



SPECIAL POLICY AND RESOURCES SCRUTINY COMMITTEE – 24TH SEPTEMBER 2014

SUBJECT: PROPERTY (BUILDING) RATIONALISATION

REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND S151 OFFICER

1. PURPOSE OF REPORT

- 1.1 To propose the disposal of approximately 50 of the most inefficient council owned or managed buildings as part of the council's Land and Buildings Asset rationalisation programme.

2. SUMMARY

- 2.1 In response to actual and forecasted budget settlement reductions the council has identified the development of a programme of Land and Building rationalisation to:

- reduce the number and cost of buildings it has to run and maintain
- be able to invest into a smaller number of properties to improve visitor and occupier experience
- reduce Health & Safety risks to personnel
- aid regeneration, wherever possible

- 2.2 The council owns and maintains approximately 885 corporate and public buildings on 411 sites. As at 31/03/2014, it has a total outstanding building maintenance liability of £48,248,489, of which £1,268,935 is required for Priority 1 repairs. These repairs are classified as “work defined as that of the highest importance and, unless undertaken, may lead to closure of the building or a serious breach of H&S legislation”.

- 2.3 The culture of the authority has traditionally been to keep and maintain its property portfolio and encourage its uses via council services, community uses, leisure provision etc. When situations have arisen by buildings being declared surplus the council has often taken advantage of this to dispose of property but it is very much a reactive rather than planned process.

- 2.4 This report attempts to “kickstart” a change in the established culture by challenging the continued retention of buildings that impose the highest liability on the council and encouraging their disposal. This approach will be a driver for changes in historical working practices demanded by the poor financial outlook for public services.

3. LINKS TO STRATEGY

- 3.1 The council's Medium Term Financial Plan has identified the closure programme as a **potential** saving for 2015/16 and 2016/17 with estimated revenue savings of £75k allocated to each year, a total of £150k over the two-year period.

3.2 The Council aims to manage its land and buildings effectively, efficiently, economically and provide a safe, sustainable and accessible living and working environment for all users.

4. THE REPORT

4.1 Property Services has put together a schedule of "candidate" properties for consideration for disposal (see appendix A). The schedule has been constructed without consideration of external factors such as community impact, service delivery, public usage/access etc and is therefore simply based on hard data. It is recognised that disposal of property cannot be based purely upon hard data but it should be the basis from which challenging discussions are started.

4.2 Appendix A demonstrates that if all candidate properties were disposed of the council could realise revenue savings of £1.072m and cost avoidance savings totalling £4.508m. Potential capital receipt costs total £2.301m but these are indicative figures only, arrived at by making broad assumptions and hence should only be relied upon for budget purposes.

4.3 These figures put into context the impact a planned rationalisation programme could have on the council's finances and far exceed the saving targets identified in the draft MTFP. If these savings were to be made in full then that could ease budget pressures elsewhere.

4.4 It is planned that over the coming months discussions will be held with the various Directorates via the Asset Management Group aimed at securing a first phase list of agreed properties, to be ratified by Scrutiny, whose disposal will meet the draft MTFP targets for 2015/16 & 2016/17.

4.5 Subsequent phases will focus on the remaining properties, identifying those that should for various reasons be deleted as a candidate site and those more contentious sites that should remain but will require extensive debate.

4.6 In identifying the poorly performing buildings, condition, suitability and utilisation/sufficiency data where available has been considered. We have identified an initial 50, or so, buildings out of an estate over 800 properties. As this is a low figure in comparison to the total estate, it should be achievable. The process would be extended in time to the next 50 and the next 50 etc until a complete and challenging review of the property base has been completed with the expectation that potential savings are more than significant.

4.7 There is no doubt that the process described above will present Members with difficult options and decisions to make and there will be times when they will be torn between wishing to retain the historic presence of council buildings in communities and the realisation that the council is currently running and maintaining buildings it cannot afford, buildings that are often under utilised, and buildings that may not be fit for purpose.

5. EQUALITIES IMPLICATIONS

5.1 Not considered as part of this report

6. FINANCIAL IMPLICATIONS

6.1 The financial implications can be grouped into three categories: -

- Revenue budget savings.
- Capital Receipts (these cannot be converted to Revenue but can be used to support the Council's Capital Programme).
- Cost avoidance.

- 6.2 For the benefit of the planned MTFP savings the focus of this report will be around Revenue budget savings although any subsequent capital receipt and cost avoidance impacts should not be ignored.

7. PERSONNEL IMPLICATIONS

- 7.1 There are no personnel implications considered as part of this initial report.

8. CONSULTATIONS

- 8.1 If this report is approved in principle then a full consultation will be undertaken and incorporated into detailed future reports.

9. RECOMMENDATIONS

- 9.1 Scrutiny Committee is asked to consider this report and comment.

10. REASONS FOR THE RECOMMENDATIONS

- 10.1 To further discussions on this proposal in accordance with the DRAFT Medium Term Financial Plan 2015/17.

11. STATUTORY POWER

- 11.1 Local Government Act 2000

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Appendices:
Appendix A Asset Management Review – Property Performance