

Property – Asset Management Strategy and Leadership

Growth & Regeneration Scrutiny Commission – 26th September 2019

1. Background

Bristol City Council is owner and occupier of a diverse and valuable estate supporting a variety of functions and required to enable a diverse range of evolving priorities.

The corporate portfolio comprises c.733 operational buildings providing 800,000 sq m within 2,600 ha of land. These property assets support the delivery of core statutory, and non-statutory, Council services and some buildings within this portfolio are leased to community and third sector organisations to support their activities in the community.

The tenanted (investment) portfolio comprises 730 assets with a book value of c. £249M. Assets within this portfolio are held for both financial return and to support economic development.

Each portfolio category requires a unique focus and approach to asset management which, in turn requires different property related expertise, governance and decision-making.

Property is the second highest cost to the Council. Despite this, the Council has operated without a strategic approach to estate management and Estate Strategy for a number of years. As pressure on the Council to mitigate budget shortfall rises, there is an acceptance that the lack of a proactive and planned approach to estate management is prohibiting the release of greater capital and revenue returns and efficiency savings from the estate moving forwards.

This is currently being addressed by the development of a Property Strategy and an Asset Management Plan with a move towards the proposed implementation of a corporate landlord model.

1.2 Property Strategy and Corporate Landlord Model

The Property Strategy is designed to set out the objectives, policies and process for managing the estate effectively and meeting the Council's corporate objectives. It sets out the principles for going forward to produce an asset management plan, which will drill down into more detail, the options around individual properties. A key part of the strategy is the operation of a corporate landlord model.

The concept of a Corporate Landlord is that the "ownership" of all property assets and the responsibility for their management and maintenance is transferred from within service departments to the Corporate Landlord, which is a centralised function of the Council. The service departments become "corporate tenants" and make use of the property or land in delivering a service. The landlord's function is to ensure that service departments are adequately accommodated and to maintain and manage the property assets having regard to the law of property and that relating to the duties of a Local Authority pertaining to its assets.

Outcomes are therefore:

1. A fully operational corporate landlord which centralises all property functions.
2. A revised system of governance that is understood by all and improves the current decision making processes.
3. Consolidation of existing policies around property.
4. Ensure that all property transactions take account of social value in assessing their impact.
5. Ensure that there are clearly defined responsibilities and mechanisms for all property matters.

An Efficient and Adaptable Estate that supports Service Delivery

<p>WHAT</p>	<p>Fit for Purpose Estate</p>	<p>Value for Money</p>	<p>Supporting service delivery</p>	<p>Supporting City Growth and improvement</p>
<p>WHY</p>	<p>Assets are in the right place, in the right condition and comply with legislation.</p>	<p>Costs are minimised and use or return from assets is maximised</p>	<p>Sufficient and suitable assets to deliver services from.</p>	<p>To use the estate to deliver BCC corporate objectives</p>
<p>HOW</p>	<p>Understanding service requirements and undertaking regular property reviews.</p> <p>Development of maintenance and property compliance plans.</p>	<p>Corporate Landlord approach to provide</p> <ul style="list-style-type: none"> *Centralised management *Clear decision making framework *Corporate process and policies *uniform standards <p>Understanding of the estate and how it performs</p> <p>Robust management information</p>	<p>Working with services through Property Partnering approach to understand requirements</p> <p>Developing service asset management plans</p> <p>Adoption of corporate decisions</p>	<p>Utilising council land to bring forward development in the city</p> <p>Engagement with major projects</p> <p>Working with public sector partners and other stakeholders within the city to identify shared opportunities</p>
<p>KPI</p>	<p>Improved utilisation %Increase in shared buildings</p>	<p>Reduce running costs. Reduce size of the estate. Increased capital receipts</p>	<p>Improved feedback from services and service users. Service asset management plans in place</p>	<p>Successful partnerships with key partners and the community. BCC uses assets to demonstrate best practice</p>

1.3 Review of Property Service - Baseline Assessment - summary of issues and addressing them

The council commissioned a review and development of a business case for making an investment in the council's Asset Management Planning in May 2018. GVA undertook the commission. The Baseline Assessment highlighted issues with the Council's current estate management approach that have hampered performance.

The issues highlighted are outlined below with proposal as to how these issues are being addressed.

Issue Highlighted	How it is being addressed
<p>The Service has experienced instability in its leadership and decision making and this has affected the 'sense of direction'.</p>	<p>This is currently being addressed; a permanent Director for Economy of Place is in place with a remit that includes Property Estate and Asset Management. A permanent Director of Commercialisation is in place with a remit that includes Facilities Management. A permanent Executive Director for Growth and Regeneration has been recruited to and an announcement is due at the end of September 2019.</p> <p>Recruitment is underway for a permanent Head of Property for the service area. A process has already been undertaken; this was unsuccessful due to salary requirements of the suitable candidate.</p>
<p>There is a perceived lack of interest in the property service and/or an understanding that estate is a key enabler to change.</p>	<p>This is being addressed in a number of ways. The Asset Strategy team have allocated staff to act as Property Partners to provide the link between property and individual services and to work together in understanding service requirements and developing service asset management plans. In addition, the governance structure for property decisions has been reviewed to incorporate greater service involvement and attendance at Strategic Property Group and Operational Property Group.</p>
<p>There are many different Council priorities, some causing conflict to the delivery of estate-based</p>	<p>The new governance structure (Operational Property Group, Strategic Property Group,</p>

<p>outcomes.</p>	<p>Growth and Regeneration Board and Corporate Leadership Board) will allow for a steer on any conflicting priorities at an early stage. The Strategic Property Group Meeting is co-chaired between Director for Economy of Place and Director for Commercialisation to ensure that service areas are aligned and any conflict can be dealt with at this meeting and escalated as appropriate to CLB.</p>
<p>Political interest can sometimes frustrate the delivery of outcomes.</p>	<p>No comment</p>
<p>There is no central control over the Council’s estate – estate management activity and resource is fragmented - and estate budgets and responsibilities are “confused”; some devolved to Service Areas and others to FM/Property Services.</p>	<p>A Corporate Landlord approach is designed to address these issues. Property activity is centralised allowing opportunities across the whole estate to be exploited and for economies of scale to be achieved.</p>
<p>There is no formal, holistic process for translating <i>Service Plans</i> into estate requirements.</p>	<p>Property will engage with services at a strategic level to ensure that Asset Management Plans are integrated with service plans, strategic planning and budgeting. To be successful, a protocol for close working between officers in Property and Service representatives will be developed. Property review work will be integrated with the development of service asset management plans and will fully involve staff from service departments.</p> <p>In section 6 ‘Final Service Plan Template’ of the latest Service Planning template, Property Service has been included for final sign off.</p>
<p>Current arrangements do not support proactivity by the service – and the service is, therefore, largely reactive.</p>	<p>A corporate landlord model allows for oversight of all assets to be combined with information on service requirements within a governance structure that will allow for a proactive approach by the property service.</p>
<p>Surplus estate decision-making is led by Service Areas, albeit with some involvement from property officers.</p>	<p>This will be addressed by adopting the Corporate Landlord approach. Assets are held centrally and when no longer required for service delivery will</p>

	be dealt with through the surplus property procedure and the governance structure for property decision making.
The 'strategic' Property Partner model, linking Service Departments to the property service, is not fulfilling the intended purpose - partly due to skill-gaps, and partly because of a lack of robust data and influence over decision-making.	The Property Partner model is designed to work as part of a corporate landlord approach and is more likely to be successful within that framework.
Some parts of the property service (focussed on the 'delivery' of income and receipts) are under resourced – this will affect delivery of future pipeline.	Additional staffs have been recruited to both the Asset Strategy and Investment teams. Resourcing the asset management plan will be an issue to be considered moving forward.
The Council operates multiple systems (held by finance, property, building services, HR etc.) for storing property data – that are not automatically linked or readily accessible – consequently, there are inconsistencies in data and significant Officer time is invested in producing 'manual' reports.	It is acknowledged that there are disparate systems both within Property and within the Council as a whole where property data can be stored. Some improvements have been made (e.g. financial information linked by Property ID,) and further improvements will be explored and implemented as part of the Asset Management Plan.
Reporting is geared towards the Council's financial needs, not estate management requirements.	In recent years resources have been prioritised on achieving revenue savings and the delivery of capital receipts.
Core property data sets are missing and the analysis of estate performance at an individual property level is not possible – which prevents informed and reliable decision-making.	The Asset Management Plan will address gaps in data held by prioritising a series of property reviews and by programming the procurement of condition and other surveys where required.
Fundamentally, and as a consequence of the above, there is no approved 'plan of action' for the Council's estate and estate management regime.	The Asset Management Plan will provide the "plan of action" for the property estate.

Leadership

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SRO for the Asset Management Strategy and Plan is the Director for Economy of Place reporting into the Executive Director for Growth and Regeneration.

Since the Director has come into post, and working with the interim Director for Growth and Regeneration, issues such as the governance and reporting have been addressed and reinforced with clear governance and lines of reporting established. This had involved advice and recommendation from Chief Audit Officer.

The Strategic Property Group include Directors/Heads of Service from service areas across the council that have an involvement with property in order to socialise the direction of travel towards corporate landlord model. Recruitment is underway for a Head of Property with requirement for previous experience in implementation of an Asset Management plan and corporate landlord model. An appointment is anticipated to be made by December 2019.

1.4 Timeline for Implementation of the Plan

Development of the Asset Management Strategy is underway and is intended to go to February cabinet when a Head of Property will be in place to lead it. Comments have been made by Scrutiny Task and Finish Group for Asset Strategy and these have been addressed in the draft strategy.

September 2019 – February 2020	Property Strategy to be considered at Cabinet 4 th February 2020
February 2020 – December 2020	Development of Asset Management Plan
December 2020 - ongoing	Implement Asset Management Plan