

TITLE: REVIEW OF THE COUNCIL'S PROPERTY MANAGEMENT FUNCTION

TO/ON: THE CABINET / 29th MARCH 2006

BY: EXECUTIVE DIRECTOR OF RESOURCES

PORTFOLIO HOLDER: CABINET MEMBER FOR FINANCE AND RISK MANAGEMENT

STATUS: FOR PUBLICATION

1. PURPOSE OF THE REPORT

- 1.1 To seek approval for changes in the organisation of the Council's Property Management functions.

2. RECOMMENDATIONS

- 2.1.1 That approval be given to the merger of the Facilities Management and Estates Teams within the Legal and Democratic Services Unit.
- 2.1.2 That staff and representative bodies be consulted on the restructuring of services on the lines set out in paragraph 3.7 and appendix 3, with any subsequent changes agreed by the Head of Legal and Democratic Services in consultation with the portfolio holder for Finance and Risk Management.
- 2.1.3 To agree to the designation of the Executive Director of Resources as the Corporate Property Officer, and confirm the portfolio holder for Finance and Risk Management as the lead member for this area.
- 2.1.4 That the Improvement Plan at Appendix 4 be approved, and that annual progress reports be submitted to the relevant Overview and Scrutiny Committee alongside updates on the Asset Management Plan.
- 2.1.5 Note the intention to carry out an option appraisal with regard to the longer term options for service delivery following the stabilisation of the service.

3. REPORT AND REASONS FOR RECOMMENDATIONS AND TIMETABLE FOR IMPLEMENTATION

- 3.1 When members considered the Review of the Council's Resource Management Functions last June the various issues relating to Property Management functions were left to one side to allow further work and consideration to take place. These issues are of particular significance as asset management is one area where the Council still needs to demonstrate significant improvement in its performance to external review agencies.
- 3.2 In particular the Council's last Asset Management Plan (AMP) was assessed as poor by the Government Office for the North West. The plan was particularly weak in terms of data to justify policy decisions and the assessment of the sufficiency and appropriateness of asset holdings. While the assessment process for AMP's has been removed the effective utilisation of the assets at the Council's disposal represents a key element of the annual Use of Resources Assessment which has been introduced as part of the revised CPA process. It is therefore important that the Council seriously address the historic underperformance in this area.
- 3.3 At present the property management functions of the Council, which represent the core of the asset management process sit in two different parts of the organisation. The Facilities Management Team, which is responsible for the maintenance of assets in a fit for purpose condition, forms part of the Economic Regeneration and Spatial Development Service Unit and reports through the Building Control and Facilities Manager. The Estates Team which is responsible for managing commercial assets and property acquisition and disposal forms part of the Legal and Democratic Services Service Unit reporting through the Head of Service. In total these functions employ six members of staff (5.67 FTE) organised as shown in Appendix 2 together with six cleaning staff (2.14 FTE).
- 3.4 The Council has previously determined that the role of Corporate Property Officer (CPO), effectively the corporate lead officer for asset management issues, would be the Deputy Chief Executive. The CPO chaired a Strategic Asset Management Group involving representatives of a range of interests within the Council. This group, although it did some useful early work has not functioned effectively for some time.
- 3.5 Late in 2005 the Executive Director of Resources commissioned IPF Ltd to conduct a review of the Council's property management functions with a view to determining the actions required to make them fit for purpose (terms of reference are attached at Appendix 1). IPF are the trading arm of the Chartered Institute of Public Finance and Accountancy and operate a large scale consulting business specialising in the area of Asset Management.
- 3.6 The key issues highlighted by IPF are:

- ✚ Organisational coherence – the difficulties caused by different elements of the property management process being in different parts of the organisation.
- ✚ Corporateness – the issues caused by the fact that the corporate structures created for asset management have ceased to operate.
- ✚ Information deficits- there is a significant lack of information (as opposed to data) about the nature, suitability, sufficiency and condition of the Council's various property assets and what there is is not necessarily easily accessible.
- ✚ Skill levels – While the staff engaged in this activity are clearly working hard there are issues about whether the Council has the appropriate mix and levels of skill available to it to meet its longer term needs.

3.7 In order to ensure that the Council makes progress in an area that continues to cause concern to external review agencies it is now necessary to take action in relation the IPF findings. It is suggested that the following initial steps are taken.

- ✚ To provide coherence the two teams should be brought together in a single organisational location, with a single suitably qualified management post created using the currently vacant post of Principal Building Surveyor. There are a number of options for location within the organisation. However, the basic principle is that these are support services, or enablers and their management should not be confused with that of outward facing public services. Given this there are options around locating the services within either Finance, or Legal and Democratic Services. While finance is an important factor in property and asset management decisions it should not be seen as the over riding one. In addition there are clear process and procedural links between some of the functions performed and Legal Services, Therefore to minimise disruption it is recommended that the combined team form part of Legal and Democratic Services with the structure set out at Appendix 3. The financial implications of this are set out at paragraph 4.1.1, the additional investment in professional staffing is offset by a reduction in the costs of the cleaning workforce following a review of provision which will result in an equalisation of standards across the estate. This latter piece of work is being pursued by officers under delegated powers following the completion of the various accommodation moves. Clearly the appropriate Human Resources policies and procedures will be followed in implementing these proposals. Initial consultation has taken place with staff within the Estates and Facilities Teams and their Trade Union representative. As yet no negative comments have been received.
- ✚ The issue of corporateness relates to the need for the organisation to view its property resources in the same way as its financial, human or information resources as key enablers within the business process. One of the reasons why the Council created the Resources directorate as part of the Organisational Review was to create this sense of ownership. It would therefore seem appropriate to formally recognise this in relation

to the Council's property assets by transferring the role of Corporate Property Officer to the Executive Director of Resources. There are no specific implications arising from this. It is also important that there is clear ownership of these issues at executive member level and it is suggested that the Cabinet confirm that these issues fall within the responsibility of the portfolio holder for finance and risk management.

- ✚ The issue of information deficits has been partly addressed through the detailed condition surveys being undertaken for the Council. However, much further work is required if the Council is to maximise the benefit from its investment in a comprehensive asset management database. Headlines with regard to what is required are set out in the action plan attached to IPF's review report which is attached as Appendix 4 Any resource implications arising from implementation of this action plan will be reported to members as necessary.

- ✚ In terms of access to skills the IPF report is clear that the scale of the Council's current function presents risks in terms of access to the appropriate skills and experience. There are various ways in which this risk can be mitigated, for example through longer term partnering arrangements for certain specialist functions such as mechanical engineering. A key initial task for the Property Manager when appointed will be to ensure that the Council has in place cost effective means of securing access to appropriate expertise.

3.8 The above actions will stabilise the position and mitigate the most pressing risks facing the Council in this area. However, the IPF report makes clear that the scale of the function which the Council is able to provide in house even if strengthened through formal partnering contacts could represent a risk going forward. Whether this is the case or not cannot be determined until the position is stabilised. Therefore once the immediate action plan has been achieved it is recommended that an option appraisal with regard to future means of service provision is undertaken. This will either validate or not whether stabilisation of the service has ensured its longer term viability.

4. CORPORATE IMPROVEMENT PRIORITIES

4.1 FINANCE AND RISK MANAGEMENT

4.1.1 The table below outlines the costs of these proposals

	Current Budget £	Budget After Changes £	Change £
Professional Staff	151,182	157,373	6191
Cleaning Staff	27,285	19,802	-7483
Total	178,467	177,175	-1292

4.1.2 It is suggested that any saving accruing is initially set aside to support any one off cost which might arise from implementing the improvement plan and that the

position be reviewed further with the Property Manager during preparation of the budget for 2007/08.

- 4.1.3 Property and Asset Management are highlighted as clear risk areas for the Council by external review agencies and action needs to be taken to address these risks.

4.2 MEMBER DEVELOPMENT AND POLITICAL ARRANGEMENTS

- 4.2.1 The only specific implication identified is the formal designation of the portfolio holder for Finance and Risk Management as the member lead for asset management and property issues. Any development issues arising from this will be followed up through the personal development planning process.

4.3 HUMAN RESOURCES

- 4.3.1 Any changes made will be made using the appropriate HR policies and agreements with representative bodies. The proposals made reflect the direction set out in the HR Strategy about ensuring the Council has access to appropriate skills and competencies to ensure effective delivery of its services.
- 4.3.2 It is not envisaged that any staff will be at risk as a result of the changes proposed.

4.4 ANY OTHER RELEVANT CORPORATE PRIORITIES

- 4.4.1 Effectively addressing property and asset management issues should have a positive effect on the corporate priorities generally.

5. RISK

- 5.1.1 As indicated above there is a clear risk that stabilisation of the current service will not mitigate the risks facing the Council in relation to property and asset management issues to a sufficient extent. This is why the proposals made explicitly refer to the need to carry out an option appraisal following the stabilisation of the service in order to ensure that the Council's longer term risk exposure can be minimised.

6. LEGAL IMPLICATIONS ARISING FROM THE REPORT

- 6.1 None identified at present.

7. EQUALITIES ISSUES ARISING FROM THE REPORT

- 7.1 None identified, although the service does have a key role in ensuring equality of access to the Council's facilities.

8. WARDS AFFECTED

- 8.1 None

9. CONSULTATIONS

- 9.1 Acting Chief Executive, Heads of Finance, Human Resources and Legal and Democratic Services, Building Control and Facilities Manager, Staff and representative bodies.

Background documents:

IPF Review of Property Functions – Feb 2006

For further information on the details of this report, please contact:

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