PSBP bid process have been reassessed for delivery by the end of March 2016.

This has been one of the biggest investments by the County Council into improving the schools estate and tackling the considerable backlog of refurbishment that had accumulated over a long period.

A review of all the final out-turn cost of the projects is continuing, this will allow the programme to be closed down in an orderly fashion.

#### Capital Projects

14. In addition to the main school programmes the Group has a number of significant capital schemes that are being progressed and these are detailed below: -

- The Big House: £2.7m project to build a new respite care centre for children in Edwinstowe. This was handed over to the end user on the 16 October 2015 although some snagging items are ongoing. Funding has now been secured for the works required to the existing Big House, imposed via a planning condition, involving an expenditure of approximately £280,000. The building was handed over to the contractor on the 21 October 2015 to commence the remedial works.
- Worksop Bus Station: £2.9m project for construction of a new bus station. The on-site enabling works commenced in September 2014 with the project being handed over on the 11 August 2015.
- Clayfields House, Stapleford: Following successful bids to the Department for Education (DfE) a planning application has now been submitted for the replacement of the Scarlet Wing at this secure unit. Approval has been issued to proceed to the tender stage. Progress to delivery on site is subject to the approval of further bids for

funding by the DfE. Ultimately, if funds are forthcoming, the existing Scarlet Wing will be demolished and a new vocational block will be constructed.

- Hucknall Inner Relief Road: Support is being provided for this Highways scheme with regard to the demolition of some properties and the soundproofing of others. Demolition is to be complete by mid-January 2016 with the soundproofing element to continue until the end of September 2016.

### **Capital Disposals (↑)**

15. As part of the budget setting process each year, a target is established for the amount of capital receipts it is anticipated will be achieved from the sale of surplus land and buildings during the next financial year. The target is set by considering the total number of properties that will be marketed during the next 12 months and based on various factors such as market conditions, the strength of demand for particular types of property etc. an assessment is then made of the likelihood of these properties being sold during this period. The target is then set for each year based on the assessment of risk and an estimated sale value of each asset. As Members will appreciate for various reasons the actual number of properties that are sold within the 12 month period will, despite this assessment process, almost certainly change during the year. Prospective purchasers may for example withdraw for a variety of reasons or attempt to renegotiate the terms of the sale in which case the sale may be delayed or one or other party withdraws and the property has to be remarketed. Some sites which are sold for development are complex and in order to maximise the receipts most are sold subject to planning permission being obtained and various surveys being carried, this can however, also impact on the estimated timescale for completion of the sale.

Development sites represent in value and number terms, the largest source of capital receipt generation. Property has on-going, regular and very positive dialogue with all the District Councils, in order to promote its strategic land holdings. As a result of this on-going planning work, the Council has achieved significant success in both bringing forward valuable sites to sell for development and protecting the Council's long term interests. Future projections therefore rely heavily on the successful disposal of a small number of large development sites. In the event that the estimated timeframe for the disposal of any of these key sites slips it can have a disproportionate effect on the capital receipt projection.

Capital receipts are therefore monitored closely throughout the year during regular monthly meeting between property and finance and the revised estimate of receipts for the year is regularly reported to Finance and Property Committee as part of the budget monitoring process. In addition to further improve the accuracy of the capital receipt projections, key disposals are more actively monitored with regular reports being presented to the Capital and Asset Management Group on progress with measures identified and agreed to mitigate risk, such as considering alternative methods of sale and the payment of non- returnable deposits once a draft contract is issued.

The capital receipts out-turn for year 2015/16 along with future year projections is shown below. Additional detail on some of the key asset disposals is set out in the exempt section of this report with an explanation on the reasons why the variation from target occurred.

	2015/16	2016/17	2017/18	2018/19
MTFS Target	7,300	14,500	15,250	11,500
Max Projected Potential Receipts	6,975	13,750	15,250	11,500
Balance	-325	-750	0	0

**Initial Budget Book target for 2015/16: £6,927,500**

**Total Sales Achieved 2015/16: £5,094,023**

### **Formal Compliments and Complaints (↑)**

16. During the period April to September, 2015 one complaint was received involving the driving of an NCC van by a member of the property Group. The complaint was not upheld. This compares to four complaints being received in the previous year.

In the same period seven compliments were received covering a variety of activities including: -

Sir John Robinson House - Operations team  
 Robert Mellors Primary - Operations team and external contractors  
 Lambley Primary - BN15 - Design team  
 Arnold Library Project - Refurbishment - Operations team  
 Costock Primary - New Build Project - Operations and design team  
 James Hince Court - Refurbishment - Departmental Services team  
 Lyndene – Refurbishment - Design team

In addition during this reporting period two further 'going the extra mile awards' have been made in connection with the work undertaken by three members of the design and operations teams at Rufford Abbey and the last award to an officer with the property and strategy team for work undertaken outside of office hours.

### **Other Options Considered**

17. This report is for noting only.

### **Reason/s for Recommendation/s**

18. To provide members with an update on key action areas identified within the previous performance report in June 2015; a review of existing local performance indicators and an update on the current capital disposal programme including the level and timing of potential capital receipts.

### **Statutory and Policy Implications**

19. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the NHS Constitution (Public



Health only), the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

## **RECOMMENDATION/S**

- 1) That the information set out in the report on the Property Groups performance is noted.

**Jas Hundal**

**Service Director – Transport, Property & Environment**

**For any enquiries about this report please contact: Andrew Stevens 0115 977 2085**

### **Constitutional Comments (CEH 12.11.15)**

20. The report is for noting purposes only.

### **Financial Comments (SES 12.11.15)**

21. As this report is for noting, there are no specific financial implications arising directly from this report.

### **Background Papers and Published Documents**

22. None.

### **Electoral Division(s) and Member(s) Affected**

23. Ward(s): Other

Member(s): n/a Outside Nottinghamshire

File ref.: /SB/SB/

SP: 2956

Properties affected: 09998 - Various NCC Properties/non-property item