



REPORT TO: POLICY AND RESOURCES COMMITTEE ON 29 OCTOBER 2019

SUBJECT: PROPERTY ASSET MANAGEMENT APPRAISAL

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

1. REASON FOR REPORT

- 1.1 This report provides this Committee with a progress update on the key recommendations set out within the Property Asset Management Appraisal.
- 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) notes the intention to present the Property Asset Management Structures to Council in November 2019 providing the job evaluations for all new posts have been agreed;**
- iii) notes that a progress report on the Leisure Estate will be presented to Council in November 2019;**
- iv) considers the revised timescales identified for the completion of key actions and agrees to continue the secondment of the Head of Housing and Property up to 31 December 2019;**
- v) notes that a further update on the various actions within the PAMA that are nearing completion will be presented to this Committee in February 2020; and**
- vi) notes that revenue savings of £16k and capital receipts of £914k have been achieved to date.**

3. BACKGROUND

- 3.1 On 12 December 2018, this Committee considered the findings from the Property Asset Management Appraisal (PAMA) and agreed 20 separate recommendations aimed at improving how the Council manages and maintains its property assets (paragraph 6 of the Minute refers).

- 3.2 **APPENDIX I** provides details of the PAMA Improvement Plan and the current 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.

4. PROGRESS TO DATE

Recommendation 1 – School Estate Strategy

- 4.1 A first draft of an approach to a Learning Estate Strategy for Moray is due to be presented to Council in January 2020.

Recommendation 2 – Devolved School Management (DSM) Tenant Protocol

- 4.2 A review of the DSM Protocol has only recently commenced and is not expected to conclude in this financial year.

Recommendation 3 – Option Appraisals Template

- 4.3 The Scottish Government has introduced a new funding model for new build public body projects. This model is currently being piloted in other local authorities and lessons learned from this will help shape the Council's Options Appraisal template.

Recommendation 4 – A Review of Council Offices

- 4.4 All Council offices have been visited and information gathered on service locations, available desk space, and the use of interview facilities and family contact rooms. 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 A number of options to rationalise the office estate have been identified but the draft report still needs to be written. Due to competing workload pressures, this has been difficult to complete within the original time frame.

Closure of Auchernack

- 4.6 Auchernack was due to close on 30 August 2019. Problems securing a suitable contractor has delayed this. Following a second tender exercise, a contractor has been appointed and a revised completion date of 6 December 2019 has been agreed. Staff from Auchernack will relocate to Forres House after works are completed and Auchernack will officially close on 20 December 2019.

Recommendation 5 – Depot Review

- 4.7 The review of depots is also at draft report stage. The methodology adopted for this review is focused on:

- The type of services being delivered at each location;
- Staff provision (offices and welfare facilities);
- The number of vehicles, plant and other machinery kept at each location;
- Its strategic importance due to its location (particularly in winter);
- The cost of operating each depot;
- General condition and backlog maintenance costs;

- Options to maximise the use of depots;
- Options to co-locate DLO services;
- Options to rationalise existing provision;
- Spend to save opportunities to generate on-site improvements; and
- Options to exploit technology and renewables to reduce operating costs.

4.8 A number of themes arose during on-site visits and these have also been considered:

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| Theme 1 | A requirement to make best use of space; |
| Theme 2 | The need to improve onsite provision for staff working from depots; |
| Theme 3 | Making best use of fleet, equipment and plant (retaining only what is required); |
| Theme 4 | The deterioration of fleet assets due to continual exposure to the elements; and |
| Theme 5 | The type of fleet required to meet the Council's Carbon Neutral target by 2030. |

4.9 The first draft of the depot review is now complete and is currently with service managers for final comments. It is intended to present a copy of the final report to this Committee in February 2020.

Recommendation 6 – Review of Storage Space

4.10 All storage units have been visited and information gathered to inform a draft report. The options report has still to be written but this has been delayed due to current work pressures. Every effort will be made to conclude this by 31 December 2019.

4.11 The Furniture Store for homeless furniture at Unit 9, Mosstodloch was vacated on 6 December 2018. This has delivered a financial saving of £16k in this financial year and £14k in 2020/21. The Estates Team are currently in the process of re-letting the unit which will generate an external income once let.

Recommendation 7 – Leisure Review and Museum Buildings

4.12 A progress report on the Leisure Estate will be presented to Council on 27 November 2019.

4.13 A report relating on the future of Museum Buildings will be reported separately as part of this Committee agenda.

Recommendation 8 – Register of Infrastructure Assets

4.14 Direct Services maintain a register of infrastructure assets. Significant information is held and updated as required.

Recommendation 9 – Retention of the Industrial Portfolio

4.15 A desk top review has been carried out and there is no case for sale. The Estates Team continue to monitor occupancy rates which currently stand at 93%. Current policy allows the service to consider the sale of individual units

if there is a commercial reason to do so (i.e. it has remained vacant and there is no emerging demand). No change to this approach is proposed.

Recommendation 10 – Housing Revenue Account Assets – (sites)

- 4.16 This has not progressed due to the current secondment of the Head of Housing and Property. The review of HRA sites will be progressed once the Head of Service secondment comes to an end.

Recommendation 11 – Review Policy of Make Do and Mend

- 4.17 The Council ended its Make Do and Mend Policy (MDAM) on 27 February 2019. (Paragraph 4 of the Minute refers). This means that all future programmes of work will aim towards buildings achieving B/B standard. (B for condition and B for suitability). Due to the need to forward plan work programmes, MDAM will not end until 2020/21 at the earliest.

Recommendation 12 – Develop a Landlord Charter for Property Assets

- 4.18 A draft landlord charter has been developed and will be rolled out once there is a new structure in place to manage all of the Council's property assets.

Recommendation 13 – Reduce ICT systems that store property information

- 4.19 This has not yet progressed due to limited staff resources within Property Services.

Recommendation 14 – Baseline performance indicators should be developed

- 4.20 This will be developed once the new Asset Management structure is in place and resources are available to undertake this work.

Recommendation 15 (i) – Combine Repairs Budgets for Property/Education

- 4.21 Options to combine the repairs and maintenance budgets for corporate buildings and schools will be taken forward once a new staffing structure for Property Asset Management is in place.

Recommendation 15 (ii) – Review of Property/Education Staffing Structures

- 4.22 The purpose of the review was to develop a staffing structure that would be able to manage all of the Council's property assets (including the school estate) by a single service. To achieve this, two separate Change Management Plans (CMP) have been completed:

- i) Asset Management CMP; and
- ii) Building Services (DLO) CMP.

- 4.23 Both Plans are linked by their sole intention to strategically manage all planning of work programmes as they relate to property assets. It is intended to present the CMP's to Council in November 2019 subject to all new jobs being evaluated to determine salary grades.

Recommendation 16 – Challenge/rationalise the non-operational portfolio

- 4.24 A programme for the disposal of property/land was prioritised by the Housing and Property Service for 2019/20. This set a sales target of £1m for the year with capital receipts of £914k achieved to date.

- Recommendation 17 – Consider full-life costings as part of option appraisals
- 4.25 This approach is considered good practice and the Head of Financial Services supports the inclusion of full-life costings as part of future option appraisals for all major construction projects.

- Recommendation 18 – Review Project Governance
- 4.26 The Asset Management Working Group is currently considering the role of the Property Asset Management Working Group and how this can dovetail into existing processes. Any changes identified from this work will be taken forward once the new Property Asset Management staffing structure is in place.

- Recommendation 19– Review the Council’s approach to Capital Plan
- 4.27 This will now form part of a review of the 10 year Capital Plan in 2020/21.

- Recommendation 20 – Procurement to be involved earlier in property projects
- 4.28 The Construction Working Group is considering how the Procurement Team can work more closely with staff from services who are involved in major construction projects. This approach will be further developed once the new Asset Management staffing structure is in place.

5. CURRENT ISSUES

- 5.1 The retirement and resignation of 4 key officers involved in the Asset Management Change Management Plans (CMP) and the office, depot and storage reviews has impacted on the workload of the Head of Housing and Property (currently seconded to complete the CMP’s and the property reviews).
- 5.2 The Head of Housing and Property is temporarily line managing the property staff based in Education and all the property projects that they are involved with. These arrangements will continue pending a Council decision on the proposed Property Asset Management Change Management Plan. This is anticipated to be ready for the Council to consider in November 2019.
- 5.3 Following a number of meetings with staff in Education, a number of important issues have come to light that have required urgent attention. These have had to be prioritised to the disadvantage of the CMP’s and other service reviews.

6. COSTS TO DATE

- 6.1 On 12 December 2018, the Council agreed to fund a dedicated resource from Reserves for a period of 9 months. This was to complete the review of offices, depots, storage facilities and implement a new Asset Management Staffing Structure (Paragraph 6 of the Minute refers). Funding of £86k was provided for this purpose with work expected to conclude by 30 October 2019. Spend to 30 September 2019 is £60k and if the secondment extends to 31 December 2019, the final cost will still outturn within the £86k budget.

7. 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 reviews taken forward as part of the PAMA Improvement Plan anticipated revenue savings of £200k and early capital receipts of £250k. Key actions taken forward to date has generated the following financial benefits to date:

- i) Revenue Savings
 - A saving of £16k in 2019/20 following the early handback of the Furniture Store for homeless furniture. This saving will reduce to £14k in 2020/21;
 - The delayed closure of Auchenack on 20 December 2019 will deliver a projected saving of £13.5k. This is less than was originally expected (£27k) had the building closed on 30 August 2019.
- ii) Capital Receipts
 - The prioritisation of the Council's disposal programme has generated capital receipts of £914k in this financial year to date.
- iii) Costs to Date
 - The Council provided £86k from Reserves to fund a dedicated resource to progress the PAMA reviews. At 30 September 2019, the work to date has cost £60k. If the Committee agree to extend the secondment of the Head of Housing and Property to 31 December 2019, the cost will still outturn within the £86k budget.

(d) Risk Implications

There are a number of risks associated with this report:

- i) The proposed staffing structures for Asset Management still need to be agreed by Council prior to a wider consultation with staff impacted by the changes. While every effort is being made to have job descriptions written and evaluated to allow the proposed structures to be presented to Council on 27 November 2019, this timescale remains tight.
- ii) The lack of dedicated staff resources has delayed completion of the PAMA reviews. If these reviews are to be completed, additional time is required. These reviews will deliver further revenue and capital savings but additional time will be required to achieve this.

(e) Staffing implications

The secondment of the Head of Housing and Property was due to end on 31 October 2019. Staff changes within Property and Education (for the most part

unforeseen) led to the property responsibilities for the school estate transferring over to Property Services much earlier than was intended. There remains no additional management support within Property Services to manage these new responsibilities so the Head of Housing and Property assumed the role to ensure that business continuity is maintained. This has been challenging given that the postholder is also trying to complete the strategic reviews of key property assets. The extra workload has delayed completion of the PAMA reviews and additional time is required to bring these reviews to a conclusion.

The Acting Head of Housing is prepared to remain in their seconded post until the PAMA reviews are complete.

(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

This report has been prepared in close consultation with the Corporate Management Team, Legal Services Manager, Tracey Sutherland, Committee Services Officer and senior managers in Education and Property. Where appropriate their views have been included in this 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 and highlights the current workload pressures that have impacted on the PAMA to date.

Author of Report:	Richard Anderson, Head of Housing and Property (currently seconded)
Background Papers:	Held by author
Ref:	RA/service reviews