



REPORT TO: MORAY COUNCIL ON 30 JUNE 2021

SUBJECT: PROPERTY ASSET MANAGEMENT APPRAISAL

BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND FINANCE)

1. REASON FOR REPORT

- 1.1 This report provides a progress update on the key recommendations set out within the Property Asset Management Appraisal (PAMA).
- 1.2 This report is submitted to Committee in terms of Section II of the Council's Scheme of Administration relating to matters excluded from delegation to Committees.

2. RECOMMENDATION

2.1 It is recommended that the Committee:

- i) considers and notes the progress achieved to date;**
- ii) considers and notes the revised timescales identified in Appendix I; and**
- iii) agrees that a further update on the various actions within the PAMA that are nearing completion will be presented to Committee in December 2021.**

3. BACKGROUND

- 3.1 On 12 December 2018, the Policy and Resources Committee considered the findings from the PAMA and agreed 20 separate recommendations aimed at improving how the Council manages and maintains its property assets (para 6 of the minute refers).
- 3.2 An update on the PAMA was reported to Policy and Resources on 29 October 2019 (para 13 of the minute refers) along with an **APPENDIX I** which provided details of the PAMA Improvement Plan and the status of actions required to be taken forward. These actions were intended to provide a strategic framework and direction to enable the Council to improve its management of property assets and to promote cultural, operational and strategic change.

- 3.3 The progress of the improvement actions was delayed due to two major developments which impacted on its implementation during 2020/21. The first is the impact of the pandemic on the implementation of the Asset Management Change Management Plan within Housing and Property Services and secondly the Council decision to restructure second tier management and form an establishment within Education Resources and Communities for the development of a Learning Estate Strategy and Investment team.
- 3.4 To reflect the significant delays to the programme and the change of senior lead officers a revised improvement plan (**APPENDIX I**) has been created which sets revised timescales and responsibilities.

4. PROGRESS TO DATE

Recommendation 1 – School Estate Strategy

- 4.1 The draft learning estate strategy was presented to Children and Young People's Committee on 4 March 2020 and to a special meeting of Moray Council on 9 October 2020. Following consultation on the proposed strategic approach the final learning estate strategy was approved by Council on 16 December 2020 (para 5 of the minute refers). This recommendation is complete.

Recommendation 2 – Devolved School Management (DSM) Tenant Protocol

- 4.2 A review of the DSM scheme was delayed due to capacity issues relating to COVID and a delay in the national timeline for review. The DSM review is now due to conclude by end March 2022.

Recommendation 3 – Option Appraisals Template

- 4.3 A draft options appraisal template has been developed and will be taken forward by the Learning Estate team within Education Resources and Communities. This recommendation is complete.

Recommendation 4 – A Review of Council Offices

- 4.4 The office review has focused on how services are currently using offices, how they interact with customers and what opportunities there are to bring services together through co-location of office space.
- 4.5 The review has been updated to take account of the impact of the pandemic on current working practice and the emerging options for a staged return to offices in 2021. The report has been considered by CMT/SMT along with the draft Flexible Working Policy which sets out how staff will return to a more flexible working environment. The office review is a separate agenda item for this Council meeting.

Recommendation 5 – Depot Review

- 4.6 The draft review of depots has been updated to take account of the impact of COVID-19 and completed. The review has been given the go ahead by CMT to progress to Business Case stage to assess the investment required. The Business Case requires to be updated to take account of the impact of COVID and consultation with Services within depots is underway.

Recommendation 6 – Review of Storage Space

- 4.7 All storage units have been visited and information gathered to inform a draft report.
- 4.8 The Council's records are currently stored at the Buckie Drifter and the draft report recommended the continued use of this building. However, activity at the harbour which is the subject of a separate confidential report on the agenda will have an impact on this..
- 4.9 It is proposed that further options for the records store are investigated and the strategic requirement for the Buckie Drifter in relation to any future developments at Buckie Harbour are assessed. The review of options will be undertaken once the Records Manager returns to work from maternity leave.

Recommendation 7 – Leisure Review and Museum Buildings

- 4.10 A report on progress with the Leisure Review was presented to Education, Communities and Organisational Development Committee on 18 November 2020 (para 22 of the minute refers). Committee approved the new Business Plan for the Sport and Leisure service in Moray, which includes an objective to develop our facilities to align with customer service needs.
- 4.11 Work to support the transfer of Museum Buildings to a trust have been delayed to create capacity for the response to COVID. This will progressed by the Head of Development Services when capacity allows.

Recommendation 8 – Register of Infrastructure Assets

- 4.12 Direct Services maintain a register of infrastructure assets. Significant information is held and updated as required. This recommendation is complete.

Recommendation 9 – Retention of the Industrial Portfolio

- 4.13 An update of the retention of the Industrial Portfolio was presented to Policy and Resources on 29 October 2019 (para 13 of the minute refers) when the decision was to retain the portfolio with disposal supported only in limited circumstances. This recommendation is complete.

Recommendation 10 – Housing Revenue Account Assets – (sites)

- 4.14 The new build programme and investment sites will be assessed in June 2021 as part of the review of the HRA Business Plan. The review of the Business Plan will take account of the investment requirements for the existing council housing stock to meet Energy Efficiency Standard for Scotland (EESH), which will inform the affordability of future new build programmes.

Recommendation 11 – Review Policy of Make Do and Mend

- 4.15 The Council ended its Make Do and Mend Policy (MDAM) on 27 February 2019. (para 4 of the minute refers). A new strategy for the maintenance of the learning estates will be developed as part of recommendation 1 of this report. This recommendation is complete.

- Recommendation 12 – Develop a Landlord Charter for Property Assets
- 4.16 A Landlord Charter will be developed which will set out the building related Health and Safety responsibilities which any service has in either occupying or making alterations to a building. A Landlord Charter will be developed for the school estate first once the Educational Resources team are in place.
- Recommendation 13 – Reduce ICT systems that store property information
- 4.17 A Business Case for the implementation of a Building Information Modelling (BIM) including the review of all current council systems and strategies has been drafted. A bid for funding was approved as part of the Improvement and Modernisation Programme (IMP) at Moray Council on 12 May 2021 (para 13 of the minute refers).
- Recommendation 14 – Baseline performance indicators should be developed
- 4.18 This will be developed once the new Asset Management structure is in place and resources are available to undertake this work. The full implementation of the new Asset Management Structure has been delayed until the permanent recruitment of the Head of Housing and Property Services who will take up post on 12 July 2021.
- Recommendation 15 (i) – Combine Repairs Budgets for Property/Education
- 4.19 The education requirements in relation to a maintenance repairs strategy which aligns with the objectives of the School Estate Strategy will be developed by the new strategy team within Education Resources & Communities. The budget level and responsibility will be agreed once the strategy is complete as part of recommendation 11.
- Recommendation 15 (ii) – Review of Property/Education Staffing Structures
- 4.20 The Moray Council at its meeting of 9 October 2020 agreed to the reactivation of engagement on a new approach to developing a long-term strategy for the Learning Estates, and the final strategy was approved by Council on 16 December 2020 (para 5 of the minute refers). The formation of the team within Education Resources & Communities to support the development of the Learning Estate Strategy is ongoing and the Senior Project Manager (Learning Estate) took up post on 26 April 2021. The Service Manager will take the lead in recruitment to the team and the development of policies and strategies relating to the educational requirements for the school estate.
- 4.21 The Change Management Plan (CMP) within Housing and Property Services will be adapted to take account of the roles and responsibilities of Property Services and Education Resources and Communities service which are currently being clarified by the heads of service to ensure effective working between the services. Once the heads of service agree the roles and responsibilities an update of the revised Education Asset Management structure within Housing and Property Services will be subject of a future report. This will seek to link the Learning Estate Strategy to the Corporate property priorities.

- Recommendation 16 – Challenge/rationalise the non-operational portfolio
- 4.22 A 3-year property disposal programme with a target of £3m in capital receipts is being undertaken. The programme has already met its target, in 2019-20 £1.4m was achieved and in 2020-21 £1.57m was achieved.

- Recommendation 17 – Consider full-life costings as part of option appraisals
- 4.23 As part of the BIM Business Case it is planned to adopt the Scottish Futures Trust (SFT) Whole Life Appraisal Tool. The appraisal tool provides a consistent method of comparing and reporting whole life outcomes for a project. It is both a qualitative and quantitative process that looks at the costs and outcomes during the design, construction, operation and disposal stages for a built asset. The appraisal tool promotes the analysis of whole life outcomes across three assessment criteria: commercial, performance and environmental.

- Recommendation 18 – Review Project Governance
- 4.24 The Property Asset Management Working Group will meet to discuss operational issues. Recommendations can come forward from this group to Asset Management Working Group. This recommendation is complete.

- Recommendation 19– Review the Council’s approach to Capital Plan
- 4.25 The approach to Corporate Capital Plan was reviewed and this was reported to Council on 18 February 2021 (para 6 of the minute refers). This recommendation is complete.

- Recommendation 20 – Procurement to be involved earlier in property projects
- 4.26 Procurement Construction Working Group will be enhanced with Administrative support from the PMO team. This support will assist with minutes and tracking actions. Findings from the Procurement Construction Working Group will go to the Asset Management Working Group.

5. CURRENT ISSUES

- 5.1 The impact of the COVID-19 pandemic and its short and long-term impact on property assets and how services are delivered from them, continues to develop as scientific research continues to inform the national response. Completed and current reviews could be impacted by national guidance changes which will in turn affect staff resources and programmes. Remote working, social distancing and ventilation are key areas that are known will impact property operation. However, with new variants, it is possible other considerations will be required.

6. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

This project forms part of the Improvement & Modernisation Programme of Work that supports the Council priority of a financially stable Council.

(b) Policy and Legal

None.

(c) Financial Implications

The prioritisation of the Council's disposal programme has generated capital receipts of £1.4m in 2019/20 and £1.57m in 2020/21. The secondment of the Head of Housing and Property to carryout the PAMA reviews outturned within budget at £86k.

(d) Risk Implications

The recruitment to the establishment within Education Resources & Communities of the Project Officer, Community Support Officer and Communications Officer are key to the implementation of the Learning Estate Strategy and Investment programme.

The impact of COVID-19 pandemic will affect the delivery of services from council building assets. A staged approach is to be adopted to remain flexible and resilient.

(e) Staffing implications

There are no direct staffing implication from this report.

(f) Property

These are set out in the report.

(g) Equalities/Socio Economic Impact

There are no equalities/socio economic impacts arising from this report.

(h) Consultations

Consultations on this report have taken place with the Head of Financial Services, Head of Educational Resources and Communities, Head of Economic Growth and Development Services, Head of Environmental and Commercial Services and Tracey Sutherland, Committee Services Officer and any comments have been incorporated into the report.

7 CONCLUSION

7.1 This report provides an update of actions to be taken forward as part of the PAMA Improvement Plan. It provides revised completion timescales for actions.

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Background Papers:	Held by author
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