



Property Management and Development: Team Plan 2015/16



April 2015

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FOREWORD

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

Operational changes within the council during the past four years have had a significant impact on PM&D. We have assumed responsibility for energy and water management, and strategic corporate and property asset management are now also part of our remit. In addition, we have become revenue and capital budget holders for the council's property assets, including all schools, nurseries etc. As a result, budget monitoring has become an even larger element of our workload.

These changes have significantly moved the focus of PM&D's work. For example, we are increasingly engaged in the management of operational buildings through our property asset management role. Our involvement in the Council's Delivering Better Outcomes (DBO) programme largely relates to changes to the Council's operational property.

While this change of emphasis is now embedded, it does impose a strain on staff resources, which we hope to address through a restructuring of PM&D during the course of 2015/16.

PM&D's objective in managing the Council's property assets is to ensure that they are deployed and used efficiently and effectively – whether that is to support the delivery of services, or to generate income. Key challenges for 2015/16 will be to progress the delivery of the asset management and climate change workstreams in the DBO agenda, the latter in association with Planning Services, together with the further rollout of the new Atrium property asset management software and delivery of the property capital programme, which currently stands at over £140m for the period to March 2018. These challenges supplement the ongoing requirement to sustain and grow revenue income and to deliver a professional service to our customers.

It will also be essential to keep abreast of legislative change. The Community Empowerment Bill, and the current consultation on Land Reform ahead of a further white paper, may have a significant impact on PM&D's work

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. It will allow us to focus on the key issues and to prioritise resources in service delivery. 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 customer's needs, and committed to continuous improvement.”

SERVICE PERFORMANCE 2014/15

1.1 Service Review

PM&D's key outcomes and outputs for 2014/15 can be summarised under our seven main activities:

1. Strategic Property Asset Management

Since assuming responsibility, we have continued to make a significant impact on this area of activity.

- We have implemented the Corporate Asset Management Strategy and led on a number of initiatives in this role, including the ongoing review of capital deployment, planning and monitoring processes and procedures.
- With colleagues in Finance we have again reviewed and secured approval for the revised deployment of resources for the general services capital programme, including property investment, for the period to 2017/18. The total programme is approximately £194m with property comprising £141m. The property asset manager is the asset lead officer with responsibility for the management and reporting of the deployment of these significant resources.
- We oversaw the 2014/15 property capital programme to ensure we delivered planned improvements and projects within budget and timescales. For 2014/15 total expenditure was within budget at approximately £22.3m.
- We are actively engaged with HUBCo, Scottish Futures Trust and the Scottish Government on a number of projects including the delivery of a new West Calder High School where funding of £35.5m was secured during 14/15. Further projects being developed for the school estate include new non-denominational secondary schools for Winchburgh and East Calder, a new denominational secondary school for Winchburgh, together with proposals for a number of new primary schools.
- Detailed proposals have been agreed for the Blackburn Partnership Centre, and progress is now being made on the delivery of new partnership centres at East Calder, Whitburn, Armdale and Winchburgh..
- We have continued to implement the Property Asset Management Plan and completed a comprehensive review of the Asset Management Performance Indicators.
- Substantial progress has been made on the Asset Management and Capital Accounting software (Atrium).
- We continued to project manage the delivery of DBO projects within the "Managing our Assets" workstream. Projects AM1: Office Modernisation; AM2: Service Support Accommodation and AM4: Place Based Review and Community Empowerment, have now been combined, as we continue to make solid progress.
 - We have continued with implementation of the council's original ten year office rationalisation strategy (AM1).
 - During the last year, we successfully completed the acquisition and refurbishment of St David House, returning 200 staff from their temporary locations with the minimum of fuss and disruption.
 - We secured an opportunity purchase of Arrochar and Torridon Houses, in Livingston, at auction. This will both provide options for future decisions to be made in the modernisation of the council's offices, and secure an income stream for the TNRP from the lease of surplus space.
 - AM1 has now been extended to include space optimisation and utilisation, and aspects of flexible working, as well as new office protocols and standards.
 - We completed the acquisition of two properties that will form the basis of the modernised service centre accommodation (AM2). A contract for the completion of the Kirkton Service Centre is in progress, and due for completion in July 2015. It is expected that the main contract for the conversion of the properties in Bathgate – the Whitehill Service Centre – will be out to tender later in 2015.
 - Progress was also made on the consolidation of Council services (CIS, Library and Housing office) in the West Calder Library, and of the Broxburn Library into Strathbrock. Proposals for the modernisation of our community based assets to complement the partnership centres are also being developed.

- We have prepared for the relocation, during the next year, of services from an inadequate property at Eagle Brae
- Operational revenue property budgets have been managed within targets.
- We have continued the review of properties occupied by third parties in relation to the delivery of services for the council, to ensure transparency, focusing on the contracts to be let by Social Policy.
- We have continued to pursue the approval of a policy paper to ensure compliance with the provisions of the Disposal of Land (Scotland) Regulations, regarding the Council's ability to offer leases at concessionary rentals.
- With colleagues in Construction Services we have continued to review the responsibility for statutory compliance across the council's portfolio, to ensure that the legal responsibilities of the Council – and property owners where we are the tenant – are fulfilled.
- With colleagues in Procurement we have established framework agreements for the provision of key professional services that are not available in house.
- The development of a new School Estate Management Plan will also be undertaken during 2015/16. This will identify how the Council will deliver school accommodation to support our growing population.

2. Disposal of surplus property/capital receipts programme

- Year end capital receipts totalled £3,831,230 against a revised target of £3.24m, which had been agreed with colleagues in Financial Management in June; i.e. 118.24% of target. .
- The most significant contribution to the target came from the advance payment of £1.772m for the remaining instalments for West Lothian House, allowing us to exceed our target and make up some of the ground lost in previous years, against the target for the capital programme period.
- Generally the level of sales again reflected the lack of activity in the residential market, although there are signs that this is starting to improve.
- Demand for the sale of amenity ground for inclusion in private gardens continues to be relatively low. We have also dealt with clawback agreements in historic transactions.

3. The management of the council's Tenanted Non-Residential Property portfolio

2014/15 saw another strong financial performance of the Tenanted Non-Residential Property (TNRP) portfolio. This continues the work done under the Tough Choices programme and represents an excellent start to the challenges to enhance income under DBO project AM3: TNRP Modernisation.

- Rental income from the TNRP was £4.584m. Despite the challenging economic conditions this was 6.75% more than our target of £4.294m. The combined pressures of lost tenancies, the Tough Choices target and a further, unexpected target increase in 2013/14, represented a requirement to achieve a minimum of c8% growth over the four years from the March 2011 base of £3.971m, in order to achieve the 2014/15 target. So to exceed it, in the current economic climate, is exceptional. In addition we collected £937,000 for Civic Centre.
- Occupancy levels have also been positive. For our shops, the level has been relatively stable, albeit that a single shop becoming vacant will result in a 1% change in the performance indicator. Apart from a slight dip below target at the end of the year, performance has been consistently above our target and (while we were able to produce a comparison) broadly similar to the comparable level for West Lothian as a whole.
- The picture for offices is similar. Levels are above target and were well ahead of the general level of office occupancy across West Lothian, for the period during which a comparison could be made.
- After significant improvement in 2012/13 and 2013/14 - reflecting changes to the marketing and letting of our properties, expenditure on planned improvements, and the hard work of our Property Assistants – industrial occupancy has settled at c92%. This is well above our target and outperforms the sector in West Lothian as a whole by between 8 and 10%.
- Rent arrears levels again demonstrate that we have stability in managing both current and historic debt, as a result of continued improvement to our processes over the previous years. During the course of the year performance for both current and historic debt almost matched the lowest levels we have ever achieved. Our performance is consistently well below target levels, which are consistent with those used by benchmarking partners.

- A comprehensive review of all TNRP leases means that we are up to date with the implementation of rent reviews and lease renewals, ensuring that all potential increases to rental income have been secured.
- We have continued a programme of planned improvements to the TNRP and agreed a schedule of works for 2015/16.
- The opportunity purchase of Arrochar and Torridon Houses, in Livingston will further enhance the rent roll, with an existing tenant in place and interest in the surplus space. We continue to investigate opportunities for the acquisition of assets to enhance and broaden the portfolio. Following its completion at the end of 2013/14, the relocation of tenants from West Calder Workspace to the West Calder Business Centre took place early in 2014/15. 11 of the 18 units are now let with 5 more under offer. The opening of the Business Centre has therefore already enhanced the income received in the TNRP, and helped to sustain the core aim of providing property to support local employment in the smaller communities.
- We have investigated the provision of new industrial space in Broxburn and Whitburn, and the possibility of building local centre retail units, which we hope to be able to pursue – to diversify and enhance the TNRP – in coming years.
- We continue to produce an annual analysis of the performance of the TNRP, which will be reported to the Council's Partnership and Resources PDSP. We have set a progressive target, which is intended to achieve a return of 8% by 2017/18.
- A review of the sports leases has contributed to the paper on the Disposal of Land Regulations, which, if approved, will change the basis on which these assets are leased and managed in the future.

4. Professional Services

- a. Rating appeals
 - We continued to manage the appeal of non-domestic rates on behalf of the Council for our property assets. Although appeals are 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 is still a considerable amount of preparatory work required of our staff. During 2014/15, 55 appeals were determined. These resulted in a cumulative reduction in Rateable Values of £58,000, and annual savings of £17,000. Only 4 appeals remain outstanding.
 - A significant challenge to the treatment of buildings that are being refurbished was placed before the Valuation Appeal Committee, unfortunately without success. This means that rates will be payable on properties undergoing works, which may have short term consequences for the council during the duration of work contracts.
- 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 347 properties. The total value of those properties re-valued comes to £108.87m. Properties valued included the council's arts and cultural assets (libraries, museums and theatres); sports centres and clubhouses; hostels; village halls; cemetery buildings; lockups and garage sites. An additional 193 valuations were carried out of assets where there had been a material change, or because of capital corrections.
 - A number of council owned sites held in the general services account have been valued as part of the application to Scottish Ministers to transfer the land into the Housing Revenue Account in order that they can be developed as part of the council's new Council Housing programme. It is anticipated that going forward further sites will be valued for similar reasons.
- 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.
- 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.
 - We have managed the updating of the council's property asset register.
 - We have been central to the introduction of the council's new corporate GIS system, and the Property Terrier is largely transferred on to the new platform, subject to data testing and cleansing.

- Integration of the new GIS system and other records management systems (i.e. Bluebox and Atrium) have been considered.
- e. The provision of expert advice on property issues.
 - We support the needs of other services for short term projects – e.g. the identification of space for the Waste team.
 - This service frequently extends to external partners, notably charitable organisations with whom the council engages, such as work done with and for HomeAid and the Scottish Veterans Association.
 - A significant proportion of staff time was spent on corporate initiatives and working groups, including:
 - the Capital and Asset Management Board;
 - Corporate and Property Asset Management Planning;
 - the Core Development Areas (CDA);
 - the preparation of the Local Development Plan;
 - the Council's Affordable Housing Policy and the programme to build 1000 new council houses;
 - the Carbon Management Board and its sub-groups;
 - Business Continuity Planning;
 - Project manager and Project Sponsor role for a number of capital property projects;
 - As well as project managing five DBO projects, we are an Enabler service for a number of others
- f. Industrial and Business Property Development
 - Our private sector partners continue the rehabilitation of the former Riddochhill coal bing and the preparation of the Heartlands Business Park. We are actively involved in the marketing and promotion of the latter, with our joint venture partners, following our success in attracting Oil States Klaper.
 - We have worked with colleagues in Economic Development and Planning Services on company expansion and relocation projects.

5. Energy and Water management

- The fourth annual return for the CRC Energy Efficiency Scheme was submitted based on the qualifying sources. We were required to purchase 32,028 tonnes of CO2 at a cost of £12/tonne. Preparations have been made for the forthcoming Phase 2 of CRC.
- A series of energy efficiency projects has been completed in our operational buildings, including replacing inefficient lighting with new energy efficient lighting, heating controls upgrade and heating rationalisation. These will reduce energy consumption to meet the Scottish Government's ambitious targets.
- Completed the installation of some 170 smart meters to replace those which have become obsolete following the transfer of our electricity contract from Eon to EDF.
- We have looked at the potential, and made the approved business case for, the replacement of existing street lights with LED lighting
- We have produced detailed contract documents for the forthcoming Biomass Boilers contract to obtain Renewable Heat Incentive payments and to enjoy low carbon heat.
- Following the successful installation of Solar PV at the Civic Centre, Springfield Primary & Linlithgow Academy there are plans to roll this out to a further 11 sites.
- During the year we have been responsible for project management of DBO projects under the Reducing Energy Use workstream.

6. The management of the council's Headquarter buildings

- Facilities Management of the Civic Centre and other council Headquarter offices was delivered within budget.
- We have managed relationships with our partners in Civic Centre to ensure that the accommodation meets their needs and expectations.
- Following the refurbishment of St David House we decanted Council staff from Lomond House to allow its demolition for council housing development.
- The transfer of the Facilities Management of the 'hard services' within the Civic Centre to the Arthur McKay Group took effect from 1 April 2014. We ensured that there was a smooth transition and continue to monitor the contract to ensure improved performance.

- We have assumed temporary responsibility for Strathbrock Partnership Centre, following the decision of other services to allow staff early retirement, leaving a void in the day to day management of the property.

Process Improvement

We continued to seek improvements to our processes in order to improve efficiency. As well as the development of policy outlined in section 1, we obtained Council Executive approval for a second Policies and Practices paper. This addressed further efficiencies in the management of the TNRP and the disposal of small council assets, as well as fulfilling a longstanding commitment to review and streamline the council's surplus property procedures.

Following the success of the first, in 2012, we held a second team "brainstorming" session to encourage staff to bring forward process improvements. Several will be implemented in the coming year.

Our day to day work processes have been, and will be further improved through the compliance with Public records legislation, the migration to Windows 7 and the new corporate GIS system.

1.2 Performance

We have completed the comprehensive review our Performance Indicators (PIs) to ensure accuracy and relevance. Our full suite of PIs is now consistent with the Corporate PI Guidance, with our Service Standards, Activity costing, and the new Property Asset Management Plan. Data for all the new and revised PIs is in place for the financial year 2014/15.

Reference to some of our principal Performance Indicators has been made in the review of our activities, above. The perception of our customers has also been tested through our revised Customer Survey – which is carried out each year, and attempts to engage with all our customers – and our two-yearly survey of the occupiers the TNRP. The overall level of satisfaction with the service provided by PM&D was 88.33%, Performance has improved this year, and is ahead of the annual target (84%), demonstrating considerable progress towards our progressive target to reach 90% satisfaction by 2016/17. Given the size of the survey a small change in the number of replies scoring the service as "good" or "excellent" can lead to a high variation in the percentage level of satisfaction.

The satisfaction level is only one aspect of the results. We regularly make more use of the customer insight – i.e. the response to open ended questions intended to elicit more detailed views from occupiers – to determine what action we need to secure an improved service in the future. These proposed actions (You Said, We Did) are reported back to all occupiers.

Our tenant survey again demonstrated the significant role the TNRP plays in providing opportunity for new and small businesses across the county. Results were published on the internet and will form the basis of a feature in a coming edition of Bulletin.

In common with all F&E service units we have added new PIs for Internal Measures for People (7b),

The annual staff survey results for the unit for 2014/15 were consistently above the target for F&E. Although performance fell slightly in two PIs (Involvement and Empowerment, and Team work) PM&D's team results were higher than the F&E consolidated result, which is in turn higher than the corporate average, in all seven PIs. PM&D is the highest performing of F&E's five service units for four of the seven performance indicators. An action plan has been produced and is being implemented..

Our full suite of Performance Indicators can be seen on Covalent.

1.3 Staffing

Our core staff complement remains fairly stable, although we lost one of our long standing surveyors in the summer. Fortunately we have been able to backfill by recruiting another Graduate Surveyor for the short term. Due to the improvement of the property market and the wider economy the recruitment and retention of experienced staff has been identified as a long term risk to service continuity.

As in 2013/14 we have had to cope with the long term sickness absence of a few members of staff. The good news is that they are now recovered and back at work.

1.4 Continuous Improvement

The second WLAM assessment for our new service – including Strategic Property Asset Management and Energy and Water Management – took place in December 2014. The assessment was carried out by the new Quality and Improvement Team, and resulted in a score of 491. This represents a further improvement over the 2012 assessment (438), and reflects the progress we have made in the two areas that were new to us at the time of the last assessment. PM&D appeared before the Chief Executive's Review Panel in January, getting a very favourable reception and again being placed on a three year cycle.

Both the self-assessment process and, to a lesser extent the Chief Executive's Review Panel, identified areas for improvement which will be taken forward in coming years.

Subsequent to the Review Panel we were part of an inspection for Customer Service Excellence. While this was again negotiated successfully, it did highlight the need for a more disciplined approach to the collation and retention of evidence. We expect to review this during the course of 2015/16. In the meantime our four working groups continue to review and address the following areas of activity:

- Customer consultation
- Performance and benchmarking
- Promotion and information, and
- Service Processes

The work of these groups will be fundamental in laying the foundations for future WLAM assessments.

1.5 Delivering Better Outcomes

Since 2008 PM&D has delivered £2.3m of efficiencies through both cost savings and enhanced income. This will continue until 2018, through Delivering Better Outcomes– the Council's programme of efficiency savings, to address a likely budget pressure of £34m by 2017/18. Delivering Better Outcomes (DBO) has involved PM&D in the development of two themes – Managing Our Assets and Climate Change – which are expected to deliver a further £2.236m of savings, including £330,000 of additional revenue income, over a five year period. This is over 8% of the council's total. We have actively managed five of the projects within these workstreams:

- AM1: Office Modernisation
- AM2: Service Support Accommodation
- AM3: TNRP Modernisation
- AM4: Place Based review and Community Empowerment, and
- CC1: Energy Efficiency and Behaviour Change

and have had a significant input to two others.

- AM5: Property Related Services Consolidation, and
- CC2: Renewables

It is widely recognised that staff within Property Management and Development are essential to the delivery of the Council's corporate aims and objectives including the significant role currently being fulfilled in achieving the DBO savings.

DIRECTION – 2015/16 AND BEYOND

2.1 Context

In common with all Council services, PM&D's activities over the next three years will be shaped by the Council's need to deliver in excess of £30m of savings under the Delivering Better Outcomes programme, while endeavouring to sustain and improve the level of performance in the other areas of activity that comprise the more routine, day-to-day work of the service. While the DBO projects present significant challenges, the resources that these projects will demand will make the delivery of our core activities more challenging.

Detailed actions resulting from the DBO workstreams are included in the next section and the savings required from each are shown in Appendix 1.

2.2 Objectives 2015/16

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

- We will continue to manage the General Services Property Capital Programme. For 2015/16 projected spend is £42.3m, and we are already engaged with Construction Services in planning significant refurbishment projects in our school estate, including Toronto and Kirknewton Primary Schools together with extensions to schools at Blackridge, Pupmpherston and Uphall and St Anthony's Armadale.
- Within the General Services Property Capital Programme significant projects including the new West Calder High School, three new secondary schools for Winchburgh and East Calder will be progressed with site works commencing on West Calder occurring during 2015/16. New primary schools for Armadale and Winchburgh will also commence during 2015/16. These projects all involve PM&D staff in various roles and levels.
- The Property Asset Management Plan (PAMP) will continue to be implemented, with progress reported annually. This will be subject to a "mid-term" review to ensure it continues to be fit for purpose.
- The Corporate Asset Management Strategy (CAMS) which covers all asset categories including property will also be subject to a review in accordance with all corporate strategies to ensure it continues to progress adequately and is fit for purpose. The asset manager will be corporate lead on this process.
- In accordance with the plan, future provision will focus on the design of the services to be delivered in our communities rather than the available property. We will respond to changes in the way other council services deliver their service to customers by providing property that is suitable and sufficient for their purposes. Services must be aware of the costs of occupying property, and be prepared for us to challenge the level of occupational costs.
- The School Estate Management Plan and Partnership Property Delivery Plan will be drafted in liaison with appropriate services, and are proposed for approval in 2015.
- New Property Project Management processes and protocols will be implemented to ensure that significant capital projects and planned improvements are regularly reported upon and monitored with any issues raised through established governance channels.
- We will also review the processes for delivery of minor projects and planned improvements, with Procurement, to facilitate greater control within PM&D and improve the service delivery to our TNRP tenants and customers.
- Opportunities for further engagement with partners for asset sharing, and with HUBCo for project delivery, will continue to be pursued. In particular, delivery of the new Partnership Centres for Blackburn, Armadale, Whitburn, East Calder and Winchburgh will all represent significant opportunities for supporting modernised service delivery in our communities.
- Data input to Atrium will continue, and we will disseminate its use as widely as possible. Phase 1 (capital accounting) is completed. Phase 2 (compliance and assessment) will be implemented in partnership with Construction Services prior to the end of 2015.
- In conjunction with other relevant Services, property occupied by third parties, or owned by a third party and occupied by the Council, will continue to be reviewed, to ensure that there is

transparency in the terms of occupancy, and clarity in responsibility for issues such as statutory compliance.

- Because of progress to date, the approval of the capital programme and the overlap of some of the individual projects implementation of the DBO projects relating to operational properties will be consolidated in a single project. Key areas of activity for 2015/16 will be as follows:
 - We will continue to pursue efficiencies in the use of office space, initially focusing on the refurbishment of County Buildings (Linlithgow Partnership Centre) and the preparation for the move from New Cheviot House on lease expiry in 2016. Future decisions will reflect the availability of parts of Arrochar and Torridon House.
 - The relocation of Broxburn Library to Strathbrock Partnership Centre will involve a review of the office provision at Strathbrock.
 - The refurbishment and conversion of West Calder Library is programmed for completion early in 2016.
 - Kirkton Service Centre will be completed, for occupation, in summer 2015, and the tenders for conversion and construction of the Whitehill Service Centre are expected to be issued later in the year. That project will be ready for occupation by summer 2016.
 - We are at an early stage of planning the relocations from Eagle Brae, due to the deteriorating condition of the property, which will start in the summer of 2015 and be completed with NETs move to the Whitehill Service Centre in summer 2016.
 - Partnership Centres will play an important role in supporting the delivery of services within our communities and will where possible contribute to the modernisation of our operational administrative accommodation.
 - We will also progress a change in corporate policy relating to the use of office space (office protocols) and staff:desk ratios.
- Financial savings from project AM5: Property Related Services Consolidation and from the Climate Change projects will be taken from the maintenance and energy budgets for corporate properties. This will be managed as part of the revenue budget reconciliation process.
- We will commission a study into the availability of community facilities across West Lothian, to ensure that community facilities are available that are commensurate with the size of the locality, and reflect the demand from the community.
- Rationalisation will lead to further challenges for property disposal, including the disengagement from properties we lease in (New Cheviot, Dunlop Square) and may also afford opportunities for Community Asset Transfer.
- We will continue to engage with the Scottish Futures Trust on their smarter storage, office and other property projects to ensure that where possible the Council is at the forefront of innovative and efficient use of property resources.

2. Disposal of surplus property/capital receipts programme

- The council's five year capital programme is, in part, dependent on income from capital receipts. For the period to 2017/18 there will be a requirement for £26m of capital receipts to support a total investment programme of £200m. As before, the achievement of this target will be dependent on a recovery from the current economic downturn, and in particular the recovery of the residential development market.
- Our target for capital receipts in the coming year will be reviewed with colleagues in Financial Management early in the financial year.
- We will start the procedure for the disposal of assets that will become surplus as a result of the DBO projects as soon as possible, to ensure that properties are sold as quickly as possible after they are vacated, to minimise the time they are empty and to reduce property costs.

3. The management of the council's TNRP portfolio

- a. The management of the council's TNRP portfolio
 - The rental income target of £4,423,399 reflects the addition of the DBO target of £101k for AM3: TNRP Modernisation, and some minor accounting adjustments. We are also due to collect c£937,000 for the Civic Centre. Performance will be dependent on sustaining current tenancies; and generating new opportunities. The full impact of the liquidation of City Link will reduce the benefits from the overperformance in 2014/15, but

there will be some compensation from rental income arising from Arrochar and Torridon Houses.

- Nevertheless, the DBO target for AM3: TNRP Modernisation represents a further 7.6% increase in rental income over the 2014/15 target over the next three years. To achieve this target we will:
 - continue to maximise income from the existing stock;
 - explore the potential for income generation from existing land holdings that are not leased;
 - consider the acquisition of investment opportunities held by others;
 - re-invest the proceeds of any sale of TNRP assets through new development, as opportunities are identified – for example an extension to the starter units at Houstoun Industrial Estate, or new developments as identified in 1.1.3 above
 - entertain dialogue with ground lease tenants about the potential to acquire their interests;
 - continue to rationalise the portfolio to remove low income leases.
 - Budget pressures arising from a variety of sources will have to be managed, for example, projected terminations of existing leases as tenants relocate and expand; and the change in liability for vacant rates on non-industrial property, from 50% exemption to 10%.
 - We will continue to report on performance of the portfolio each year, and to implement reviews of poorly performing assets.
 - We will continue with the programme of planned improvements, which will see £900,000 invested in the TNRP over the period until 2017/18. Improvements will ensure that occupancy levels in what is an ageing portfolio can be sustained, and rental income increased and justified.
 - We will complete the refurbishment of 11 Quarrywood Court – funded from the receipts from disposals within the TNRP – and its lease to the Local Government Improvement Service. Their relocation from Broxburn will allow us to prepare for the termination of the lease of Westerton House, in July 2016.
- b. The control of rental arrears
- We will continue maintain arrears levels to below our targets 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 remaining appeals and the council's "running roll" appeal process, to ensure that the council's rates bill is managed effectively. We will make early preparations for the next Revaluation in 2017.
- 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 and in accordance with RICS Valuer registration requirements. For 2015/16 onwards this will also include the inclusion of asset decommissioning appraisals are required. We will also value the TNRP each year from now on, in order to properly assess its financial performance which will be reported upon.
- c. The granting of wayleaves and servitudes
- This activity is largely demand led and is usually difficult to predict. As private sector house building starts to recover there is a possibility that the demands for this part of our workload will increase. Demand as a result of the council's own activity – for new schools and council house building – may also 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.
 - We will maintain the Councils property asset register and terrier records which are both statutory requirements. The move to the corporate GIS is expected to assist in process developments enhancing our service

- We will continue to implement the data cleansing of title information using the new Corporate Geographical Information System and will continue to develop this to incorporate additional relevant data sets (i.e. highways and utilities).
 - Similarly the migration to Windows 7 which has occurred is expected to offer benefits from additional functionality that becomes available through Tramps, for example automated debt control processes.
 - With Legal Services we will review the actions the Council will need to take as a consequence of legislative change – most notably the implications of the Community Empowerment Bill, and the Scottish Government’s imperative that all public sector titles should be registered within 5 years.
 - Consultation on Land Reform will also need to be closely monitored, as the consultation calls for “the more proactive management of public assets”. There are also sections on improving the availability of information on publicly owned property, and the modernisation of Common Good.
- 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 and boards, e.g. Capital and Asset Management Board; Property Asset Management Working Group; School Estate Working Group and Core Development Area project groups.
 - We will support the delivery of the Local Plan through advice on, and negotiation of developer contributions, including affordable housing.
 - In addition to the DBO projects we are managing, we expect to be involved in a number of other DBO projects as an enabling service, i.e. where there may be a requirement for property assistance or advice to help achieve the required financial savings.
- f. 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.
 - 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
 - We will be involved in the preparation of the new Local Development Plan, primarily to ensure that the development potential of council assets is recognised, secured and ultimately delivered, but also to ensure that there is an adequate supply of business and industrial development land to support economic regeneration

5. Energy and Water Management

We will:

- comply with the CRC Energy Efficiency Scheme for establishing evidence packs and robust data management
- undertake energy audits at key operational sites to identify new projects
- continue to install efficient heating controls and upgrade lighting to reduce energy consumption
- assist in the upgrade of street lighting assets to achieve energy efficiencies.
- contribute to the identification of sites where consumption is higher than expected, and promote energy efficiency through behavioural change and improvements in running buildings through a dedicated awareness campaign at our highest consuming sites.
- examine the potential to maximise renewable energy in new buildings and retrofit.
- ensure that energy billing is validated and discrepancies investigated, and
- maximise income from Renewable Heat Incentives and the Feed-In-Tariffs to generate savings

6. 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
- manage the delivery by our contractor, Arthur Mackay, of facilities management services in Civic Centre to ensure a high standard of performance and value for money
- 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
- engage in a review of the facilities management of partnership centres

In 2015/16 we will have the additional challenge of managing Arrochar and Torridon Houses, and preparing parts of them for occupation by Council services.

As part of the DBO projects we will pursue further opportunities to deliver efficiencies in the use of office space in the buildings we actively manage, as services change the way they work, and as the council embraces modern, flexible working practices. We will cascade best practice in the use of our headquarter assets across the portfolio.

2.3 Continuous Improvement

We will implement the Improvement Actions identified from our 2014 WLAM Assessment to ensure that all have been completed ahead of our next WLAM review in three years time. The Quality and Improvement Team and working groups will be charged with driving the implementation of the Improvement Actions, and the process improvements identified from the Team “brainstorming”. They will also consider the evidence collection for Customer Service Excellence.

We will implement specific areas for improvement identified from the generic customer and TNRP tenant surveys, and carry out a further survey of the occupiers of Civic Centre and Headquarter Buildings.

We will review and revise our content on the Council’s new intranet site, to include the provision of an intranet for all occupiers of Civic Centre.

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 standards, our revised Service Standards, and the new approach to Activity Costing.

We expect revised Performance Indicators for complaints handling to be introduced corporately early in 2015/16. It is anticipated that these will be able to be populated immediately following our use of the CRM system to record complaints.

2.5 Workforce Planning

The availability of sufficient and suitably qualified people is fundamental to the delivery of PM&D’s activities. With the exception of the addition of the Asset Manager and Energy Manager the complement of permanent staff has not changed since PM&D assumed responsibility for Strategic Property Asset Management and Energy Management in 2011. The suggestion that the day-to-day management of additional council properties, such as the existing Partnership Centres, should transfer to PM&D can only be achieved if there is an adequate staff resource – particularly as a previous financial efficiency saw the loss of the professional post that had covered the management of the Headquarter Buildings.

To date additional workload has been accommodated by the recruitment of temporary and agency staff. Of a permanent complement of 15.32 FTE office based staff (excluding the Civic Centre FMAs) two posts are filled on a “acting up basis”, and one through Agency. In addition we have a further 6 FTE on temporary or agency agreements.

The need for a comprehensive review of the structure is evident, and will be taken forward, in consultation with staff, senior managers and the Trades Unions during the course of 2015/16 – allowing the olds to retire gracefully.

2.6 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	Revenue Expenditure	Revenue income target
1. Strategic Property Asset Management, and occupational costs of operational property	2.23 FTE	£16,383,067	£15,250
2. Disposal of surplus property/capital receipts	2 FTE	£104,208	-
3. Management of the non-operational portfolio	5 FTE	£1,455,392	£4,558,309
4. Professional Services, and Industrial and business property development	2 FTE	£115,787	£8,340
5. Energy and Water Management	2 FTE	£697,062	£115,000
6. Headquarters buildings	6.4 FTE	£4,211,909	£2,495,225
Totals	19.43 FTE	£22,967,425	£7,192,124

The 2015/16 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 budgeting is given in the Finance and Estates Management Plan.

2.7 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 five-year programme of expenditure was approved by the Council Executive in March 2013, For the four remaining years of the programme a total budget of c£194m has been allocated with £1141m being for property asset management. The breakdown of expenditure, by type of project and financial year, is shown below. PM&D will play a significant role as budget holder and Asset Lead Officer. Although most projects are managed by others – such as planned maintenance and statutory compliance – PM&D has had, and will retain, direct responsibility for a number of key projects including Depot and Office Modernisation, and expects to have a greater role in project managing the delivery of Partnership Centres, in particular.,

PROPERTY ASSETS - CAPITAL PROGRAMME 2015/16 TO 2017/18						
	Revised	Revised	Revised		Revised	
	2015/16	2016/17	2017/18		Budget	
	£'000	£'000	£'000		£'000	
Schools Planned Improvements - Total	3,247	4,202	2,027		9,476	
Operational Buildings Planned Improvements - Total	972	818	617		2,407	
Tenanted Non Residential Properties Planned Maintenance	200	172	150		522	
General Statutory Compliance Total	2,465	2,464	2,142		7,071	
Schools General Projects - Total	4,065	7,745	36,019		47,829	
Schools Projects - Developer Funded - Total	7,570	7,554	3,507		18,631	
Operational Buildings Projects - Total	6,606	13,383	6,970		26,959	
Office Modernisation Projects - Total	14,745	5,270	73		20,088	
Energy Savings and Spend to Save - Total	200	2,149	1,050		3,399	
Miscellaneous Projects - Total	2,209	70	2,555		4,834	
TOTAL PROPERTY ASSETS	42,319	43,867	55,110		141,296	

*1 Budgets are subject to review, reprioritisation and approval in late May 2015as part of the formal budget roll forward process and therefore may change.

*2 As noted earlier we have recently invested in the modernisation of the TNRP, reinvesting proceeds from disposals and using Prudential Borrowing. The figures above reflect the availability of some remaining receipts, which we expect to use by 2017/18. Further opportunities will be investigated, as they arise, on the basis of affordability using Prudential Borrowing, and re-investing any receipts from sales from the TNRP portfolio.

Appendix 1 – Delivering Better Outcomes Efficiencies

		2015/16 (£'000)	2016/17 (£'000)	2017/18 (£'000)	TOTAL (£'000)
AM1	Office modernisation	79	411	100	590
AM2	Service support accommodation	100	110	100	310
AM3	TNRP modernisation	101	114	119	334
AM4	Place Based Review and Community Empowerment	70	70	70	210
AM5	Property Related Services Consolidation	270	50	50	370
CC1	Energy Efficiency and Behaviour Change	139	145	145	429
CC2	Renewables	138	127	127	392
	TOTAL	627	977	672	2276

Appendix 2 –Service Actions

Previous actions – current status

	Action	Description	Planned Outcome	
PMD13002	Asset Register	Atrium – Phase 2 Asset Management Software	Full installation of next phase of software development	Active
PMD13003	Asset Management Workstream – Office Modernisation	Accommodation improvements in operational offices together with improved desk and space utilisation	Full refurbishment of St David House	Complete
PMD13005	Asset Management Workstream – Modernisation of the TNRP	Providing enhanced net income from the portfolio of properties owned, but not occupied by the council, by improving efficiency in the portfolio management and seeking new opportunities to raise income.	Improved income from comprehensive review of existing leases – implementing all rent reviews and lease renewals	Complete
PMD13006	Asset Management - Place based review	Review of front line service delivery buildings to ensure properties linked to service requirements	Appropriate and improved service delivery in appropriate geographical locations	Active
PMD13007	Asset Management – Third Party Occupation	Third party occupation of council property	Implementation of new policy through new legal agreements	Active
PMD14001	Asset Management Workstream – Depots and Stores Modernisation	Consolidation of existing support accommodation into two geographical locations	Procurement of two properties together with full design, specification and obtaining of statutory consents – site start at one location	Complete
PMD14002	Physical Assets Review – UPS/Hub Rooms	Linking of all IT hub rooms in the Civic Centre to the existing UPS and standby generator	Greater IT resilience in the event of a loss of power in the Civic Centre, and will ensure that data is not lost or corrupted	Complete

New Actions for 2015/16

	Action	Description	Planned Outcome	Start	End	Status
PMD15001	Workforce and succession planning	Complete review of Property Management and Development staffing structure	Implementation of new structure	April 2015	September 2015	Active
PMD15002	Asset Management Workstream – property modernisation	Refurbishment of County Buildings, Linlithgow to form Linlithgow Partnership Centre	Procure contract and remove asbestos as an advance contract ahead of main contract start	April 2015	March 2016	Planned
PMD15003	Asset Management Workstream – depots and stores modernisation	Consolidation of existing support accommodation into two geographical locations	Letting of refurbishment contract for works at Whitehill Service Centre and start on site	April 2015	March 2016	Planned
PMD15004	Asset Register	Atrium – Phase 2 Asset Management Software	Full installation of next phase of software development	April 2015	March 2016	Active
PMD15005	Asset Management Workstream – modernisation of TNRP	Refurbishment of Adaptive House, Livingston to create revenue income stream	Completion of refurbishment contract, lease to Local Government Improvement Service, and full occupation by LGIS	April 2015	October 2016	Planned
PMD15006	Asset Management Workstream – climate change	Development of council wide policy on heating and energy use	Approval and implementation of new policy	April 2015	March 2016	Planned
PMD15007	Service efficiencies	Implementing service efficiencies suggested by staff	Improved income generation; streamlined processes; and reduced expenditure	April 2015	March 2016	Planned