



Meeting **STRATEGIC MANAGEMENT OF PROPERTY SUB-COMMITTEE**

Date **Monday, 20th December 2004**

agenda item number

FINAL REPORT ON THE BEST VALUE REVIEW OF STRATEGIC PROPERTY

Purpose

1. To seek approval of the Ad Hoc Select Committee to the Draft Final Report and Improvement Plan as set out in **Appendix A** from the Best Value Review of Strategic Property prior to its submission to Cabinet in the New Year.

Review Methodology

2. Members will recall that the Ad Hoc Select Committee approved the structure and scope for this Review at its meeting on the 4 March 2004.
3. Subsequently the Select Committee has received a wide range of reports all focussed on the improvement of property management with the objective of providing better services to our customers across Nottinghamshire. This focus is part of the wider Strategic Objectives of the County Council, including becoming a Top 20 Local Authority.
4. This 'strategic' aspect of the Review concerns the better use of property as a driver for improving service delivery and in practice has two elements. Firstly, the effective management of property to free up resources to invest in direct service delivery in line with the Gershon Report recommendations. Secondly to enhance customers' ability to access these improved services, in line with our 'Access to Services' Review recommendations and the Government's Access agenda.
5. The Review has maintained a clear focus, and to deliver its objectives, work has been undertaken in three discrete areas, each reporting to its own respective Sub-Group. In accordance with the process agreed, Members of the Select Committee have been individually involved in steering the work of each Sub-Group.
6. The aim of the Review was to improve the management of property to deliver better public services in **Nottinghamshire** and in order to do this it was considered important that the Review investigated and assessed best practice and innovation nationally. In order to facilitate this, the Councils' property

portfolio's performance was compared with other comparable authorities, site visits were made to a number of high profile, multi-functional, innovatively designed buildings in Cambourne, Cambridgeshire and Dover.

7. This external examination has confirmed that Nottinghamshire County Council is at the 'cutting edge' with regard to developing a **strategic** approach to property management in the public sector. The approach to property management of other authorities demonstrated pockets of innovation and best practice but was largely piece-meal and reactive. The strategic approach recommended by this Review is built on implementing best practice in a programmed manner, over a sustained period of time in order to deliver better outcomes for service users and improve property use. It also links in with other complementary initiatives of the Council such as 'Access to Services' and 'Electronic Government' to develop a coherent approach to public services across Nottinghamshire.
8. In addition to the work undertaken by officers and Members of the Council, the Review has benefited from the external expertise of PriceWaterhouseCoopers (PWC) who have acted in an independent consultancy role throughout the Review. Further external challenge was provided by Professor Alan Lovell of Nottingham Trent University and Ian Rennie, Senior Partner of Gleeds who have acted as 'critical friends' to this Review.

Best Value Criteria

9. The Review of Strategic Property Management has been undertaken as a formal Best Value Review, and as such has critically evaluated the 4 C's namely
 - **Challenge**
 - **Comparison**
 - **Competition**
 - **Consultation**

Challenge

10. A key component of this Review has been to challenge fundamentally the existing management of Nottinghamshire County Council's Property Portfolio. The outcomes recommend a step change away from traditional property management towards a radical approach designed to provide Nottinghamshire County Council with a property portfolio fit for service delivery in the 21st century.
11. This new approach necessitates a cultural change with regard to how property as a resource is utilised and considered. The successful management of property requires a complex range of skills, but it remains simply a resource to facilitate and support the core function of the Council, namely service delivery.
12. In order to assess the requirements for a 21st century property portfolio, a **vision** for the future of public services in Nottinghamshire has been established. The aspirations of Members and senior managers have been captured as well as each Department's medium-term property requirements. These local factors are balanced against the national agenda and objective for local government such as flexible working, electronic government and procurement / efficiency savings. The national and local aspirations have crystallised into a challenging vision for

public services that the management of the County Council's property portfolio has to support, promote and help to deliver.

Competition

- 13.** The competition element of Best Value traditionally considers how the service under review is procured and delivered. The positioning of the Corporate Property function and alternative methods of procurement were both issues which were comprehensively evaluated as part of the 'White Collar Construction' Review, undertaken in 2001. This Review was previously inspected by the Audit Commission (2002) and rated highly with 'excellent prospects for improvement'. As such this Review has concentrated on improving property management in order to facilitate improved service delivery.
- 14.** The underlying principle behind Nottinghamshire County Council's creation of a Corporate Property function (in 1999) was to facilitate a corporate / strategic approach to the management of the Authority's large and complex property portfolio. In order to enable a strategic approach to be adopted, the County Council in recent years has successfully introduced a number of key systems and processes to improve property use and strengthen strategic planning and management of the property portfolio. These include the implementation of whole-life costing and Real Rents, suitability and sufficiency data for all properties, performance management framework, and these important building blocks are now in place and beginning to **deliver improvements**.
- 15.** The Strategic Property Review was therefore timely as it has been able to build upon strong foundations and enable the Review to recommend a more radical approach for future management. A major part of this new approach is to raise the profile of property management and to empower managers and Members to take a more active role in its development and management. The Council has already demonstrated its commitment to improve the property infrastructure through the sustained high level of investment in the Capital Programme. This has largely been made possible through maximising capital receipts, rationalisation of the building stock and major capital investment in schools and social care establishments over recent years, as well as increased funding from Central Government.

Comparison

- 16.** Throughout the Review emphasis has been placed on ensuring that Nottinghamshire County Council benchmarks and compares performance of its property management with other leading authorities. This comparison was not confined to purely cost or performance matters, work has also been undertaken by PriceWaterhouseCoopers to test our Property Strategy against best practice examples to ensure that the Strategy is robust and identifies any areas of weakness. Informal contact has been made with other local authorities (Hertfordshire, Leicestershire and Derbyshire County Councils) who have recently reviewed their property management function to seek to gain from their expertise and insight. These informal discussions have been beneficial in informing the work of this Review and fostering a spirit of cooperation between

Councils. All three County Councils have expressed an interest to in sharing outcomes of the Review to inform and improve their own performance.

17. The Council's Asset Management Plan is submitted for assessment to Government Office East Midlands (GO-EM) annually and has been rated as 'Good' from 2001 onwards. However, it was felt by the Review that there was a lack of comparative information with regard to property management and therefore a Sub-Group of the Review should be established with the specific remit of addressing this issue. Three separate comparison exercises were undertaken and reported back to the Select Committee:

- I. A National Comparison exercise based on the two nationally accepted property performance measures
- II. Comparison with 2 neighbouring authorities and the national median using local performance measures
- III. A bespoke benchmarking exercise by PriceWaterhouseCoopers focussing on a detailed analysis of occupancy and management costs.

18. Whilst each exercise was beneficial in its own right, when analysed collectively they have greatly improved the Review Team's (Members and Officers alike) understanding of the Authority's performance and breakdown of costs. It has also highlighted the requirement for the Authority to develop a suite of performance measures that enable the contribution of property to service delivery to be quantified and measured. A key recommendation arising from this Review is the piloting of such performance indicators within the Library Service and Environment Department including a range of measurements covering service performance, occupation costs and customer satisfaction. This essential information will present a holistic view of the service and its associated property which can be used to inform key management and investment decisions and indeed enhance property use.

Consultation

19. Consultation is required to play a primary role in all Best Value Reviews. As this Review was focussed on ensuring that the Council's property portfolio fulfilled the requirements of property users (both the occupying service providers as well as their customers) it was crucial that a wide range of views were canvassed. The first aspect of this consultation was the initial composition of the Review Team. Every effort was made to include officers with a wide variety of skills and experience from all Service Departments across the Authority. This has benefited the Review considerably, presenting the viewpoint from the perspective of service users and maintained the focus on service delivery outcomes.

20. Two specific consultation exercises were undertaken to inform the Review. Questionnaires were sent to a range of property occupiers and service managers across the Authority. The survey sought to canvas users' experience and satisfaction with the manner in which property is managed corporately. A report collating the results from this exercise was presented to the Select Committee and a number of areas of improvement were highlighted by the results and appear as part of the Review Action Plan.

21. The second consultation exercise was focussed specifically at Portfolio Holders and Senior Managers. This exercise sought to determine their views on the importance and performance of the key areas of strategic property management. The results of the exercise were again reported to Select Committee and highlighted through gap analysis some key issues that Corporate Property need to address.

22. A key aspect of the future provision of public buildings is meeting the aspirations of the customers of the service. The Review sought to gather research from across the Authority (via the Corporate User Focus Strategy Group) of customer's satisfaction and expectations for public buildings. This provided much needed feedback with regard to the future design and functionality of council property. The desire to meet customers' expectations is at the heart of the proposed programme for the development of new 'hub' library properties, offering joined-up service provision from innovatively designed new buildings, essentially providing access to a variety of County Council services in partnership with other organisations from conveniently and well located buildings throughout Nottinghamshire. It is encouraging to note that the Draft Capital Programme, currently under consideration includes two such projects that translate the vision emerging from this Review into firm proposals.

Key Review Outcomes

23. The final section of the Report presents a brief summary of the key outcomes from the Strategic Property Best Value Review. The summary is not intended as an exhaustive list but highlights the key strands of work to be developed during the lifetime of the Review Action Plan. The full list of recommendations is included in the Action Plan attached in Appendix A, along with the details of how these actions will be implemented. The format of the Action Plan mirrors the **SMART** format used on the successful Highways Review and matches actions against the objectives established at the initial Scope of the Review.

Property Performance Measures

24. The focus of the Strategic Property Review has been to consider property management not just as an end in itself but as a way to improve the quality of service customers receive. The County Council has competing pressures on resources and an increased emphasis is being placed on improving efficiency (particularly in asset management) as a result of the Government's Efficiency Review (Gershon and Lyons's Reports). The County Council will therefore have to ensure that any investment in property leads directly to customers receiving a better service.

25. A suite of indicators that measure the contribution property makes to service delivery have been developed and are to be piloted by Library Services and Environment Department. The resulting information will improve the use of libraries and offices in Environment Department and strengthen future planning. The most important benefit however, will be that properties can be developed and improved with customer focus as the key driver for change. Following a trial period this approach will then be adopted by other services across the Authority.

Extended use of buildings

26. The 'extended use' of buildings initiative has been promoted by Government as a means of providing greater customer access to services whilst enhancing asset use. As a consequence of this initiative Bowbridge Primary School in Newark is at the forefront of the Extended Schools Programme. In addition to operating as a primary school the facility boasts an adult education centre, breakfast club, library, café, IT / Media Suite and organic garden. The range of additional facilities and the partnership working demonstrated show what can be done to enhance the contribution of a council property to the community it serves.
27. The actions resulting from the Review aim to build upon Nottinghamshire County Council's strong tradition of successful partnership working. All properties in the Council's portfolio will now include details of alternative or complementary services that could be provided from that property. The redevelopment of existing property and design of new property will consider local needs and the aspiration of the local Member as a primary issue. In this way we aim to get the maximum return from our assets and improve the integration between service delivery and the needs of the local community.
28. Members will be aware that many of the County Council's school buildings are in a poor state of repair because historically, capital investment has been low. This was considered by the Review Team, and it is pleasing to note that the Draft Capital Programme currently under consideration envisages a step increase in the planned maintenance of schools, through a combination of funding by the County Council and contributions from schools.

Flexible working

29. The Government has set out 14 'Priority Service and National Strategy transformation outcomes' which provide a blueprint to how 'electronic government' is intended to transform service delivery. A key facet of these priorities in terms of how a Council delivers its services and manages its properties is the requirement to support new ways of working. The Review considered the requirement to promote flexible working across the Council and how it can contribute to improving customer access to services.
30. Meadow House in Mansfield has been specifically designed for flexible working. This pilot scheme has proved very successful and demonstrated the potential for the reduction in property costs whilst maintaining high levels of customer service. An important lesson from the Pilot has been that the choice of flexible working solution is wholly dependent on the nature of the service being delivered and not 'one size fits all'. The key factor to flexible working being successfully implemented is the commitment and support of the staff and management to the new way of working. The lessons learnt from this exercise will be taken forward in promoting and implementing flexible working arrangements elsewhere in the

Authority where practical, with the first pilot being introduced by Environment Department at Trent Bridge House.

Public Buildings in the 21st Century

31. The Review has generated a long-term understanding of the Authority's property requirements. An away-day was organised by PriceWaterhouseCoopers at which representatives of each department outlined their property requirements for the next 5 years. It was felt important that the Review considered not just the current property requirement but sought to foster a more long-term perspective to property. In addition to this forward planning an aspirational 'vision for public services' has been established from Members and Corporate Management Board. A vision fit for the 21st Century with modern purpose built buildings serving main population centres. The vision that emerged has some key features for service delivery:

- Service integration, wherever possible and practical, around the needs of customers, to support the Access to Services Strategy.
- Departure away from the traditional departmentally confined service delivery models to provide integrated services under 'one roof'.
- Reduction in the number of buildings that provide public services. Excluding schools, there are nearly 200 public service points; which are too small, not necessarily in right locations, in poor physical condition and far too many.

32. This vision is being taken forward with the development of the existing Library Service to provide a range of public services from a revised portfolio of attractive and innovatively designed buildings specific to this purpose. This will have a number of key benefits: a new role for libraries at the forefront of council services, greater integration of service delivery, improved customer access, investment in the property infrastructure, attractive designs acting as a community focal point, Nottinghamshire County Council property fit for the delivery of 21st century services.

Medium Term Property Planning

33. A key finding from the recently published 'Towards Better Management of Public Sector Assets' report by Sir Michael Lyons states that "Asset Management is a key part of business planning which connects at a strategic level decisions about an organisation's business needs, the deployment of its assets, and its future investment needs." Strengthening the linkage between the strategic objectives of the County Council and the programmed use of assets has been a key piece of work during this Review and has resulted in the formalisation of the medium term departmental property planning process. This process enables Departments to have longer-term view of their property requirements and gives Corporate Property time to match the property resources available to the Department's future needs.

34. The introduction of 'Real Rents' and whole-life costing has highlighted the importance of good asset management at both a strategic and departmental level. Real 'incentives' now exist for the efficient management of occupied property and the disposal of non-performing assets. In line with the recommendations of both the **Lyons and Gershon** Reports, the resulting savings can be used to fund additional investment in front line service delivery.

Recommendation

35. It is recommended that :

- a) Members of the Ad Hoc Select Committee comment on the Report and Draft Improvement Plan
- b) The Chair and Vice Chair of the Select Committee be authorised to finalise the Report and Draft Improvement Plan for submission to the Cabinet

Councillor Darrell Pulk
Chair of Strategic Property Ad Hoc Select Committee

13 December 2004