

17 November 2014**Agenda Item: 6d****REPORT OF SERVICE DIRECTOR, TRANSPORT, PROPERTY &
ENVIRONMENT****PROPERTY SERVICES MID- YEAR PERFORMANCE UPDATE 2014/15****Purpose of the Report**

1. This report provides information to the Committee on key action areas identified within the previous performance report in May 2014; 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.

Background

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 Some information relating to this report is not for publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972.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. It was previously reported that as part of a continuing drive to assist with service delivery improvement a number of reviews had been commissioned, the CIPFA Value for Money Assessment; an internal lean review and the Viper Project review. All except the Viper review have been completed and reported upon previously.

Follow-up findings from CIPFA review

The CIPFA review findings were generally very positive. An exception was the cost of property management which appeared higher than other benchmarked bodies. Visits were made to several local authorities which had apparently a lower cost of service delivery. The visits revealed that NCC data did not include costings for the individual activities for example, sales and disposals, valuations etc. and instead provided a combined figure, which resulted in a higher overall cost for each activity. One of the improvements emanating from this exercise is the need for timesheets to be kept for each area of activity and case to enable a better break-down of costs. This will be rectified in the next return.

Viper

4. The main findings to date from the review is that there should be a more structured flow of communications and instructions. It has been acknowledged by the review team that some of the weaknesses first evidenced when the review commenced have already been resolved as part of general improvements associated with the development of the new service delivery structure that was reported to this Committee on 24 February 2014.

Property High Level Indicators:

5. The previous report introduced new high level property indicators for monitoring the performance of the whole estate. These reflected Government best practice guidance on property Asset Management Plans established under the National Property Performance Initiative (NPPMI) and promoted by the Chartered Institute of Public Finance and Accountancy (CIPFA). In summary these cover the following:-

Condition and required Maintenance

Environmental/Energy Usage

The Suitability of Buildings

Office property within the portfolio

The Efficiency in utilising space

6. Members may recall that the previous reported identified current performance under these headings with updates to be provided on an annual basis. The only indicator that was proving problematic to assess, was in relation to the utilisation of workspace. It is anticipated that the current on-going work associated with Ways of Working and the associated accommodation reviews will address this issue and thus aid better asset management.

Local Existing Performance Indicators

7. 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

8. Previous property performance reports have indicated that the customer satisfaction form would be reviewed, with a view to ensuring that it provides a greater opportunity in providing detailed feed-back on individual schemes after the work has been completed and the property has been used as opposed to immediately on completion. As a result this has meant that no new satisfaction survey forms have been returned during the first quarter 2014/15. It is anticipated the new survey forms will be issued shortly and the results will be reported within the next property performance report to the Committee.

Project Management

9. Predictability against project design costs: The target of 95% has never been consistently achieved and is considered too high. A review of the latest available figures from Constructing Excellence (which is an industry benchmark nationally) shows an overall result of 79% for this KPI on all non-housing projects. NCCs first quarter figure KPI is 89% which compares very favourably with the UK Industry Performance Report. It is therefore proposed that the local KPI is set at 90%.

Health and Safety

10. The last report to the Committee highlighted that there were two areas for concern relating to both Legionella monitoring and Asbestos reporting. This was due to the transition from the previous electronic property management system known as P2 to the Corporate BMS system. The new system was causing a resourcing issue and the ability to extract required information was proving problematic. System improvement is being investigated however this is unlikely to occur within the near future. In order to resolve the issues it has been decided to continue using P2 until BMS has been developed to a point where it provides the same level of reporting and data handling capabilities as P2.

Asset Management Planning and asset sharing

11. 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.
12. A two year work plan has been established that will lead to the development of a strategic long term asset management plan. This period of time will be necessary to effectively work up key components that will help inform the AMP. The first stages that required progressing and completing by spring 2014 were:-
 - 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 that will be trialled with property holding departments- **Completed December 2013.**
 - Development of a repairs and maintenance strategy- **Completed April 2014.**
 - 2nd stage covering the period Spring 2014 until December 2014.
 - Undertaking suitability assessments for all non- school properties- **Completed June 2014.**
 - Agree new suite of property performance and service delivery indicators- **High level indicators established local indicators require further development.**
 - Identify asset categories that require urgent review **by August 2014- Target re-assessed.**

13. This area of work has been over taken by the Redefining Your Council Initiative and has in part been undertaken in conjunction with Services as part of their targeted reviews. It is anticipated a whole scale review of all council assets will be take place in connection with the Ways of Working/ Accommodation review process that is currently at the scoping stage. A detailed timetable for the accommodation review should be available by the time of the next property performance update report.
14. Complete area mapping of partner assets by **September 2014 - Target missed**
Progress on asset mapping is outlined in more detail below. It is taking longer than expected in securing data from District Councils In addition while our own ICT services have previously provided a temporary trial portal for this data a more robust solution is required and this is being developed at present and should be complete by mid-November.
15. Traditionally asset management has been undertaken in isolation with neighbouring partners. This often results in missed opportunities to improve joined up local service delivery and maximise occupancy of buildings. The Property Group will be aiming to explore and promote joint asset management planning.
16. The One Public Estate pilot scheme which was formally announced by Central Government in the March 2013 Budget, and given added impetus in the June 13 Spending Review provides an opportunity to progress this principle. 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.
17. The City Council has been selected as a pilot however; the City has recognised the benefits of extending the initiative county wide and as result NCC is a key participant. The County Council is leading on mapping all partner properties to assist in identifying hot spot groupings which identify opportunities to merge the use of assets.
18. Partners have been requested to provide specific information regarding the location, type and use of their Assets in order that it can now be uploaded into the mapping system. To date the City Council, Nottinghamshire Police Authority, East Midlands Ambulance Service, NHS Property Services (part date), Nottinghamshire Fire and Rescue Service, and Rushcliffe Borough Council have provided data and this has been uploaded. All the other District Councils have given a verbal confirmation of their intent but it has not yet been made available.
19. Currently ICT is in the process of providing access to those partners who have contributed to the mapping process to seek feed- back prior to general roll-out.
20. In addition an exercise is currently underway aimed at capturing various sets of data relating to the vision for, and management of, property assets. Capturing relevant data, and sharing it across public sector partners, will it is believed, achieve the following benefits:
 - Creation of stronger linkages between partners
 - Early warning of opportunities to collaborate

- Procurement efficiencies and improved speed to market through wider use of existing frameworks and contracting arrangements
- Better value for money in the use of internal resources
- Integrated, long term planning for use of property
- The data captured will be extracted from each partners spread sheet and collated into a single database managed by Nottingham City Council. The database will be shared among all partners.

21. In addition as part of this work, property officers are meeting with partners on a monthly cycle to directly explore and progress any opportunities for asset sharing. Opportunities to share offices with other public sector bodies are being examined and progress made will be reported to the Committee in due course. In recent months this has included the Mansfield Civic Centre and Sir John Robinson House (the former Home Brewery building).

Design and Delivery

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

Schools Basic Need Programme13/14

23. Fifteen projects form the 13/14 School Places programme which includes Chuter Ede/Fernwood phase 2 and Pierrepont Gamston. These projects, with the one exception of Richard Bonington, have now all completed on site and classrooms have been handed over to the individual schools. Richard Bonington is scheduled to complete in spring of 2015. However, it should be noted that because of planning constraints this project was always likely to be delivered at a later date.

24. The feasibility projects for the summer 2015 projects have now commenced.

Schools Capital Refurbishment Programme

25. All projects from year 1 are now complete. There is 1 project from year 2 still to conclude with approval from the programme executive board. There are 8 year 3 projects still to complete with 4 scheduled for handover at the October half term closure.

26. A number of projects are currently on hold pending the outcome of the Priority Schools Building Programme 2 (PSBP2) bidding process.

27. The programme for year 4 is progressing and is on target for completion in the current financial year. Initial survey work has commenced on the year 5 projects and asbestos analysts are being appointed.

Capital Projects

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

- Heymann Annexe: Budget estimate £6m, commenced 21 January 2013. West Bridgford House has been demolished, the key stage 1 building and Multi Use Games Area were handed over 1 October and the main site handed-over on 14 January, 2014. The refurbishment works are now ongoing in the original school building and are scheduled to complete in mid-January 2015.
- The Big House: £2.7m project to build a new respite care centre for children, the start was delayed but work recommenced on site week commencing 31 March 2014. During the interim period enabling works on bat and amphibian rehousing and knotweed control commenced. The derelict CLASP block to the rear of the Hall has now been demolished and the ground prepared to take the new foundations. The build duration will be 11 months. Works required to the existing Big House which are required by a planning condition will involve an expenditure of approximately £280,000. A separate capital funding bid will need to be submitted to cover this anticipated expenditure. At present there is no budget allocation.
- Worksop Bus Station: £2.9m project for construction of a new bus station original estimated start time June 2014. Current anticipated end date August 2015. The on-site enabling works commenced on the 15 September and all parties are working towards contract agreement for the 10 October.
- Archive Centre: £2.6m project to extend existing archives building with improvements to existing air conditioned storage and the addition of cold and frozen storage facilities and improved new facilities. The start was delayed due to target cost issues but these are now resolved and the project commenced on site 7 April. The project is currently running to programme with the steelwork installed and the exterior brickwork nearing completion.
- Clayfields: £0.8m external Design and Build project to construct a training building which is being delivered by Gelders. This project was completed and handed over to the end-user on the 20 June. A further project to upgrade the reception area has now commenced and is due to complete for Christmas; this second project is being managed in-house.
- Bingham Library: £760K project for the provision of a children's centre and library refurbishment. Following planning approval and the discharge of pre-commencement conditions this project started on site on the 7 July and is programmed to complete for Christmas.
- Beardall Street: £5.1m new build primary school to replace existing school with increased capacity provide for additional pupils from the new housing development in the East of Hucknall. This project completed to plan for the internal works on the 29 August and was handed over to the school in time for the new school year. The external landscaping works were completed on 9 September.
- Fernwood: £2.1m second phase of the new school. Phase 2 of a 3 phase project commenced 14 October 2013. This second phase of the project completed to plan on the 14 August and was handed over to the school in time for the new school year. The third phase is now under consideration though no construction times have yet been agreed with the client.

Capital Disposals

29. 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.
30. As Members will appreciate for various reasons the actual number of properties that are sold within the 12 month period will 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.
31. 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 significantly adverse effect on capital receipts.
32. Capital receipts are 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.
33. 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.
34. The capital receipts out-turn for year 2014/15 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.

	2014/15	2015/16	2016/17	2017/18
MTFS Target	7,900	9,600	20,500	11,800
Max Projected Potential Receipts	4,300	13,300	20,000	11,700
Balance	-3,600	3,700	-500	-100

Initial Budget Book target for 2014/15: £7,900,000

Total Sales Achieved 2014/15: £1,277,512

* Will be subject to revision following new forecasting

Compliments and Complaints

35. During the last two quarters four complaints were received. Three of the complaints related to insufficient contact by the project team and one related to the standard of the finished product. In both cases there was a general concern expressed that Officers are not easily contactable after the project has been finished should issues arise. Customer care post completion is being emphasised amongst the teams involved to seek improvement in this area. In the same period ten compliments were received these ranged from the ability to the project teams to problem solve to thanks for projects being well delivered.

Reason/s for Recommendation/s

36. To provide the Committee with an update on key action areas identified within the previous performance report in May 2014; 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

37. 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 Group's performance is noted.
- 2) That the predictability against project time cost local indicator target is reduced from 95% to 90%.

- 3) That a further report is submitted to the Committee on the conclusions of the project review outlined within this report.

Jas Hundal

Service Director – Transport, Property & Environment

For any enquiries about this report please contact: Andrew Stevens on 0115 9772085

Constitutional Comments (CEH 22.10.14)

38. The recommendations fall within the remit of the Finance and Property Committee by virtue of its terms of reference.

Financial Comments (TR 21.10.14)

39. As this report is for noting only, financial comments are not required.

Background Papers and Published Documents

40. None.

Electoral Division(s) and Member(s) Affected

41. All

File ref.: /SL/SL/
Ward(s): Other
Member(s): n/a Outside Nottinghamshire
SP: 2647