

Divisions Affected – All

CABINET

18 October 2022

Property Strategy

Report of Performance and Corporate Services Overview & Scrutiny Committee

RECOMMENDATION

1. **The Cabinet is RECOMMENDED to —**
 - a) Agree to **NOTE** to the observations contained in the body of this report.

REQUIREMENT TO RESPOND

2. This report contains no recommendations, meaning Cabinet is not required to make a formal response. It may, of course, wish to respond to any of the observations detailed below when it considers this report, or the substantive Property Strategy report.

INTRODUCTION AND OVERVIEW

3. The Performance Overview and Scrutiny Committee considered a report on the Council's forthcoming Property Strategy at its meeting on 30 September 2022.
4. The Committee would like to thank Cllr Calum Miller, Cabinet portfolio holder for Finance, Claire Taylor, Corporate Director – Customers, Culture and Corporate Services, and Vic Kurzeja, Director of Joint Property Services, for preparing and introducing the report, and for attending to answer questions.

SUMMARY

5. Calum Miller, Cabinet portfolio holder for Finance introduced the report. The Council's 905 different sites had, over recent years, seen relatively limited investment, and the Property Strategy was an attempt to refresh the approach to the Council's property assets. This approach had to contend with the

challenging financial context faced by the Council, as well as the multi-layered changes to the use of property assets by staff and the public following Covid. As the corporate owner of assets on behalf of and for the benefit of local electorate it was important the Council sought cross-party consensus on the way forward. Claire Taylor, Corporate Director – Customers, Culture and Corporate Services, updated the Committee on the progress of the report to Cabinet, highlighting the delay of the final report by a month to allow her greater oversight having only very recently assumed responsibility for the area within her directorate.

6. In response to the presentation the Committee raised multiple issues, including the adequacy of staffing to deliver the programme, details of proposed joint ventures as well as the potential impacts on relationships with partners of co-locating with some but not others, challenges and opportunities around converting existing assets to better usage, the interaction of the Property Strategy with other corporate objectives, and the implications on the budget.

OBSERVATIONS

7. As noted above, this report contains no formal recommendations but is simply a summary of the observations made by the Committee for Cabinet to consider as part of its deliberations on the Property Strategy report. One reason for the absence of formal recommendations is the degree to which the Committee felt hampered from doing so owing to a lack of detail. The Committee takes on board the points made in response to this, that it is necessary to agree an overall strategy prior to engaging in detailed work, and that it would be inefficient to develop multiple in-depth plans when only one would ultimately be pursued. On the other hand, the Committee also wishes to stress that there is a question of degree to how light the detail should be, and that it is difficult to assess the relative merits of different strategic options with very few figures. The value Scrutiny can add and the political consensus it can generate is contingent on the quality of data it receives. It is understood that with the Property Strategy report being delayed owing to the Council's internal reorganisation that this was not necessarily possible in this instance, but it is Scrutiny's general expectation that it should be availed of the same information as Cabinet will use when considering an item.
8. In its discussions the Committee raised a number of suggestions for additional detail which it felt would be of benefit to the Cabinet in making its decision. These included a breakdown of the income and expenditure for each building leased out, the KPIs for the Strategy to be elucidated, and a plan with the indicative timescales for the post-Cabinet elements of the Strategy. Specifically relating to the Council's rationalisation of its office space, the Committee would want to see the Cabinet be making its decisions based on hard figures, rather than simply oblique strengths and weaknesses, and that much more detail be provided about the progress and likely positive outcomes from discussions on co-location, which underpins so much of the strategy. When the Schools portfolio is considered, the Committee suggests that the

People and Place plan, and the impacts of the recent court judgement over reversion clauses won by the Council be fully considered.

9. Whilst the Committee felt unable to make decisions between the options presented to it, it does nonetheless want to outline the principles it would wish to see the Council follow. The first of these is haste. The in-housing of Carillion staff and the Property team's restructuring has meant progress has not been as fast as would be wished. The Committee does not disagree with the strategy's contention that the Council should rationalise its estate; for example, it was informed that only 20% of its office space is currently being used currently. In light of this level of over-capacity, and the level of potential savings in light of the Council's financial position, moving forward in this area is a matter of urgency.
10. The second principle the Committee strongly supports is co-location. Its preference is for co-location with organisations which share aims and objectives with the Council, for example other tiers of local government, or providers of health or social care. An important concern however, is that any rents charged should be on a commercial basis, and that there is no perception of disadvantage for residents of districts where co-location with a district council does not take place.
11. The final principle is a preference towards investing in the Council's own properties in order to repurpose them, and to reduce the number of leased properties. The Committee recognises that this requires capital investment and that potentially repurposing the Council's existing buildings may mean inheriting constraints which limit the Council's freedom to pursue its design principles as set out in the document considered. However, overall, the benefits of doing so are felt to outweigh those downsides.

Observation 1: The high level of the report presented to Scrutiny acted as a barrier to Scrutiny being able to take an informed position on the preferred strategic direction.

Observation 2: That the Cabinet will require much fuller detail to make a fully-informed decision.

Observation 3: That there is a need to pursue the chosen strategy with urgency, and that it should be seek to co-locate with partners, and focus on using its existing buildings in preference to lease-hold buildings.

12. A further principle the Committee would wish to highlight does not relate to the content of the strategy itself, but how that strategy will be implemented. Whatever ultimate decision is made as to the Council's strategic direction for its property portfolios, this will require making decisions as to what to do with specific property assets. The Committee wishes to stress the important knowledge and perspective local members can bring to discussions over assets in their area, and makes a plea that Councillors are fully informed and consulted on proposals impacting property assets in their areas. It is important that they should be given the opportunity to make use of their grass-roots

networks to understand local reactions and concerns before any decisions are made. Equally, members of the Committee also expressed an interest to be consulted for buildings which are currently unused, and could be put to use by local communities. Related to this, the Committee highlighted the importance of having clarity over any community asset transfer policy to ensure that the Council would be clear in its aims, and that the decisions would be financially sound.

Observation 4: That local members have an important part to play in representing the views of their communities, and that they must be fully involved in discussions about the fate of property assets in their divisions.

Observation 5: That local members should be involved in discussions about unused property assets, and that the Council should be mindful of the potential for community asset transfers within a refreshed Community Asset Transfer policy.

13. That the move towards home working has been accelerated by Covid, thereby increasing the mismatch between demand and supply for office space within the Council, is recognised within the draft Property Strategy. The Committee welcomes the overall point put forward by both the Cabinet member and officers that as a consequence, the labour market and the need for office space are indelibly tied together. The Committee notes that in a tight labour market, staff conditions are extremely important for both recruitment and retention. Thus, the forthcoming work to understand better the differing needs of an Agile workforce must be very much linked with the Property Strategy, not only in the amount of office space required, but also in the design and function of facilities when staff do come into the office. It is important that the contours of this learning are fed into the Property Strategy so that all staff needs are met. For example, younger staff may tend to want to come into the office more, meaning service areas with a younger workforce may require more space than other areas where a higher proportion of staff are content to work from home.
14. Of course, not all staff can work from home. It was noted during discussion that the locations of some of the proposed hubs were in places not well-served with public transport. Concern was raised that the effect of this would be to remove choice from staff over how they would get to work, making them rely on private cars. This clearly runs counter to the Council's intention to reduce private car journeys as part of its response to the Climate Emergency, but further, it reduces the flexibility for staff also. The example of Samuelson House was put forward during discussion as an example of the problems arising from the application of car-reducing policies in locations without sufficient alternatives. In this instance an excess of demand for car parking spaces compared to supply causes inconvenience to both staff and the public as staff are unable to park on-site and must seek and use whatever alternative parking is available nearby. This point is put forward to stress the need for careful consideration over the location of hubs if the Council's Climate Emergency aspirations are not to be undermined, but also to recognise that

there are sometimes trade-offs between competing priorities, and that the need, for example, to provide good care for residents may mean providing enough car parking spaces for staff at hubs, even if that does undermine the Council's climate agenda elsewhere.

Observation 6: That forthcoming office rationalisation must be closely integrated with the Council's other strategic priorities and plans, particularly with reference to staff and the Climate Emergency, and that trade-offs should be made consciously and transparently.

FURTHER CONSIDERATION

15. The Committee will not be considering this item again formally, but the Directors involved, Claire Taylor and Vic Kurzeja have offered to provide a briefing to answer questions on any additional information which comes out in the Cabinet paper which was not available to Scrutiny members - as requested by the Committee.

LEGAL IMPLICATIONS

16. Under Part 6.2 (13) (a) of the Constitution Scrutiny has the following power: 'Once a Scrutiny Committee has completed its deliberations on any matter a formal report may be prepared on behalf of the Committee and when agreed by them the Proper Officer will normally refer it to the Cabinet for consideration.
17. Under Part 4.2 of the Constitution, the Cabinet Procedure Rules, s 2 (3) iv) the Cabinet will consider any reports from Scrutiny Committees.

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Annex: None

Background papers: None

Other Documents: None

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