

17 October 2016

Agenda Item: 6c

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

### **PROPERTY SERVICES END OF YEAR PERFORMANCE REPORT 2015/16**

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

1. This report provides information to the Committee on key work areas for the property group during the period 1<sup>st</sup> April 2015 to 31<sup>st</sup> March 2016.

#### **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 Some information relating to this report is not for publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972.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.

#### **Executive Summary**

3. The year 2015/16 has been a very intensive yet productive year for the property group. Details of the main areas of work undertaken are outlined in detail within the report however, the following provides some key points of achievement
  - Successful establishment of a new joint venture company for design and operations
  - Over achieving on capital receipts targets
  - Completing the 5 year school capital refurbishment programme
  - Maintaining the safety of our buildings for users
  - Delivering a more cost efficient repairs and maintenance supply chain
  - Providing new school accommodation to meet the expanding demand for places

#### **JV Progress**

4. Members will be aware that a significant focus for the property group during the past 12 months has been the establishment of joint venture (JV) company between Scape Group and Nottinghamshire County Council (NCC). The new company trading as Arc Partnership will be undertaking all property related design, delivery and maintenance works on behalf of NCC under contract for the next 10 years. A total of 70 staff transferred at the go-live date of 1<sup>st</sup> June occupying fresh accommodation at Citygate East within the City, adjoining Scape's headquarters.

5. This new venture provides an excellent opportunity to provide a fresh property service offering to schools and other public sector partners as an alternative choice to the traditional private sector offerings
6. The end of project review feed-back has been very positive recognising that:-
  - a. The JV was developed and established in an exceptional short period of time.
  - b. The engagement with staff and trade union representatives was a beacon of good practice.
  - c. The cross- service internal project team worked well to support delivery of the project.
  - d. The strong support from Scape to deliver on commitments.
7. The JV will bring benefits to the Council in helping to:-
  - secure immediate staff savings of £280,000 during the next 2 years to achieve the overall target saving of £838,000, bring about efficiencies in work procurement.
  - improve procurement of contractors through access to SCAPE frameworks.
  - develop and invest in improved service delivery bringing cultural change and efficiencies.
  - meet other financial budget savings requirements by sharing profits that accrue through the operation of the JV.
8. Since the commencement of Arc the main area of work has been the continuation of around 250 individual projects that started before 1<sup>st</sup> June with delivery post June. A significant number of these projects in terms of value is associated with school extensions to meet school places need.
9. There remains within the property group 44 posts covering strategic asset management, estate management, sales, lettings, valuations, statutory property compliance i.e. fire risk assessments, water monitoring and a client commissioning function as outlined with the report to this committee in March.
10. As part of the second phase of re-organising the delivery of property services, discussions are commencing with other public sector partners in order to explore the opportunity of forming a common property unit for the delivery of retained client functions. This form of common service delivery model also aligns with the aspirations of the One Public Estate initiative which consists of public sector bodies across the D2N2 region.
11. **Repairs, Maintenance and Servicing Framework**

Prior to April 2016, the Council appointed Woodheads a local contractor to manage and deliver all reactive repairs, maintenance and servicing through a Scape framework. This was an all-inclusive service whereby the principal contractor would arrange various contractors to undertake servicing and reactive repairs. A management fee of 16% was applied to all works through this arrangement.
12. This work was commissioned through a SCAPE framework which was due to expire on 31<sup>st</sup> March 2016. Early in 2015, the Property group explored the opportunity to

procure the supply chain directly removing the need to apply the 16% management fee; secure more competitive prices through open competition and being able to more actively manage and influence the qualitative aspects of service performance. The overall works and servicing requirements were divided into 21 lots that were tendered via our internal procurement team between November - December 2016. The offer also included similar works and servicing requirements for Nottingham City Council who had previously also utilised the SCAPE framework.

13. Although it is difficult to make direct comparisons between the varying service arrangements, it is clear that at 1<sup>st</sup> April when the new service contract was introduced, the 16 % management fee had been removed saving approximately £160,000 per annum immediately and an estimated further £250,000 per annum on more cost effective works costs. These savings being experienced are spread out amongst the Council through the Departments who utilise the reactive repairs service. Feed- back from service users is positive in terms of quality and timeliness of the works undertaken.

### **Clasp demolition and Redevelopment**

14. As Members may be aware that adjoining the County Hall H block is a CLASP building that has now been vacated, with staff being accommodated generally within the remainder of the West Bridgford campus by more intensively using accommodation within County Hall and Trent Bridge House.
15. Tenders have recently been let for the demolition of the CLASP block that will involve clearing the building of significant material; the demolition of the structure; the resurfacing of the land for temporary car parking and the re-provision of such displaced facilities including cycle parking, changing room /showers and the loading bay. The works are intended to be fully completed by June 2017.
16. Running in parallel with the demolition project, work is under- way to progress options for the future redevelopment of the vacated site. External advisors are being appointed to work with the Property group to prepare a planning brief for the site that will be subject to public consultation. During the Autumn it is anticipated that the first of a two stage architectural competition will commence that will seek to bring forward design concepts and proposed uses for the site along with details of consideration that would be paid. Separate reports on the progress of this significant project will be presented to this committee at the appropriate times.

### **Support for other Joint Ventures: Libraries and Inspire**

17. The property and strategy team of the property group has been providing extensive support during the last 12 months to the project teams involved with the development of the alternative service delivery models for Highways (Via) and Libraries (Inspire). This has required considerable input into the lease terms for the properties to be occupied by the new entities in particular to ensure that retained NCC liabilities surrounding repairs and maintenance are fair and equitable and that the Council maintains the ability to prioritise works and relocate the services to alternative premises as part of general asset management planning.
18. To date Community Partnership Libraries are operational at Annesley Woodhouse, Collingham and Tuxford the first of these was completed in November 2015. Lease

discussions are at advanced stage with Misterton Parish Council.

### **Capital receipts**

19. It has been an extremely successful year with a challenging capital receipts target being exceeded. A total of 14 sales were achieved during 2015/16 equating to £7.57million. The highest sum achieved for the last several years. The success this year is based on good forward planning to ensure that vacant land has beneficial allocations within local plans, marketing occurs to allow sales and completions to align within required financial years and buildings are not left vacant for prolonged periods.

### **School Places delivered and value**

20. There is a statutory provision placed on the County Council to annually identify and provide for any increases in required school places (previously known as Basic Need) throughout the County.

As a result of this annual view, feasibility studies are carried out at the identified schools by Property to identify the most cost effective provision, whilst ensuring that the proposals are compliant with the current legislation, the latest Central Government guidance and good practice. The output is a specific construction proposal for each school. During the 2015/16 financial year 15 projects were delivered at a cost of £5.7million and provided 528 additional places.

### **Schools' Capital Refurbishment Programme**

21. 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.
22. This 5 year programme which came to a conclusion in April this year has involved 275 projects undertaken at a cost of £82.15m. The nature of the works have been varied, seeking to tackle the most urgent priority areas, such as replacement roofs, windows, doors, services etc. During the final year of the programme, 91 projects have been completed at a cost of £14,220,673.
23. The County Council has received approx. £6m through its 2016/17 Schools Condition allocation from the Education Funding Agency. Feasibility projects have been raised to address emerging priority issues such as kitchen ventilation, ageing heating pipework, drainage and upgrading of Bio Mass installations. Subsequent Schools Condition allocations have not yet been announced but in readiness, condition surveys are now being undertaken on all primary schools to establish the priority areas of need for future years.

### **Asset Management Planning**

24. Members may recall from previous reports that property has been re-introducing best practice asset management principles for the property portfolio. During the last 2 years this has seen the updating of property condition surveys; development and use of a repairs and maintenance strategy; development and use of suitability modelling; identification of unsuitable property; introduction of property performance indicators and the introduction of area mapping with our public sector partners. Utilising this base information now provides the opportunity to create a clear action plan for all NCC's

main corporate properties excluding schools by December 2016, with the overall objective to achieve a situation over a 5-10 year period where the Council has a sustainable estate in respect of current budget provision. The action plan will result in NCC holding less property than currently.

#### Position as at April 2016

25. Emphasis has been to promote changes in service delivery models and ways of working across all departments that will result in less need for property accommodation. Initial engagement with services has been positive although there is a need to refine and develop proposals further.
26. At the start of 2016 a Members Reference Group (MRG) was established to overview progress on this key work area for the Council. An independent sense check on process was provided by CIPFA and the overall conclusions were positive.

#### Next Steps: Progress May to July, 2016

27. A scenario model has been produced showing capacity of office estate against projected need. Variables considered include: desk ratios, staff projections, back-log maintenance, running costs and sales values
28. In addition a sustainable property model has been developed that identifies level of overall property reductions necessary to achieve a position where immediate back-log maintenance is being addressed along with planned 'year 2 ' works. Effectively to achieve a decline in back- log level maintenance.
29. Research of national and NCC property conditions was undertaken to identify average life cycle profile of buildings. A model of deterioration was developed that indicates that the property portfolio needs to be reduced by approximately 25% from its current level
30. Workshop sessions will be taking place with CFCS and ASCHP during September. This will identify more specific opportunities for rationalising the estate while maintaining service provision
31. The office estate scenario model will be improved to enable specific recommendations to be advanced that will seek a reduction in office space need
32. To complete the assessment of the property portfolio, a review will be undertaken by April, 2017 of all NCC tenanted property. The review will consider:-
  - Reasons for holding the assets
  - How is it managed, is this the best manner?
  - What is the return, can we increase value?
  - Options
  - How is future performance measured, if retained?

This committee will receive further reports on the progress and outcome of this review.

33. Property has already developed a suite of key indicators covering the performance of the estate, which have previously been reported to this committee.

In summary the indicators review:-

- Property condition
- Back-log maintenance
- Energy, waste and water
- Suitability
- Efficiency of building use

34. This information provides an excellent benchmark for the current performance of the portfolio against which future performance can be measured. As the property portfolio is entering a period of great change, it is proposed that any changes in the make-up of the estate includes reference to these indicators in order for members to assess performance improvement

## **OPE**

### **One Public Estate**

35. The County Council has been taking a lead role in the One Public Estate Pilot (OPE) 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. In addition over the last 12 months we have facilitated 4 workshops with our public sector partners around the County to identify potential opportunities for improving services by co-locating with partners in either their building or ours thus enabling better utilisation of the assets and / or rationalisation of the property portfolio.

36. A significant number of opportunities / issues have been identified through the workshops. The Steering Group are looking to identify a lead for each and the intention is that the partners involved will then be responsible for taking proposals forward and reporting progress to the Steering Group.

37. At the end of August 2015 there was the opportunity to bid for OPE Phase 3 funding to support delivery of OPE projects and for additional targeted funding to speed-up delivery of projects. It was also decided by Central Government that OPE should be aligned with D2N2 and hence that the OPE bid should be made jointly with Authorities in Derbyshire.

38. A joint bid was submitted for both capacity funding and some projects which despite the tight timescales (particularly given the late notification about the bid needing to tie in with the D2N2 bid) was successful. Cabinet Office advised at the end of January 2016 that although the newly named North Midland Partnership is in its infancy they feel there is considerable potential to build on the work undertaken to date to develop further joint projects across the area. A sum of £75,000 for 15/16 and 16/17, (subject to certain pre selection criteria being met) was awarded specifically to support capacity building to help enable the Governance structures to be established and appropriate Project and Programme Management to be put in place.

39. Working alongside colleagues from other Local Authorities and public sector partners,

the County is currently working with the Governments recently appointed regional advisers, one from the Governments Property Unit (GPU) and the other from the Local Government Association (LGA) to satisfy the pre selection criteria. Capacity within all the partner organisations is an issue, however, majority of the criteria have been met and it is anticipated that it will be possible to show sufficient progress to meet the pre selection criteria and that the Phase 3 funding will be released. In view of the leading role the County Council has taken in establishing and managing the partnership, the joint mapping system and facilitating the workshops. The other partners have agreed to allocate half the funding to the County Council with the other half going to Derbyshire County Council as a contribution towards the work they have undertaken on behalf of the partnership in coordinating the bid submission.

#### **OPE Phase 4**

40. As part of the autumn 2015 spending review it was announced that an additional £31million has been allocated to further expand the OPE programme.
41. On 8<sup>th</sup> April 2016 OPE Phase 4 Prospectus was issued, for existing OPE 3 partners there will be no need to put in an expression of interest regarding participation in Phase 4, (as has been the case in previous rounds), provided it can be demonstrated that sufficient progress is being made in relation to Phase 3. Subject to this qualification being satisfied, the North Midlands partnership is eligible to bid for phase 4 funding.
42. Unlike previous phases (where there was one bidding opportunity per year) there are now 3, the first in June 2016, with further bidding rounds in September 2016 and April 2017. Up to £500,000 revenue funding will be awarded for the most ambitious programmes, per partnership per bidding round. A bid for further capacity funding to assist with the Programme and Project Management has been submitted along with a number of bids for specific projects by various partners. To date we have not been advised if any of the bids have been successful. It is understood that we should be notified early in September.
43. Bids for September / October – Options are being considered for bids at the present time these may include a joint bid with the City for funds to help progress the development of the land at Gamston, potential Extra Care developments, joint working with the CCGs on a number of Hubs.

#### **NCC Projects**

**Sir John Robinson House** - work is progressing on a scheme to alter the lower ground floor at this property to enable Gedling Borough Council and the Police to share space.

**Cotgrave Multi Service Centre** - Approval was given to NCC transfer the current Library and Health Centre in exchange for which the Authority will be granted a 999 year ground lease of part of Rushcliffe Borough Councils new Multi Service Centre. Various other partners will be located in the building including the local GPs practice Community Health Partnership, a Pharmacy, the Police and the Town Council.

**Extra Care** - Work is continuing across the County with relevant Districts on a number of schemes.

**Offices** - A dialogue is underway with Bassetlaw DC over potential sharing of office space.

**Friary Court Newark** – NCC are looking to relocate a touch down space into Newark & Sherwood District Councils new Headquarters / Public Sector Hub.

Release of the £75,000 is subject to certain pre selection criteria being met. The key ones being:

- All partners are expected to put some basic information about what properties they own and their asset values onto a system called e-PIMS Lite. This is a Government property / GIS system. All partners that input their data will then be given access to the system and some training will be provided.
- Derbyshire / Derby City Councils must establish an OPE Steering Group similar to the one that exists in Nottinghamshire.

Governance arrangements must be developed to include the setting up of a Joint D2N2 Assets Board which the 2 OPE Steering Groups are to report to. Appropriate Programme and Project Management must be put in place.

## **Compliance**

44. The Compliance team undertake a range of work to ensure the Council is aware of the condition of its buildings and can keep users safe. These cover four areas of condition, construction management, Water monitoring and fire risk assessment

## **Condition**

- 79 condition surveys undertaken including 14 for Academy schools.
  - 512 Asbestos Registers updated, including 1 for an Academy school. The Work was completed in February 2016, ahead of schedule.
45. Property acquired the necessary Insurance cover in November 2015 which meant we could offer Academy schools asbestos related services (Asbestos Register Updates and Asbestos Management Advice) via the Services for Schools website. This has proven popular in 2016/17 with 15 Academy schools having bought Asbestos Register Updates and 2 buying the Asbestos Management Advice service.
46. In addition the team has reviewed and advised on 272 projects, through its formal asbestos management control process that have involved works with the potential of disturbing asbestos

## **Construction Management**

47. The property team has been highly successful in maintaining its OHSAS accreditation against BS OHSAS:18001 :2007 assessed by continuing assessment surveillance visits by the BSI to their defined assessment plan.
48. During 2015/16, two continuing assessments visits have been carried out by the BSI, no non-conformities were identified on either of the visits. Positive feedback was given by BSI assessor on the adequacy and effectiveness of the Property department safety management systems, examples below: -



BSI OHSAS assessment report 8158554 (page 3 of 9) 5th August 2015

- “A well thought out holistic approach has been demonstrated in the implementation of the new process in which the department manages CDM”
- “It was evidenced during the assessment by discussion and objective evidence/documentation that the organisation has well planned,
- implemented and maintained Fire risk management system in place”

BSI OHSAS assessment report 8232636 (page 4 of 9) 23rd December 2015

- “Asbestos & Legionella Management, the organisation have established robust controls and monitoring activities”

### **Significant incidents in the period**

HSE informed by a member of the public of unsafe work at height on Arnold library project – Investigation carried out, isolated incident by operative carrying out work at a weekend, HSE issued with NCC investigation report.

HSE confirmed no further action based on NCC prompt response to investigation, case identified as an isolated incident.

### **Water Monitoring**

49. To avoid legionella outbreaks placing occupants at harm, the Council undertakes a high number of water monitoring activities and based on results will initiate improvement works to the water systems

- 290 Legionella Risk Assessments undertaken
- Temperature monitoring - 128,804 temperatures collected, (during the year) of which 124,617 passed (96.75%)
- 788 water samples sent to Laboratory for analysis for levels Legionella presence and total viable bacteria levels. Water samples are not taken routinely, but taken when concerns over control regimes are highlighted.

### **Strategy changes introduced to improve service/reduce risk**

- Removed 20 cold water storage tanks, thus reducing the burden of inspection & cleaning and improving flow rates.
- Replaced 12 Calorifiers / Large water heaters
- Replaced 3 cold water mains
- Removed numerous deadleg pipework across sites.
- Delivered Legionella Awareness for Responsible Person's (NPO/NPC) Training Course with 92 attendees over the 9 sessions.

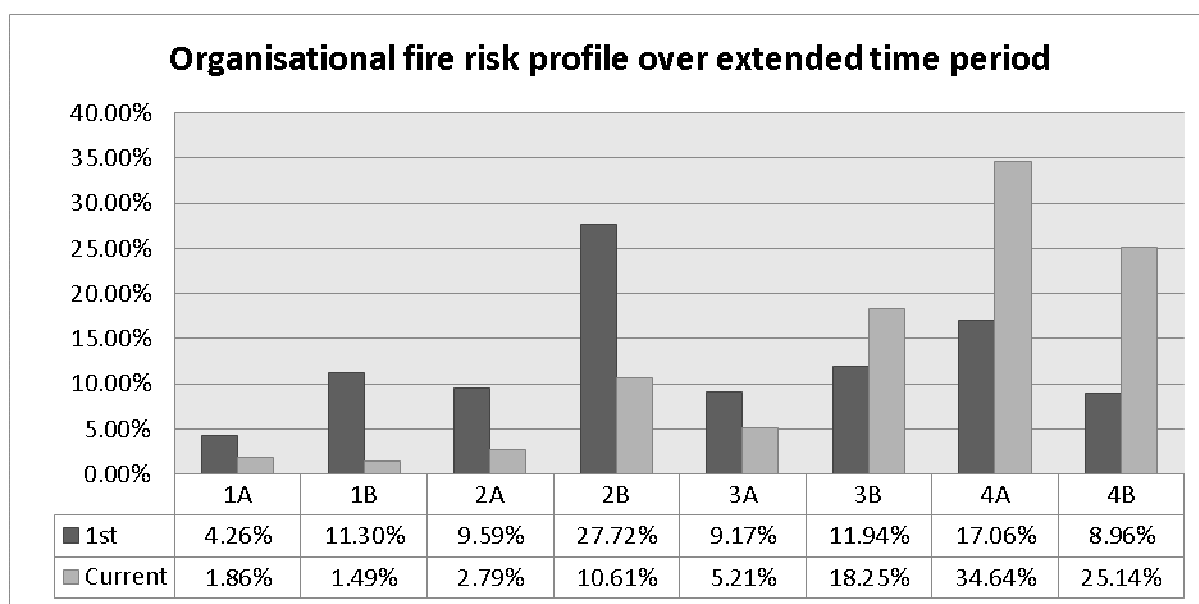
## Fire Assessments

50. The team undertake fire risk assessments across our premises to identify risk and where identified undertake physical works of improvements to improve the safety of occupants.

During 2015/16

290 Fire Risk Assessments completed within the year, 100% of all sites assessed within the projected 2 years programmed cycle of assessments.

Relative Risk profiling for the property portfolio continues to reflect an overall reduction in risk. All premises within the portfolio fall within one of the risk groups indicated 1A (High Risk) to 4B (Low risk). The table below shows how the 'relative risk' landscape has changed over an extended period with an overall shift to 'lower risk'.



The number of 'Live' remedial notifications continues to fall year on year (as can be seen below).

Outstanding issues	End of Oct 14	End of Mar 15	End of Mar 16	Annual change
Management related	1019	749	503	-246
Premises related	591	511	390	-121
<b>Total</b>	<b>1610</b>	<b>1260</b>	<b>893</b>	<b>-367</b>

A programme of developing 'site fire plans' (integrated approach linked to condition survey plans format) was completed and are now available and being used for all sites.

Appropriate property insurance cover has been established to enable 'sold services' to be developed. As a result 18 external clients bought back Fire Risk Assessment services from the team, which as a result generated an Income stream, which is a first for this team.

## **No. of reports and operational decisions**

51. Any major property transaction will require approval via a formal report to committee or for more minor transaction by the use of the operational decision process. Most of these transactions are progressed through the property and strategy team. Between 1 April 2015 – 31 end March 2016.

Committee reports prepared = 51

Operational Decisions = 179

This represents almost 20 transactions every month.

## **Progress on key development sites**

- Clayfields House, Stapleford: A successful bid to the Department for Education has secured grant funding amounting to almost £7.9 m. The work that will be undertaken to this secure residential unit will be divided up into three phases. Phase 1 rebuilding of the Scarlet Wing; Phase 2 is the demolition of the existing scarlet block and phase 3 is the building of the vocational block on the footprint of the demolished scarlet block. Design work was undertaken during the last 12 months to achieve planning consent for phase 1. Arc Partnership will now take responsibility for delivering the works in accordance with the strict conditions of the grant award in particular the requirement that spend profile is achieved in each financial year to avoid loss of grant. The works are programmed to be fully complete in 2018/19.

## **Other Options Considered**

52. This report is for noting only.

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

53. To provide members with an update on key work areas for the property group during the period 1<sup>st</sup> April, 2015 to 31<sup>st</sup> March 2016.

## **Statutory and Policy Implications**

54. 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.

**Jas Hundal**

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

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

**Constitutional Comments (SOM 27.09.16)**

55. This Report is for noting purposes only.

**Financial Comments (RWK 26.09.2016)**

56. There are no specific financial implications arising directly from this report.

**Background Papers and Published Documents**

57. None.

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

58. Ward(s): All  
Member(s): All

File ref.: /SB/SB/-

SP: 3116

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