

**STRATEGY AND PARTNERSHIPS SCRUTINY COMMITTEE
THURSDAY 29 SEPTEMBER 2011**

PROPERTY AND FACILITIES – ASSET STRATEGY AND IMPLEMENTATION

Purpose / Recommendation

1. The purpose of this report is to provide an update on progress on implementation of the Council's Asset Strategy. The Committee is asked to:
 1. Note the approach being taken on implementation of the strategy
 2. Consider any matters that the committee would like further information on

Background

2. The Council approved a new Asset Strategy in February 2011. The strategy is to:
 1. Reduce the cost of the council's non-schools portfolio by 25%
 2. Support and enable working with partners at a local level to reduce the overall size of the public sector estate in Oxfordshire
 3. Increase the amount of property that is Fit for Purpose
 4. Reduce energy consumption

Implementation

3. A programme has been put in place to deliver the strategy, overseen by a Programme Board. The main programme areas are:

Corporate Landlord

4. The Corporate Landlord approach to managing property can be defined as "the central management of all operational Council land and building assets, with services making use of them for operational purposes". The Corporate Landlord will:
 - Enable the effective strategic and operational management of the Council's property assets, including Corporate Facilities Management
 - Ensure proactive engagement with public and voluntary sector organisations on future property needs and potential shared use
 - Manage all property budgets and expenditure centrally by April 2012
 - Ensure effective planning of property assets as part of the Service and Resource Planning cycle
5. A full implementation programme is in place and being delivered. Progress already made includes transfer of staff and functions from CEF and S&CS to Property & Facilities; establishment of a corporate FM function for the main offices and transfer of Food With Thought and Quest Cleaning functions to Property & Facilities. Transfer of all non-school premises budgets and a

countywide Facilities Management Service will be in place from April 2012. The Environment & Climate Change Team transferred to Property & Facilities in August, reflecting the fact that most of the Council's energy consumption is property related.

6. Property sharing has progressed in some areas, particularly in relation to sharing with Thames Valley Police presence in Deddington and Wantage Libraries and the Fire Service HQ. However, more effective working with partners still needs to be developed. Also, Property & Facilities need to take a more proactive role in contributing to Service & Resource Planning and dealing with the property implications of service strategies.

Property & Facilities Procurement

7. This involves putting in place a new Single Service Provider for property from April 2012 when the Mouchel contract comes to an end.
8. Property & Facilities is a client function (apart from Facilities Management Services) and therefore professional, construction and maintenance services are outsourced. The Programme to deliver a new provider by April or May 2012 will put in place a different arrangement with the aim of improving customer service and reducing costs. Annual revenue savings of £0.55m are required. A competitive dialogue process is being used and detailed dialogue with the remaining 3 participants is underway. Cabinet approval to appoint a new provider will be sought in December 2011 or January 2012. An update on the procurement project will be provided to this committee at its next meeting on 24 November. The Procurement is a major and resource intensive project and some slippage of the programme may be necessary to ensure that the objectives of the procurement exercise are met and risk is appropriately managed. The process is attracting national interest from other local authorities and public sector organisations, both in terms of potential to use the new contractual arrangements and to share lessons learned.

Property Rationalisation

9. A four year programme to reduce the size of our non-school property estate to meet MTFP savings is being implemented.
10. The Better Offices Programme reduced the number of offices from 70 to 45. The property rationalisation programme will reduce the number still further to 24 as well as enabling the sale of other types of property. Some of the disposals, lease surrenders and asset transfers have already been commenced or completed. Early savings will come from the recent closure of the Cricket Road Centre, the move of the backup server facility from leased premises to Kidlington Fire Service HQ and other smaller disposals. The business case also shows that staff displaced can be re-accommodated in the retained buildings. This programme is considered to be only the start of property rationalisation and further opportunities are being identified.

11. The asset rationalisation programme will be delivered in conjunction with the Council's cross cutting 'Changing the Way We Work' initiative. Property & Facilities and programme staff are working with staff leading the corporate initiative. Locality reviews and co-location of services will provide the catalyst to introduce more efficient, integrated service delivery.

Locality Reviews

12. A programme of Local Working Groups has been established for all localities, with meetings taking place throughout September to discuss Big Society Fund, Area Stewardship Fund and Assets in localities.
13. Furthermore, a pilot programme of Asset Led Locality Reviews is underway, with Berinsfield and Blackbird Leys Review meetings completed and Banbury Neithrop, Bicester and Didcot to follow in October and November. This initial programme will deal with priority issues and known opportunities. Consideration will be given to extending the programme following completion of initial pilot programme, however, the resource implications are significant and it is important to follow through actions from the pilot reviews.
14. Feedback and outcomes from the reviews held to date has been positive and specific opportunities for co-location and disposals are being taken with members and partners. Where appropriate, a strategic business case with savings, cost implications and outlining proposals will be produced for consideration by Capital and Asset Programme Board.
15. The Council has received bids to the Big Society Fund, which include transfer of assets to the community. Property & Facilities are dealing with such bids in accordance with the Council's Asset Transfer Policy.

Reshaping Property & Facilities

16. To enable the Asset Strategy to be implemented, deliver excellent customer service and meet MTFP savings, Property & Facilities is in the process of reshaping itself. A restructure has taken place to prepare the service for the new external service arrangements from April 2012, resulting in a 20% reduction in staff, and annual revenue savings of £0.23m. Cultural and process changes are also needed and are being progressed.

Areas for Future Focus

17. As well as delivering on the workstreams set out above, the service needs to make significant strides on the ambition of Oxfordshire Chief Executives and the Oxfordshire Partnership to rationalise the size of the public sector estate in Oxfordshire, through considering opportunities for co-location and aligned approaches to asset management. There have been positive discussions at the Oxfordshire Chief Executive's Meeting and the Spatial Planning and Infrastructure Partnership, this has not yet been developed into delivering

aligned approaches to asset management. How high a priority this should be given will be discussed at Star Chamber.

Financial / Budgetary Implications

18. A structured approach to ensuring financial (and non financial) benefits are realised has been introduced as part of the implementation of the Asset Strategy, including Asset Rationalisation Programme. Revenue and capital consequences are summarised below.

Revenue

19. Annual Property & Facilities revenue savings of £2.08m are required in the MTFP. Annual savings of £3.52m have been identified following a recent validation of the property rationalisation proposals. One-off implementation costs totalling £1.69m are estimated over the next four years. Pump priming funding of £1.42m is already allocated, leaving a shortfall of £266,000 which will need to be considered as part of the Service and Resource Planning process. The projected savings do not include any further property rationalisation opportunities, which are expected as a result of asset led locality reviews and property sharing with partners.

Capital

20. The capital receipts estimated to be realised from the property rationalisation programme are £3.16m. Of this, £1.59m has already been taken into account in the funding of the capital programme, potentially leaving £1.57m as an additional resource.

21. The Council approved £3.75m funding to pump prime delivery of the Asset Strategy. The capital implementation costs have been revised and are now estimated at £4.5m, leaving a shortfall of £0.75m. It is proposed to address this shortfall as part of the Capital Star Chamber Process when the £0.75m will be reported as pressure and the £1.57m (see capital receipts above) will be reported as additional resources for the capital programme.

22. The amount of funding required may change as detailed proposals are developed.

Communications & Consultation

23. The programme communications and engagement strategy covers all activities that relate to the implementation of the Corporate Landlord model across Oxfordshire County Council. These are summarised below:

- Anticipate and manage stakeholder needs through the lifecycle of the implementation
- Communicate continuously

Performance & Programme Management

24. A detailed programme plan with workstreams, owners, timescales and inter-dependencies has been produced to manage the programme of activity. A programme governance model has been established, including monthly reporting to Property & Facilities Leadership Team, Growth & Infrastructure Leadership Team and Environment & Economy Leadership Team. Programme risks are managed through the same governance arrangements.
25. A number of key performance measures, linked to programme outcomes, have been established. These are being monitored and reported every quarter to the above Leadership Teams. The measures are summarised below:
- Gross External Area of non schools portfolio
 - Square metres per person for key offices
 - % of capital Property & Facilities spend in year achieved
 - Percentage of customer satisfaction at feasibility stage
 - Capital Project Customer feedback

Conclusion

26. The majority of the programme is progressing on target and the strategy is being delivered. The key areas of risk are delivering the Procurement to programme, partnership working and effective engagement with services to enable a fully effective Corporate Landlord approach. It is also important to note that the programme is to an extent dependent on decisions about our longer term asset strategy and decisions about how services are delivered in the future.

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