

Decision Pathway Report



PURPOSE: Key decision

MEETING: Cabinet

DATE: 06 June 2023

TITLE	Property Programme Funding Requirements and Emerging Plans		
Ward(s)	Citywide		
Author: Pete Anderson	Job title: Director - Property, Assets, and Infrastructure		
Cabinet lead: Cllr Craig Cheney - Deputy Mayor with responsibility for Finance, Governance & Performance	Executive Director lead: John Smith Interim Executive Director Growth & Regeneration		
Proposal origin: BCC Staff			
Decision maker: Cabinet Member Decision forum: Cabinet			
Purpose of Report: <p>1. The report seeks approval to spend of up to £21.4m, to support the delivery of the four major transformation programmes. Within the £21.4m value, £7.4m has been previously agreed and specifically earmarked to the relevant programme or service areas in the 23/24 budget and up to £14.0m will be designated from within corporate held resources for 2023/24 and beyond.</p> <p>The delivery cost associated to the Property Programme amounts to £6.04m of which £0.7m is specifically earmarked and £5.34m is new and requested from the corporately held resource.</p> <p>2. The report also updates Cabinet on progress of the Property Programme including savings and capital receipts and seeks approval to allocate funding and provide delegated authority to enable continued activity to achieve targets in 23/24.</p>			
Evidence Base: 1. Transformation Management Office <p>1.1 A transformation consulting partner will be procured to provide assurance and support delivery across the portfolio of four transformation programmes: Property Programme, Temporary Accommodation and Homelessness Programme, Children's & Education Transformation Programme and Adult Social Care Transformation Programme. The Transformation Management Office will oversee the entire programme delivery</p>			

to build confidence in benefit realisation, provide resilience and support interdependence across the programmes.

2. Programme objectives and outcomes

2.1 The programme is required to deliver £4m of revenue savings and £36m of capital receipts in 23/24.

2.2 It aims to achieve the above by progressing the following workstreams:

- Estate review and disposals
- Office Rationalisation
- Temple Street Refurbishment and Commercial let
- Corporate Catering review
- Corporate Landlord function
- Asset Management System

2.3 Estate Review and Disposals

A review of the operational, development and investment estates to ensure that we are retaining the correct property assets for the correct purposes, while releasing suitable properties to the disposals process to contribute to the revenue savings and capital receipts targets. Properties that do not have an operational necessity or a sufficient financial yield will be released. The programme will seek to invest in the retained office estate, where business cases stack up, to ensure the estate is fit for purpose for the use by BCC staff or achieves appropriate commercial yield.

2.4 Office Rationalisation

This project involves moving BCC staff who are currently based in the areas of Temple Street which are scheduled to be vacated into City Hall. It will also involve the refurbishment of three locality offices which are going to be retained and the decommissioning of vacated offices so that revenue savings and capital receipts can be achieved

2.5 Temple Street Refurbishment Commercial Let

Upgrading the building's entrance, reception and other key shared areas to bring 100 Temple Street in line with commercial market standards for multi tenanted office space, including addressing accessibility requirements. Agreeing and entering new commercial lease contract/s for the North Wing and 3rd Floor South.

2.6 Corporate Catering

Develop a model and associated specification to tender for consistent contracting arrangements across all catering operations. As part of this work, Parks' cafes operations will transition to a new contracted arrangement which is consistent with other council café services. This activity will include engagement and consultation with internal staff in line with HR processes. The corporate landlord function will lead this work which will involve the centralisation of associated budgets.

2.7 Corporate Landlord Function

Complete the implementation of the approved Corporate Landlord function to enable better management and utilisation of assets across the retained estate. This will involve the centralisation of budgets, a review of operations and third-party contracts.

2.8 Asset management System

The procurement and implementation of an asset management system that enables the efficient management of all BCC assets.

3. Approach

The work above will require specialist expertise and additional capacity to enable successful delivery at the pace required. Resourcing will be on a hybrid team with core staff supplemented by specialist consultancy support. The Property Programme will have a programme board which will closely monitor the work of the programme, and seek assurance that milestones are being met, the benefits of delivery are being realised, and that improved outcomes and cashable savings are being delivered. This board will be developed in the context of the new Transformation Management Office which will report to the Council's Corporate Leadership Board.

4. Programme timeline

4.1 Q1 23/24:

- Long list of potential disposals identified
- Roll-out of enhanced process for the disposal of surplus property assets
- Appointment of partner(s) to support estate review and disposals work
- Outline Business Case 100 Temple Street

4.2 Q2 23/24:

- Review of the investment estate completed, and partners procured to support the disposal of surplus assets
- Bristol City Council staff complete move to City Hall
- Enter into a commercial lease agreement for the use of space vacated at 100 Temple Street
- Updated list of properties for disposal to September Cabinet

4.3 Q3 23/24

- Construction work at 100 Temple Street and occupation by new tenants

4.4 Q4 23/24

- Procurement completed for Asset Management System

4.5 24/25

- Construction work completed at 100 Temple Street
- Refurbishment of retained locality offices

5. Programme Financials

5.1 Of the target £4m revenue savings approx. £0.8m has been secured to date with £3.2m to find. It is expected that the remaining in year savings will primarily be achieved by reductions to ongoing estate costs and increased rental income, for example from 100 Temple Street.

5.2 The estimated revenue cost of the Council's operational asset base is approx. £12m p.a. (excluding schools and academies, Housing Revenue Account assets and Highways assets). Further work is required to establish the breakdown of costs per site and the proportion of these costs that can be delivered as cashable savings in 23/24.

5.3 Progress towards the capital receipts target will be made as sites are agreed for disposals and confirmed market valuations are in place.

5.4 The total estimated costs of the programme for 23/24 are £2.1m of revenue and £3.9m of capital as set out in table 1. We estimate a further £3m will be required in 24/25 to continue the process of estate rationalisation.

Table 1

	Q1 23/24	Q2 23/24	Q3 23/24	Q4 23/24	TOTAL Projected 23/24
A - Disposals and Estate changes	£ 194	£ 463	£ 604	£ 3,507	£ 4,768
Capital	£ 25	£ 204	£ 395	£ 3,268	£ 3,892
Revenue	£ 169	£ 259	£ 209	£ 239	£ 876
B. Corporate Landlord Service and Function	£ 157	£ 258	£ 280	£ 223	£ 918
Revenue	£ 157	£ 258	£ 280	£ 223	£ 918
All	£ 64	£ 97	£ 97	£ 97	£ 355
Revenue	£ 64	£ 97	£ 97	£ 97	£ 355
Grand Total	£ 415	£ 818	£ 981	£ 3,827	£ 6,041

5.5 Confidence in the delivery costs of all projects will be improved with the completion of full business cases for the projects within scope

5.6 Of the £6.04m costs expected to be required in 23/24 funding of £0.7m has already been allocated to the programme and a further £5.34m is to be funded from the £14m of transformation funding identified (details outlined in finance comments).

Funding Source	What will this fund	Funding Contribution to Programme (23/24 only)
Change Reserve	Programme resources	0.20m

Asset Management Plan Reserve/Corporate Landlord	Asset Management system work	0.50m
New funding for approval – see finance comments	Remaining resources and Investments currently unfunded – combination of capital and revenue spend	5.34m
Total		£6.04m

Cabinet Member / Officer Recommendations:

That Cabinet provide the following collective approval across the four transformation programmes: Property Programme, Temporary Accommodation and Homelessness Programme, Children's & Education Transformation Programme and Adult Social Care Transformation Programme to:

1. Approve spend of up to £21.4m (for the four corporate transformation programmes), of which £14.0m will be designated from within corporate held resources as outlined in the finance commentary.
2. Authorise the Chief Executive in consultation with the Director of Finance and Deputy Mayor for Finance, Governance and Performance to take all steps required to procure and award a contract for a transformation consulting partner (which may be above the key decision threshold and subject to an urgent decision with a retrospective report to Cabinet) to provide oversight and assurance and support delivery across the portfolio of four transformation programmes.

Cabinet recommendations specific to the Property Programme:

That Cabinet:

3. Note the Property Programme's financial objectives include £36m capital receipts and £4m revenue savings in 23/24.
4. Note the total anticipated costs of the Property Programme for 23/24 of £6.04m of which £0.7m is already funded through reserves.
5. Approves spend of up to £6.04m to support the delivery of the Property Programme of which £5.34m will be the initial drawdown from the £14m and £0.7m is contained within earmarked funding.
6. Authorise the Executive Director - Growth & Regeneration in consultation with the s.151 Officer and Deputy Mayor with responsibility for Finance, Governance and Performance to take all steps required to procure and award of contracts (which may be above the key decision threshold) for refurbishment works at the retained locality offices on approval of the project's business case.
7. Authorise the Executive Director - Growth & Regeneration in consultation with the Council's s.151 Officer and Deputy Mayor with responsibility for Finance, Governance and Performance to take all steps required to procure and award of contracts including any key decisions for refurbishment works at 100 Temple Street following on approval of the project's business case.
8. Note that commercial lease/s will be agreed for office space vacated at 100 Temple in accordance with the requirements to secure best consideration, as defined by S123 of the Local Government Act 1972

9. Authorise the Executive Director - Growth and Regeneration in consultation with the Council's s.151 Officer and Deputy Mayor with responsibility for Finance, Governance and Performance to spend up to the remaining budget to deliver the programme's objectives including procuring and awarding contracts over the key decision threshold, subject to individual project's business case approval as outlined in this report.
10. Approves the centralised approach to food/café/catering provision including virement and centralisation of associated contracts and budgets.
11. Authorises Executive Director – Growth & Regeneration in consultation with Cabinet member for responsibility for Finance, Governance & Performance, and the Director of Finance (S151 Officer) to take all steps required to extend (or recontract) for all/any café/catering/food supplies contracts within the provision of existing budgets in short term whilst strategic review and procurement is underway to maintain stability.
12. Authorises the Executive Director – Growth & Regeneration and the Director of Finance (S151 Officer) in consultation with Cabinet member for responsibility for Finance, Governance & Performance to approve the business cases related to the catering contracts and changes to service delivery models.
13. Authorises the Executive Director – Growth & Regeneration consultation with Cabinet member for responsibility for Finance, Governance & Performance, and Director of Finance (S151 Officer) to take all steps required to implement a centralised approach to food/café/catering provision including procuring and awarding contracts over the key decision threshold before end of the FY 23/24 (subject to presentation and approval of business case).
14. Notes that a further report will be brought back to Cabinet for information by no later than October 2023 to (a) inform Cabinet of details of the contracts extended or direct awarded (in relation to decision 11), and (b) inform Cabinet of the plans and scope of the proposal (in relation to decision 12 and 13).
15. Authorises the Executive Director: Growth & Regeneration , in consultation with the Deputy Mayor for Finance, Governance and Performance, Director: Finance and Director: Legal & Democratic Services to take all steps required to negotiate the terms of and enter into all necessary legal agreements to move to a partnership model for the delivery of parks cafes, which may include the transfer of employees to third party provider(s).

Corporate Strategy alignment:

Theme 7: Effective Development Organisation From city government to city governance: creating a focused council

that empowers individuals, communities, and partners to flourish and lead.

Estate Review, Disposals, & Investment in Retained Assets

- ED06 Estate Review: Review our operational estate to ensure we have the right amount and right quality of workspaces. Make sure they are carbon neutral by 2025, as well as climate resilient. Explore the potential for a greater presence in neighbourhoods alongside partners

Corporate Landlord Function

- ED02 One Council: Make it easier to get things done as 'One Council' by adopting more consistent standardised and well-communicated procedures and processes, with corporate support services that are the right size for the needs of the organisation.

City Benefits:

Estate Review, Disposals, & Investment in Retained Assets

A smaller and more efficient office, depot, operational, and investment estate where we have the right amount and right quality of properties to serve the required purpose, while disposing of properties that are deemed surplus to requirements to achieve financial benefits for the organisation.

Corporate Landlord Function

A centralised 'One Council' approach to the management of property assets will help to maximise the use and efficiency of running the properties that we retain. A better understanding of the office, depot, operational, and investment estates so that we can make better informed decisions on the use / disposal of property assets.

Consultation Details:

N/A

Background Documents:

Generic:

- [Corporate Strategy 2022-27 \(bristol.gov.uk\)](https://www.bristol.gov.uk/corporate-strategy-2022-27)
- [Feb 2023 -Full Council - 23/24 budget setting savings](#)

Property/Disposals Specific

- March 2020 – Cabinet - Property Strategy
- Jan 2023 – Cabinet – Disposal of surplus assets
- July 2022 – Cabinet Disposal of surplus assets

Catering specific:

- Jan 2023 – Cabinet – Meals Services and Supplies
- Aug 2022 -OED – Museum sites 12 month extension
- July 2022 – Cabinet – Events and Conference Catering Contracts
- May 2022 – Cabinet - Conferencing, Events and Catering contract for Museum Sites
- May 2019 – Cabinet – Cross Council catering and concession contracts
- March 2018 – Good food standards for procurement of food and catering services

Revenue Cost	£2.8m total <i>(of which £2.1m expected in 23/24)</i>	Source of Revenue Funding	- Change Reserve - Asset Management Plan Reserve/Corporate Landlord - Drawdown from the £14m transformation funding identified (redirected corporately held resource)
Capital Cost	£6.2m <i>(of which £3.9m expected in 23/24)</i>	Source of Capital Funding	Drawdown from the £14m transformation funding identified (redirected corporately held resource)
One off cost <input checked="" type="checkbox"/>	Ongoing cost <input checked="" type="checkbox"/>	Saving Proposal <input checked="" type="checkbox"/>	Income generation proposal <input checked="" type="checkbox"/>

Required information to be completed by Financial/Legal/ICT/ HR partners:

1. Finance Advice:

This report seeks the approval of spend up to £14m, in addition to specifically funded elements of the programmes amounting to £7.4m, to support the delivery of the major transformation programmes: Property Programme, Temporary Accommodation and Homelessness Programme, Children’s & Education Transformation Programme and Adult Social Care Transformation Programme. This is with the overall aim to contain service need within a sustainable envelope whilst achieving the savings targets required.

This paper specifically addresses the Property transformation programme, which has a remaining recurrent savings delivery target of £3.2m.

The programme outlines total costs to deliver of £9.032m with costs for 2023/24 being £6.041m based on current assessment, however as the work develops this could be subject to change within the bounds of the overall funding.

Against the total estimated £9.032m costs, there is £0.8m confirmed specific funding identified against this programme, which is funded through reserves, which leaves a residual of £8.2m to be funded through corporate initiatives. The Division will also be exploring opportunities to reprioritise existing R&M works to accelerate this transformation programme.

Where business cases require development, these will be progressed in line with the delegations outlined in this report, with the expectation that they are managed within the envelop of funding identified for the overall transformation programme.

The first phase of the work on the top-4 programmes are expected to cost a total of £18.3m, which includes the transformation management office to oversee the entire programme delivery, with £7.4m of funding specifically aligned earmarked funding streams to those programmes. The remaining £11m and further works from latter phases for 2023/24 and beyond is to be managed through a combination of funds totalling £14m as follows:

Funding Source	£m
General Fund Reserves	1
Release of accelerated payment of pensions	1
Release of service budgets as a result of increased external income	2
Flexible use of Capital Receipts*	10
Total	14

** Flexible use of capital receipts remains subject to availability and requires disposals to meet the overall target of £36m to fund both the capital programme and the transformation £10m in the table above.*

Delivery of the savings targets attached to this programme are critical to enable delivery against the budget as set by Council in February 2023, rigorous monitoring of benefit realisation, cashable savings, costs to deliver and achievement of capital receipts will therefore be required. The Delivery plan must be ambitious and should both prioritise and accelerate this programme as much as possible.

Finance Business Partner: Kayode Olagundoye, Interim Finance Business Partner, Growth and Regeneration, 25th May 2023

2. Legal Advice:

The Council is under a duty by virtue of S123 of the Local Government Act 1972 to achieve best value for its assets and any disposal should be at the best price reasonably obtainable. Exposure to the open market to secure a buyer is the best method of securing a buyer. If a buyer is found without such exposure to the open market the Council

should seek an independent valuation to ensure it complies with its duty under S123 of the 1972 Act.

The procurement process must be conducted in line with the 2015 Procurement Regulations and the Councils own procurement rules. Legal services will advise and assist officers regarding the conduct of the procurement process and the resulting contractual arrangements.

Legal Team Leader: Andrew Jones and Husinara Jones – Team Managers (Property Planning and Transport and Commercial and Governance Team) 22/05/2023.

3. Implications on IT: There are likely to be several IT related impacts and activities throughout this programme. IT will support where possible and look forward to being engaged at the earliest convenience of the programme to support forecasting of any works required including cancellation/cessation of BCC connectivity to buildings being disposed of and supporting any new changes as we repurpose other buildings. The network replacement project is already working closely with this programme to avoid unnecessary spend on networking that will not be required in the future which is a positive as it may also result in future savings to BCC

IT Team Leader: Gavin Arbuckle, Head of Service Operations IT, 19/05/2023

4. HR Advice: Changes to contracted workplace locations will take place in line with The Bristol Contract and in light of discussions with representatives of recognised trade unions and the Council’s staff-led groups. Workplace adjustments for Disabled colleagues will be continued or put in place as appropriate.

Transferring the provision of catering services to other employers may engage TUPE Regulations, depending on the nature of the new provision. The impact of a transfer(s) on the BCC workforce will depend on the timing of the transfer and the number of vacant positions at the point of transfer. Where BCC employees are in scope for transfer, consultation will take place in line with legal requirements, and terms and conditions of employment will be protected.

HR Partner: James Brereton, Head of HR, 24/05/2023

EDM Sign-off	John Smith	26/05/2023
Cabinet Member sign-off	Councillor Craig Cheney - Deputy Mayor with responsibility for Finance Governance & Performance	24/05/2023
For Key Decisions - Mayor’s Office sign-off	Mayor’s Office	25/05/2023

Appendix A – Further essential background / detail on the proposal	NO
Appendix B – Details of consultation carried out - internal and external	NO

Appendix C – Summary of any engagement with scrutiny	NO
Appendix D – Risk assessment	NO
Appendix E – Equalities screening / impact assessment of proposal	YES
Appendix F – Eco-impact screening/ impact assessment of proposal	YES
Appendix G – Financial Advice	NO
Appendix H – Legal Advice	NO
Appendix I – Exempt Information	NO
Appendix J – HR advice	NO
Appendix K – ICT	NO
Appendix L – Procurement	NO