



# Property Management and Development: Team Plan 2012/13



April 2012

# CONTENTS

	<b>Page</b>
Foreword	3
<b>SERVICE PERFORMANCE 2011/12</b>	<b>4</b>
1.1 Service Review	4
1.2 Performance	5
1.3 Continuous Improvement and Actions 2011/12	6
1.4 Tough Choices	6
<b>DIRECTION - 2012/13 AND BEYOND</b>	<b>7</b>
2.1 Context	7
2.2 Objectives 2012/13	7
2.3 Continuous Improvement	9
2.4 Performance	9
2.5 Financial resources: Revenue	10
2.6 Financial resources: Capital	11
<b>Appendices</b>	
1. Efficiencies	12
2. Service Actions	13

## FOREWORD

Property Management and Development (PM&D) delivers a professional service to internal and external customers, including strategic, portfolio and operational property management; aspects of valuation; agency; and development. Traditionally activity has focused on the management of the council's Tenanted Non-Residential Property (i.e. commercial) portfolio and its Headquarter buildings. The unit plays a significant role in supporting the council's capital investment programme and is involved in the development of property to support business and industry locally.

Operational changes within the council since 2010 have had a significant impact on PM&D. The restructuring of Services resulted in the disaggregation of Property Services, and since October 2010 PM&D is part of Finance and Estates. At that time PM&D assumed responsibility for energy and water management, as well as inheriting tasks and responsibilities previously performed by the Head of Property Services. At the start of 2011 it was agreed that strategic property asset management would also be part of our remit. The impact of these changes to date, and the continuing assimilation of these activities will be a theme of this Team Plan.

The purpose of this Team Plan is:-

- to review performance against last year's targets
- to report on activities, actions and achievements from the past year; and
- to set out clearly the targets and the key areas for improvement in the Service for the coming year

The Plan is primarily intended for PM&D staff, to place their activities in a wider context. It complements the Finance and Estates Management Plan; and links to the higher order corporate and community planning hierarchy. Full details of our service objectives and the broader context for our activities are presented in our Service Delivery Principles

### Strategic Statement

***“We will provide an efficient and effective professional property advisory and management service, responding to our customers needs, and committed to continuous improvement.”***

# SERVICE PERFORMANCE 2011/12

## 1.1 Service Review

PM&D's key outcomes and outputs for 2011/12 can be summarised under our seven main activities:

### 1. Strategic Property Asset Management

- The temporary appointment of an Asset Manager in June has allowed us to start to make an impact on this area of activity.
- We have continued with implementation of the council's office rationalisation strategy – in total eighteen offices have now been closed.
- We have helped implement the council's Green Travel Plan
- We have supported rationalisation of properties in Craigshill, Livingston
- Operational property budgets have been managed within targets
- With colleagues in Financial Management we have reviewed and implemented new procedures for Capital Planning and budget monitoring
- We have investigated opportunities for engagement with partners for asset sharing, and with HUBCo for project delivery
- We have commenced the review of the Property Asset Management Plan – including the development of a strategy for the Transfer of Assets to the Third Sector – and a comprehensive review of the Asset Management Performance Indicators.
- Asset Register software (Atrium) has been purchased and data input started.

### 2. Disposal of surplus property/capital receipts programme

- Year end capital receipts totalled £495,000 against a revised target of £1.5m, which had been agreed with colleagues in Financial Management in June; i.e. only 33% of target. This again reflects the lack of activity in the residential market.
- Only four significant sales contributed to the target – including an initial instalment from the sale of West Lothian House. We had expected a further four sales of surplus properties – generating c£950,000 – to settle before the year end, which would have brought us close to target. However, this did not prove possible, and the sales should now give us a head start towards next years target.
- Demand for the sale of amenity ground for inclusion in private gardens continues to be relatively low - with only five sales completed from about 40 enquiries.

### 3. The management of the council's non-operational portfolio

- Rental income from the Tenanted Non-Residential Property portfolio was £4.62m. In addition we collected £923,000 for Civic Centre. This represented 97.74% of our target (97.58% for the TNRP alone), despite the challenging economic conditions
- Occupancy levels for shops and offices are above our targets, and are similar to or higher than those for equivalent property in West Lothian as a whole.
- We have produced a full suite of standard lease and licence agreements which will significantly improve our ability to give tenants early entry and to start paying rent, and to improve business efficiency.
- Rent arrears levels have again improved. This demonstrates that we now have stability in managing both current and historic debt, and are performing on target, as a result of continued improvement over the previous two years.

### 4. Professional Services

- a. Rating appeals
  - Following the Quinquennial Revaluation in April 2010 we have managed the appeal process for the council's property portfolio. 210 appeals remain outstanding and are being progressed by external consultants, who are paid on the basis of their success in achieving reductions in non-domestic rates payable by the council. There are a further 30 running roll appeals as a result of changes to properties.
- b. The valuation of land and property
  - A tranche of 20% of the council's capital assets was re-valued over the financial year – a total of 190 properties. The total value of those properties re-valued comes to

- c£348m. Properties valued included community centres, day care centres and old people's homes, schools and non-stock housing.
- c. The granting of wayleaves and servitudes
    - The usual varied demands from service providers for wayleaves and servitudes were satisfied as part of everyday workload, and 38 wayleave and servitude agreements were processed, compared with 31 in the previous year.
  - d. The maintenance of property records
    - The council's Property Terrier was updated to record all known changes in property ownership interests taking place over the year.
    - A large volume of property enquiries, received from a variety of sources, was addressed
  - e. The provision of expert advice on property issues.
    - A significant proportion of staff time was spent on corporate initiatives and working groups, including:
      - the Officers Capital Working Group;
      - the evolving Core Development Area (CDA) Strategy;
      - the preparation of the East of Scotland Strategic Development Plan;
      - the Council's Affordable Housing Policy; and
      - the Carbon Management Board and its applicable sub-groups
      - Asset Management Planning and
      - Business Continuity Planning.
    - With colleagues in other services we submitted a case for the use of Tax Incremental Financing in the Armadale CDA, to the Scottish Futures Trust – narrowly missing out on selection as a pilot project.

#### **5. Industrial and Business Property Development**

- Our private sector partners continues the rehabilitation of the former Riddochhill coal bing and the preparation of the Heartlands Business Park.
- We have worked with colleagues in Economic Development and Planning Services on company expansion and relocation projects.

#### **6. Energy and Water management**

- The first annual return for the CRC Energy Efficiency Scheme was submitted, A carbon footprint of 31,279 tonnes of CO<sub>2</sub> will form the basis for carbon allowances.
- A series of energy efficiency projects has been completed in our operational buildings, including cavity wall insulation, and more efficient lighting, and heating controls. These will reduce energy consumption to meet the Scottish Government's ambitious targets.
- We have contributed to the council's new Renewable Energy Strategy and to the implementation of projects for the installation of Photo-voltaic generation.

#### **7. The management of the council's Headquarter buildings**

- Facilities Management of the Civic Centre and other council Headquarter offices was delivered within budget.

We continued to review our processes to improve efficiency, and also fully revised our Delegated powers, increasing the financial level of delegation from transactions of up to £20,000 to transactions of up to £50,000.

## **1.2 Performance**

We have continued to review our Performance Indicators to ensure accuracy and relevance. This will continue into 2012/13 to ensure compliance with the revised Corporate PI Guidance; consistency with our Service Standards; and relevance for the new Property Asset Management Plan.

### **1.3 Continuous Improvement 2011/12**

We undertook a WLAM assessment for our new service – including Strategic Property Asset Management and Energy and Water Management. Our score of 438 represented an improvement over the 2009 assessment (431), although the weighting of criteria has changed.

In particular our basic scores for Customer, People and Key Performance results all fell, albeit marginally. The corporate focus on Customer results has changed – and requires annual surveys for the 5 Drivers of Customer Satisfaction across all customer segments, which is contrary to our (previously agreed) practice. The People results reflect the change to the corporate survey, and Key Performance results the inclusion of the Asset Management PI's. All will be addressed in the coming year.

### **1.4 Tough Choices**

PM&D has delivered financial efficiencies and income growth since the time of our last WLAM review in 2008/09. Full details are shown in Appendix 1.

In 2008 – 2010, as part of Property Services, PM&D delivered the efficiencies of £399,000, which represented three times the amount required from PM&D alone, thereby supporting other service units.

For the Tough Choices programme (2011 – 2014) we are on target to achieve the savings required. Income generation in the current economic climate is challenging, particularly when faced with having to recover lost income – for example from the £100k reduction in the rental from Livingston Football Club – but we are pursuing a number of new avenues.

In total, programmed efficiencies for the six financial years totalled £2.242m, of which over 60% (c£1.4m) has already been achieved.

Efficiencies have included the loss of two vacant permanent posts, and a further post as a result of early retirement. This equates to c16% of our office based staff.

## **DIRECTION – 2012/13 AND BEYOND**

### **2.1 Context**

The council's Tough Choices programme covered the three financial years from 2011/12 to 2013/14, and as noted earlier we are on target to achieve the efficiencies required of us. The biggest challenge remaining is likely to be achieving savings totalling £797,000, by March 2014, in energy expenditure.

As the revenue budget for 2012/13 is fixed, and we do not currently anticipate changes to the 2013/14 budget that will require further savings in addition to those already identified in Tough Choices, our focus is already turning to 2014/15 and beyond.

Our range of service activities does not, currently, look as if it will reduce, so we are faced with delivering the same – or in some areas an increased service – with fewer resources. In this respect we are looking at three general areas:

- Income generation,
- Expenditure savings, and
- Process efficiencies.

As PM&D is responsible for assets that deliver an income stream we are fortunate that financial efficiencies can be a balance between enhanced income and budget reductions. An early action plan has been prepared as a result of discussion as a Team and improvements will be driven forward during the next 2 years, so that we are ready for any future rounds of Tough Choices. However, we must be careful that our efforts do not impose additional demands on colleagues in other Services who are also charged with finding efficiencies.

### **2.2 Objectives 2012/2013**

The following summarises the main challenges and targets for the delivery of our seven service activities in the coming year:

#### **1. Strategic Property Asset Management**

- The Property Asset Management Plan (Property Strategy) – one of six integral parts of the Corporate Asset Management Plan – will need to be redrafted by November.
- The full suite of PI's will be updated, and will require clarification of responsibility, principally with Maintenance.
- Procedures for future review of property provision will need to be established as part of the Property Strategy. Rationalisation should focus on the design of the services to be provided, rather than the available property. Services must be aware of the costs of occupying property, and be prepared for us to challenge the level of occupational costs. Rationalisation will lead to further challenges for property disposal, and opportunities for Community Asset Transfer.
- Delivery of existing projects will continue and we expect further engagement with other services on new projects, for example a review of community facilities
- We will also review the occupancy arrangements for those properties from which services are delivered by a third party
- Opportunities for engagement with partners for asset sharing, and with HUBCo for project delivery, will be pursued
- Data input to Atrium will continue, and we will disseminate it's use as widely as possible..

#### **2. Disposal of surplus property/capital receipts programme**

- Our target for capital receipts in the coming year is currently c£2.0m, although the precise figure will be reviewed with colleagues in Finance Services early in the financial year.
- Previous rescheduling of receipts has set a far more challenging target, totalling c£17.6m, for the three year period from the start of the current financial year (April 2012 to March 2015). However, this anticipates a recovery from the current economic downturn. The situation will be under constant review.

### **3. The management of the council's TNRP portfolio**

- a. The management of the council's TNRP portfolio
  - The rental income target of £4.352m reflects adjustments to the portfolio, most significantly the termination of our Head lease of Pentland House, and the second tranche of income growth (£66k) projected in the last round of corporate financial efficiencies (Tough Choices). We are also due to collect c£937,000 for the Civic Centre. Performance will be dependent on sustaining current tenancies; recovering from the loss of a number of large tenancies in 2010 -12; and generating new opportunities. The combined pressures of lost tenancies and the global Tough Choices target represent a requirement to achieve a minimum of c7% growth by between April 2011 and March 2013
- b. The control of rental arrears
  - We will continue maintain arrears levels to our target levels of 1.5% for historic debt and 4% for current debt, and will implement further process changes in the coming year as appropriate.

### **4. Professional Services**

- a. Rating appeals
  - As noted above the Rateable Values for all non-domestic properties changed with effect from 1 April 2010. We will continue to manage the council's appeal process to ensure that the council's rates bill is managed effectively.
- b. The valuation of land and property
  - We will complete our regular programme of revaluation of 20% of the council's capital assets, having regard to the changes to the procedures for the valuation of the council's property assets under the IFRS regulations. We will also need to value the TNRP each year from now on, in order to properly assess its financial performance.
- c. The granting of wayleaves and servitudes
  - This activity is largely demand led and is usually difficult to predict. As private sector house building is currently at a very low ebb there is a possibility that the demands for this part of our workload may reduce. However, to balance this, demand as a result of the council's own activity – for new schools and council house building – may actually increase.
- d. The maintenance of property records
  - Again, this is a staple part of our workload, which is fundamental to everything else we do, and provides the council with a valuable corporate resource.
- e. The provision of expert advice on property issues.
  - We will continue to supply specialist advice to other stakeholders in the council, representing their interests in a professional capacity on projects such as landlord and tenant, land acquisition and partnership projects. We will also be represented on a variety of specialist working groups e.g. Officers Capital Working Group and Core Development Area working groups.
  - We will support the delivery of the Local Plan through advice on, and negotiation of developer contributions, including affordable housing.

### **5. Industrial and Business Property Development**

- With our joint venture partners, we will continue to pursue development opportunities following the completion of the infrastructure at Heartlands Business Park, and will promote the release of development opportunities ahead of the completion of the Riddochhill rehabilitation in the autumn of 2012.
- Working with colleagues in Economic Development we will continue to provide an advisory and information service to local and migrant businesses, promoting West Lothian as a "business friendly" location

### **6. Energy and Water Management**

We will:

- comply with the CRC Energy Efficiency Scheme for establishing evidence packs and robust data management



- identify sites where consumption is higher than expected, and promote energy efficiency and behavioural change through publications and promotional material
- rollout smart metering for energy and water supplies
- ensure that energy billing is validated and discrepancies investigated
- undertake a number of carbon reduction projects across the property portfolio
- examine the potential for using the Renewable Heat Incentives and the Feed-In-Tariffs to generate savings and income; and
- establish a rolling programme of energy audits to identify new projects

## **7. The management of the council's Headquarter buildings**

For all our Headquarter buildings, and as managers of Civic Centre, our objectives will be to:

- provide an effective and efficient facilities management service for the council (and its partners) within budget constraints
- ensure that all health and safety issues are addressed to ensure a safe working environment for our partners, staff, elected members and visitors
- engage with the occupiers to effectively and efficiently manage the consumption of energy and other resources in all the headquarter building, but focussing on Civic Centre

## **2.3 Continuous Improvement**

We will implement the Areas for Improvement identified from our WLAM Assessment, these include:

- The preparation of the Property Strategy and its alignment with the Corporate Plan
- Implementation of Atrium
- The review of our Service Standards
- A comprehensive review of PI's, and benchmarking
- Refreshing the PRPDP process, and the team learning and development plan.
- Improved delivery of repair and maintenance procedures for the TNRP and Headquarter buildings
- A review of our consultation strategy
- Reviews of our complaints recording and procedures
- Improved dissemination of information about PM&D to frontline staff in the Call centre and CIS offices.

We will implement specific areas for improvement identified from the occupier surveys, including improved communication in Civic Centre, and accommodation improvements in County Buildings and St.David House. We will also take the opportunity to review our Policies and Practices to build on the review of Delegated Powers.

Lists of continuing and additional Actions are included in Appendix 2

## **2.4 Performance**

We will continue the review of our Performance Indicators to ensure that our collection and presentation of information on our Performance is consistent with corporate standard, our revised Service Standards, and the new approach to Activity Costing.

As part of the preparation of the Property Strategy the suite of PI's established in 2007 will be reviewed for their continued relevance, rationalised accordingly, and (where appropriate) new or revised PI's put in their place.

Approval of the strategy for Non-Operational Property also means that additional performance indicators will need to be developed for the TNRP, strategic land holding and surplus properties.

## 2.5 Financial resources: Revenue

The detailed revenue budget for PM&D is set out in the table below. The figures are calculated from the budget development prints provided by Financial Management, and show the actual available expenditure in each activity. This means that Capital Financing Charges have been excluded.

Activity	Staff costs	Revenue Expenditure	Revenue income target
1. Strategic Property Asset Management, and occupational costs of operational property	£73,193 (1.5 FTE)	£11,804,475	
2. Disposal of surplus property/capital receipts	£97,950 (2.0 FTE)		
3. Management of the non-operational portfolio	£292,770 (6.0 FTE)	£944,851	£4,552,512
4. Professional Services	£131,747 (2.7 FTE)		£3,940
5. Industrial and business property development	£14,638 (0.3 FTE)		
6. Energy and Water Management	£48,795 (1 FTE)	£375,050	
7. Headquarters buildings	£197,073 (7.0 FTE)	£4,143,377	£2,536,287
Totals	£855,806 (20.5 FTE)	£17,267,753	£7,092,739

The 2012/13 Activity Budget forms a key part of the council's financial strategy and it is important that the council maintains the links between activities, resources and outputs/outcomes. This approach is a key factor in the council meeting its statutory duty to secure Best Value. The formal council approach to Activity Based Costing is given in the Finance and Estates Management Plan. This format is currently being changed and our initial review is more closely aligned with the seven Activities noted above. Performance will be linked to the revised suite of PI's

## **2.6 Financial resources: Capital**

PM&D's involvement in the council's capital budget has changed significantly with the assumption of the Strategic Property Asset Management role. A total programme of c£22.6m of expenditure identified in the 2012/13 Capital Budget falls within the scope of the Property Asset Management Plan. £6.915m of this total is for planned improvement projects for which we have a direct responsibility.

As part of the council's asset management planning process the allocation of capital resources is based on the submission of Strategic Outline Business Cases for funding from the council's ten-year programme. The Asset Management role gives us a greater involvement, not only in the preparation of new SOBC's, but also the decision making role in the allocation of resources.

## Appendix 1 – Efficiencies

			Tough Choices						
			£'000		£'000		£'000	£'000	
	2008/10		2011/12		2012/13		2013/14		Total
Staffing	17	😊	121	😊	0	😊			138
Management Structures			9	😊	19	😊			28
Worksmart			11	😊	54	😊			65
<i>Property Support</i>			234	😊	16	😊			250
Income generation (TNRP)	165	😊	100	😊	66	⚠️			331
Property costs (TNRP)	43	😊							43
Property costs (Admin Buildings)	128	😊							128
Energy & water	46	😊			444	⚠️	353	⚠️	843
Office Rationalisation					416	😊			416
<b>Total Savings</b>	<b>399</b>		<b>475</b>		<b>1015</b>		<b>353</b>		<b>2242</b>

Target Achieved



Saving yet to be made but achievable



Saving can't be made



## Appendix 2 –Service Actions

	Description of Action	Desired outcome / benefits	Lead Responsible Officer	Start Date	Finish Date
PMD 07006	<b>Ensuring an appropriate and adequate range of sites and premises are available for business and industry.</b> (Corporate Plan “we will ...”	A supply of serviced development land to meet demand from business and industry	Paul Furbank	01/04/07	31/03/13
PMD 10002	<b>We will secure increased income from the council’s commercial portfolio, through rent reviews and enhanced rentals on new lease</b>	Increased revenue income to the council	Jack Orr	01/02/10	31/03/13
PMD 11002	<b>Utility invoices</b>	A streamlined administrative process for handling utility invoices for vacant commercial properties	Paul Furbank	01/04/11	31/03/13
PMD 11004	<b>Electronic forms</b>	Introducing e-forms and e-signatures for routine instructions to amend Tramps; secure write offs etc	Paul Furbank	01/04/11	31/03/13
PMD 12001	<b>Asset Management Software – population and deployment of Atrium package (first phase)</b>	Dissemination of property information to all relevant users. To provide more efficient property management and maintenance and to support investment decisions.	Paul Kettrick	01/04/12	31/03/13
PMD 12002	<b>Property Benchmarking – reinvigorating existing networks</b>	Improved benchmarking of property performance for both operational and non-operational property	Jack Orr	01/04/12	31/03/13
PMD 12003	<b>Property Asset Management Plan</b>	Revised, and comprehensive strategy for council property, and reviewed and relevant suite of performance indicators	Paul Kettrick	01/04/12	31/11/12
PMD 12004	<b>Streamlined repair procedures (Rapid Improvement Event)</b>	A more efficient service for council occupiers and tenants	Paul Furbank	01/04/12	30/09/12
PMD 12005	<b>360 degree of Managers</b>	Carry out 360 degree assessments of PM&D Management Team.	Jack Orr	01/04/12	31/03/13
PMD 12006	<b>Service Standards review</b>	A revised set of service standards to reflect the broadening of PM&D’s activities (strategic property asset management and energy and water management)	Paul Kettrick	01/04/12	30/06/12

	Description of Action	Desired outcome / benefits	Lead Responsible Officer	Start Date	Finish Date
PMD 12007	<b>Comprehensive review of Performance Indicators</b>	A revised and relevant set of performance indicators linked to both service standards and the new format for Activity costing	Paul Furbank	01/04/12	30/11/12
PMD 12008	<b>Refreshing the PRPDP process and the creation of a PM&amp;D learning and development plan</b>	The deployment of the PRPDP process on a consistent basis across all staff, and the preparation of a composite L&D plan	Scott Hughes	01/04/12	30/06/12
PMD 12009	<b>Review of the consultation strategy</b>	A revised consultation programme to reflect the corporate priority to survey all customer segments on the 5 drivers of Customer Satisfaction every year	Tracey Thomson	01/04/12	30/03/13
PMD 12010	<b>Review of complaints recording and procedures</b>	To have in place a revised and robust system for recording complaints, consistent with the corporate standards	Tracey Thomson	01/04/12	30/06/12
PMD 12011	<b>Improved dissemination of information to customers</b>	Enhancing the information on PM&D services available to staff in the Call Centre, CIS offices and WL Connected	Paul Furbank	01/04/12	30/06/12
PMD 12012	<b>Improved communication in Civic Centre</b>	Improved dissemination of basic information and communication channels to all occupiers in Civic Centre	Paul Furbank	01/04/12	30/09/12
PMD 12013	<b>Accommodation improvements in Headquarter Buildings</b>	Improvements to the layout and quality of accommodation in County Buildings and St David House	Janet Rutherford/ Craig Dalgliesh	01/04/12	31/03/13
PMD 12014	<b>Review of the occupancy arrangements of properties occupied by third parties for service delivery</b>	A transparent basis for the occupation of council property by those contracted to deliver services to ensure clarity of responsibility, separate from the contract to deliver services	Paul Furbank	01/04/12	31/03/13
PMD 12015	<b>Review of policies and practices</b>	A revised set of approved policies and practices relating to the management of council property	Paul Furbank	01/04/12	30/09/12