



Summary Sheet

Council Report

Cabinet and Commissioners' Decision Making Meeting – 13 February 2017

Title:

Corporate Property / Asset Management Health Check

Is this a Key Decision and has it been included on the Forward Plan?

Yes, this is a Key Decision and has been included on the Forward Plan

Strategic Director Approving Submission of the Report

Damien Wilson – Strategic Director Regeneration and Environment

Report Author

Paul Woodcock – Assistant Director Planning, Regeneration & Transport

Ward(s) Affected

All

Summary

The Strategic Director for Regeneration and Environment requested a service health check for Asset Management/Corporate Property on joining the Council in the Spring of 2016. This was to provide headline reassurance that the service was operating in the delivery of its Asset Management/Corporate property function in a satisfactory manner and to identify whether there may be any key risks or particular areas for improvement. The health check will enable the authority to prioritise any improvement or particular focus that is required for the service as part of the Corporate Improvement Plan.

The health check was tendered via the Council's procurement service and the contract was awarded to CIPFA Property Services Ltd. CIPFA have completed the health check, which includes a number of recommendations that have been incorporated into an action plan which is attached at Appendix 1 for consideration. The health check recommendations and action plan are split into sections and the key aspects for Cabinet and Commissioners are the actions and recommendations in the Strategic Section.

Recommendations

1. That the health check provided by CIPFA is agreed along with the action plan provided in Appendix 1.
2. That the recommendations and action plan be implemented and implementation be overseen by the establishment of a Corporate Property and Asset Management Board.
3. That Cabinet receives quarterly update reports on the progress of the implementation of the action plan.

List of Appendices Included

Appendix 1 – Action Plan

Background Papers

CIPFA Health Check Report

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No

Council Approval Required

No

Exempt from the Press and Public

No

Title:**Corporate Property / Asset Management Health Check****1. Recommendations**

- 1.1 That the health check provided by CIPFA is agreed along with the action plan provided in Appendix 1.
- 1.2 That the recommendations and action plan be implemented and implementation be overseen by the establishment of a Corporate Property and Asset Management Board.
- 1.3 That Cabinet receives quarterly update reports on the progress of the implementation of the action plan.

2. Background

- 2.1 The Strategic Director for Regeneration and Environment commissioned a health check for Corporate Property in May 2016; following a tender process the contract was let to CIPFA in July 2016. As part of the health check CIPFA reviewed documentation, undertook interviews and benchmarked the service under CIPFA's value for money framework.
- 2.2 The final health check report was received in November 2016 and identifies a number of recommendations which have been incorporated into an action plan; this is provided in Appendix 1. The action plan to improve how the Council operates Corporate Property/Asset Management is seen as an important aspect of the improvement process.
- 2.3 The health check recognises that the Council has, in the past, had an excellent reputation with regard to strategic asset management and in 2005 was successful in being awarded Beacon Council status for asset management. However, the Council's strategic vision and planning has been lacking for a number of years and this removed the possibility of there being a strategic view of property asset management. The Council now recognises that property is a key resource that helps and supports efficient and improved service delivery as well as contributing to wider regeneration ambitions.
- 2.4 Commissioner Kenny has issued a letter to the Chief Executive detailing the requirements needed before the function of Asset Management can be recommended for return to the Council. The action plan covers the issues raised in the letter and all aspects will be incorporated into the action plan and future monitoring.

3. Key Issues

- 3.1 The health check identifies a number of strategic issues for consideration which can be summarised as follows:-

- 3.1.1 CIPFA recommends that the property service should remain within the Council but must continue to make improvements, particularly around strategic asset management.
- 3.1.2 The Council should introduce a **Strategic Asset Management** function, with a manager/post for this function reporting to the Corporate Property Manager.
- 3.1.3 The Council should fully adopt a **Corporate Landlord** model. All property related activity should come under a corporate landlord model unless there are clear operational reasons not to do so.
- 3.1.4 The Council should implement a **governance structure** for property/asset management by establishing an asset management group or board comprising key representatives of service and resource areas at appropriate levels.
- 3.1.5 The Council should develop:-
 - a) **A Property Asset Management Policy** - a short and concise document that describes the principles adopted in applying asset management to achieve the Council's strategic objectives.
 - b) **A Property Asset Management Strategy** - a clear and concise high level document setting out how property asset management is delivered/co-ordinated across the Council to meet the Council's goals and objectives.
 - c) **An Asset Management Action Plan** - clear and measurable actions that will be implemented over 3 -5 years, as part of delivering the Council's Asset Management Strategy.
 - d) **A suite of Service Asset Management Plans** – based on individual Service Plans and Improvement plans.

3.2 The health check identifies a number of other recommendations, which have been worked into an action plan, found in Appendix 1.

4. **Options considered and recommended proposal**

- 4.1 The main option is what to do with the health check report and the recommendations contained within it. One option would be to dis-agree with the findings and to not accept the report. Officers have gone through the report and also met CIPFA to go through the main findings and consider the health check to be a fair reflection of the service at this current time.
- 4.2 The recommended option is to accept the health check report and the recommendations and to consider the action plan produced from the findings.

5. **Consultation**

- 5.1 Consultation with officers, members, commissioners and stakeholders took place as part of the review by CIPFA.

6. Timetable and Accountability for Implementing this Decision

- 6.1 If approved the action plan incorporates both the lead accountable officer responsible for each action as well as a timescale for implementation. The overall accountability rests with the Strategic Director for Regeneration and Environment.
- 6.2 It is recommended that the action plan is monitored and overseen by a newly formed corporate group and in addition is brought back to Cabinet at three monthly intervals in order that progress can be monitored.

7. Financial and Procurement Implications

- 7.1 A robust and clear Property Asset Management Policy and Strategy aligned to the Council's Vision and Corporate Plan priorities are critical to the successful delivery of the Council's Capital Strategy. Within this Asset Management Strategy, regeneration, investment and growth outcomes will be a priority area. Its success is key to generating future income to the Authority from the growth in business rates and council tax/new homes bonus to support the Revenue Budget. In addition, savings arising from property closures and disposals and major Directorate service reviews have been put forward as part of the 2017/18 Revenue Budget Setting process. This also links in with another key recommendation to reduce costs through the joint use of accommodation and joint working arrangements with other public sector partners, through the One Public Estate. It is therefore key that the recommendations of the CIPFA Health Check Report are implemented.
- 7.2 One of the key recommendations is to review the team structure, with the creation of a Strategic Property Asset Management Team within the service. The starting assumption will be that this will be achieved within existing budgets.
- 7.3 A further recommendation, Recommendation 12, is to instigate a full 5 year condition survey programme, to inform the Council's approved operational buildings Capital Investment programme, for which £2.970m has been allocated in the Capital Programme for 2017 to 2021 and for the building revenue maintenance programme. The annual cost of these surveys is estimated to be £28,000 for the Council's non-school estate and £35,000 for the current retained school estate, totalling £63,000. Any work done for academy schools will be charged to them, so there would be no cost to the Council and the remainingsurveys will be funded from existing resources. The surveys will also inform locations for future service delivery and the Council's asset disposal programme.
- 7.4 Recommendation 14 is to revisit the current arrangements for internal fee recharging of design/project related work and develop a more suitable approach. The service currently has an annual net income target of £485,000. This should be considered as part of the Council's traded services review as any changes to the existing charging arrangements will have implications for the revenue budget.

- 7.5 Recommendation 18 is to develop a policy approach and realistic and sustainable pricing structure for providing facilities management support to schools. The true cost of the service needs to be identified, to form the basis of charges to Council maintained and academy schools, or indeed whether these services are provided at all. This again links in with the traded services review and in particular the portfolio of services being offered to schools.

8. Legal Implications

- 8.1 Legal services have an important role to play in terms of Corporate Property, especially in terms of legal documentation (for example leases, sales and acquisitions). It is therefore vital that Legal Service works with Corporate Property to align resources to meet priorities and work areas.

9. Human Resources Implications

- 9.1 The recommendations and action plan contain a number of areas with human resource implications, including the strategic recommendation to introduce a strategic asset management function with an associated manager / lead officer. The action plan has a number of other recommendations linked to staff and also training. If approved, the intention is to re-structure the Corporate Property Unit to address the recommendations and implement the relevant areas of the action plan.

10. Implications for Children and Young People and Vulnerable Adults

- 10.1 The health check considered the property service for Children and Young Peoples Services which is detailed in the full report. The main implications relate to facilities management and also the charging schedule for schools, which is identified in the action plan.

11. Equalities and Human Rights Implications

- 11.1 There are no negative impacts identified as a consequence of taking forward the recommendations identified within this report.

12. Implications for Partners and Other Directorates

- 12.1 The proposed introduction of a full Corporate Landlord model will have implications for other directorates as will the proposed recommendation to introduce a new corporate governance board.
- 12.2 The main implications for partners will arise from the implementation of the action plan and especially those actions relating to asset management plans for services and buildings. There is a significant potential for partnership working across both Rotherham and the City Region around the One Public Estate (OPE) and Joint Assets Board (JAB) and the opportunities this presents to work more collaboratively across the public sector estate.

13. Risks and Mitigation

- 13.1 The main risk relates to implementing the recommendations and action plan within the timescales set. This will require a concerted effort, not only from the property service team, but across the whole authority. The setting up of a Corporate Property and Asset Management Board comprising the Cabinet member for Jobs and the Economy and senior officers from across all directorates will help in ensuring the recommendations in the action plan are delivered.
- 13.2 A significant risk is the ability to adequately resource the action plan especially recognising the resources already taken out from the service and the benchmarking section generally points to a service with costs in the lower quartile (e.g. para 6.14 – “total costs for strategic asset management are relatively low for an authority the size of Rotherham”). To mitigate against this risk it is intended to:

13.2.1 re-focus and prioritise the service to align to the recommendations and action plan.

13.2.2 adopt a full corporate landlord model.

13.2.3 introduce a new governance structure and ‘Corporate Property and Asset Management Board’ to oversee the service and its functions.

13.2.4 bring quarterly reports to the Cabinet until advised otherwise.

14. Accountable Officer(s)

Damien Wilson – Strategic Director Regeneration & Environment.

Paul Woodcock – Assistant Director - Planning, Regeneration & Transport

15. Approvals

Strategic Director of Finance and Customer Service:

Jonathan Baggaley, Finance Manager for Regeneration & Environment

Assistant Director of Legal Services – Stuart Fletcher, Legal Services Manager