



# Property Management and Development: Team Plan 2014/15



April 2014

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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 budget holders for a very large element of the council's operational property portfolio, 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. This change of emphasis will be a continuing theme in coming years.

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 2014/15 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. These challenges supplement the ongoing requirement to sustain and grow revenue income and to deliver a professional service to our customers.

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 2013/14

## 1.1 Service Review

PM&D's key outcomes and outputs for 2013/14 can be summarised under our seven main activities:

### 1. Strategic Property Asset Management

Since the temporary appointment of an Asset Manager in June 2011 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
- As part of the ongoing capital deployment, planning and monitoring process, our involvement has been integral to the preparation and evaluation of Strategic Outline Business Cases for funding.
- With colleagues in Financial Management we continue to review and improve procedures for Capital budget monitoring
- With colleagues in Finance we reviewed and secured approval for the revised deployment of resources for the remaining 4 years of the 5-year general services capital programme, which includes property investment. The total programme is approximately £187m with property comprising £113m.
- We oversaw the 2013/14 property capital programme to ensure we deliver planned improvements and projects within budget and timescales. For 2013/14 total expenditure was within budget at approximately £19m.
- We have enhanced our ability to manage project based work, and budgetary control, through the recruitment of a specialist surveyor, and have developed and implemented a scoring system in order to prioritise works.
- We are actively engaged with HUBCo on a number of projects including West Calder High School. Detailed proposals have been agreed for the Blackburn Partnership Centre, and discussions started on the potential for other partnership centres.
- We have a new, approved Property Asset Management Plan which is being implemented, and we are continuing to undertake a comprehensive review of the Asset Management Performance Indicators in partnership with the National Best Value Benchmarking Club
- 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 – AM1: Office Modernisation; AM2: Service Support Accommodation and AM4: Place Based Review and Community Empowerment – making solid progress on each.
  - We have continued with implementation of the council's original ten year office rationalisation strategy (AM1).
  - During the last year, we successfully relocated in excess of 200 staff from County Buildings and St David House to Lomond House with the minimum of fuss and disruption.
  - AM1 has now been extended to include space optimisation and utilisation, and aspects of flexible working.
  - We identified and secured agreements to acquire two properties that will form the basis of the modernised depot accommodation (AM2). Detailed design has been progressed, and the planning process pursued, with a view to contracts being let during 2014/15.
  - The corporate process for handling applications for Community Asset Transfer, including guidance for both applicants and officers, was approved by the Council Executive, contributing to project AM4. Progress was also made on the consolidation of Council services (CIS, Library and Housing office) in the West Calder Library.
- 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.
- We have drafted a policy paper to address 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 reviewed 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.

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

- Year end capital receipts totalled £1,482,000 against a revised target of £1.8m, which had been agreed with colleagues in Financial Management in June; i.e. only 82.3% of target. The main reason for this was that one of the planned receipts, which was due to settle before the end of the financial year, did not come in until a few days later. Had this been received as planned, we would have exceeded our annual target.
- Only nine significant sales contributed to the target – including a further instalment from the sale of West Lothian House. The level of sales again reflects the lack of activity in the residential market, although there are signs that this is starting to improve. In addition, a number of potential disposals have been transferred to the project to build 1000 council houses, and we are considering the lease of assets, rather than sale, to support the council's need to generate revenue income.
- 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**

2013/14 saw a very 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 £4.46m. Despite the challenging economic conditions this was 3.07% more than our target of £4.327m. 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 c9% growth over the three years from the March 2011 base of £3.971m, in order to achieve the 2013/14 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. This performance is consistently above both our target and (while we were able to produce a comparison) the comparable level for West Lothian as a whole.
- The picture for offices is similar – in part a reflection of changes we made to some properties to help to make them more lettable, for example subdividing a single office at Newyearfield to provide four smaller units. 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.
- Towards the end of 2013/14 terms were agreed for the lease of the two largest vacant offices. This will provide additional income and a reduced liability for vacant rates in 2014/15.
- During 2012/13 industrial occupancy had improved dramatically, by 8%. This trend continued in 2013/14 with performance increasing again – from 87% occupancy to 92%. This again reflects changes to the marketing and letting of our properties, expenditure on planned improvements, and the hard work of our Property Assistants. During the course of the year we outperformed 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 reached the lowest level we have ever achieved. Our performance is consistently well below target levels, which are consistent with those used by benchmarking partners.
- Improved data capture has enabled us to review the completion of historic transactions (e.g. rent reviews) to ensure that all potential increases to rental income have been secured.
- We have started a programme of planned improvements to the TNRP – incurring capital expenditure of £83,000 in 2013/14.
- Following the previous acquisition of two industrial investments we continue to investigate opportunities for the acquisition of assets to enhance and broaden the portfolio. During 2013/14 about ten opportunities have been presented to us for consideration, including assets held on ground lease from the council.

- We have also pursued the replacement of the West Calder Workspace, the condition of which is unsuited to modern business activity and is likely to be a drain on future resources. The conversion of the property in Dickson Street, which is now known as the West Calder Business Centre, was completed late in the year, affording the relocation of tenants early in 2014/15. Total investment in acquisition and conversion was £400,000, with the cost of work closely managed by PM&D staff to ensure value for money. The opening of the Business Centre will enhance the income received in the TNRP during 2014/15, and 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 produced a comprehensive analysis of the performance of the TNRP, which was reported to the Council's Partnership and Resources PDSP. The report noted that net income represented a return of 7.96% on capital value. This is ahead of our 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
  - Following the Quinquennial Revaluation in April 2010 we have managed the appeal process for the council's property portfolio. Although the appeals 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 is still a considerable amount of preparatory work required of our staff. During 2012/13, 98 appeals were determined. These resulted in a cumulative reduction in Rateable Values of over £490,000, resulting in annual savings of £212,000. 31 appeals remain outstanding. A long standing issue, the inclusion of leachate treatment systems in the Valuation Roll, was taken before the Valuation Appeal Committee. While the assets were not removed from the Roll, as had been argued, a 40% reduction in annual rates liability was achieved.
- 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 351 properties. The total value of those properties re-valued comes to £45.87m. Properties valued included the council's sports facilities (pitches – including grass and non-grass pitches – tennis courts, bowling greens, pavilions, running track, and golf courses) as well as civic amenity sites, landfill sites and cemeteries.
  - 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.
  - We have added information to the GIS, provided by the Coal Authority, on historic mining activity in West Lothian.
  - 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.
- 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 and for the installation of telematics vehicle tracking systems on Building Services vehicles.

- 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

#### **5. 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. The new motorway junction at Heartlands was completed in September. This produced an immediate benefit, improving the marketability of the development and enabling the partners to secure the sale of 10.14 hectares (25 acres) to Oil States Klaper for a major expansion of their business in Scotland, generating a capital receipt of c£645,000 for the Council.
- We have worked with colleagues in Economic Development and Planning Services on company expansion and relocation projects.

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

- The third annual return for the CRC Energy Efficiency Scheme was submitted based on the qualifying sources. We were required to purchase 32,028 tonnes of CO<sub>2</sub> at a cost of £12/tonne.
- 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.
- 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.
- We have installed Solar PV at the Civic Centre and have plans to roll this out to a further 11 sites.
- During the year we have been responsible for project management of one of the DBO project under the Climate Change workstream.

#### **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 have managed relationships with our partners in Civic Centre to ensure that the accommodation meets their needs and expectations.
- In preparation for the refurbishment of both St David House and County Buildings we decanted Council staff from both those offices to Lomond House.
- We project managed improvements to the entrance to Civic Centre, to create a memorial garden opposite the original War Memorial, which was ready for the Remembrance Day ceremony in November 2013.
- We have been closely involved in the transfer of the Facilities Management of the 'hard services' within the Civic Centre to the Arthur McKay Group which took effect from 1 April 2014.

## 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 have prepared a revised paper to review our day-to-day management of the TNRP – varying the previous Policies and Practices paper – which we hope will be approved during 2014.

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 continued to review our Performance Indicators (PIs) to ensure accuracy and relevance. This will ensure compliance with the Corporate PI Guidance; consistency with our Service Standards; and relevance for the new Property Asset Management Plan. New and revised PIs are to be introduced early in 2014/15 based on data collected during 2013/14.

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 of Civic Centre and the Headquarter offices. The overall level of satisfaction with the service provided by PM&D was 80.56%. Performance has fallen this year, but is still at a satisfactory level, marginally below our progressive target to reach 90% satisfaction by 2016/17. (The target for 2013/14 was 81%, and for 2014/15 is 84%). 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 Civic Centre survey was notable for a 90% satisfaction level with the service PM&D provides, and for the exceptional complimentary comments about the Caretaking team. As with the Headquarter occupier survey 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.

The annual staff survey results for the unit for 2013/14 showed considerable improvement over the previous year.

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

## 1.3 Staffing

The last year has been an eventful one in staffing terms. Whilst our core staff retains fairly stable, we have had a succession of staff over the year who have either only stayed for a very short time, or in one case not even come at all. We have also recently lost our Energy Manager and will soon lose one of our long standing surveyors. Recruitment for both of these posts is underway. To offset some of these losses, we have been successful in recruiting a Building Surveyor, Graduate Surveyor, Systems Administrator, Energy Monitoring Officer, and of course our very own Modern Apprentice. In addition we have recruited another Trainee Caretaker under the More Choices, More Chances scheme.

The other challenge we have had to cope with has been 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 WLAM assessment for our new service – including Strategic Property Asset Management and Energy and Water Management – took place in January 2012. Our score of 438 represented an improvement over the 2009 assessment (431), although the weighting of criteria had changed.



Work during 2013/14 has continued to implement the improvement actions that were identified through the self assessment process, and required as a consequence of the Chief Executive's Review Panel.

Our next assessment is due at the end of 2014, and we have started preparation for this by refreshing the Quality and Improvement team, and establishing four working groups 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 the WLAM assessment.

## **1.5 Delivering Better Outcomes**

Since 2008 PM&D has delivered £1.9m 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 £2.812m 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

# DIRECTION – 2014/15 AND BEYOND

## 2.1 Context

In common with all Council services, PM&D's activities over the next four years will be shaped by 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 2014/15

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 2014/15 projected spend is £28.3m, and we are already engaged with Construction Services in planning significant refurbishment projects in our school estate,
- The Property Asset Management Plan (Property Strategy) will continue to be implemented, with progress reported annually.
- In accordance with the Strategy, 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 late 2014.
- We will review the processes for delivery of minor projects, with Procurement, to facilitate greater control within PM&D and will establish a framework agreement for the provision of external professional services.
- The full suite of asset management PI's will be updated; this will clarify the division of responsibility, principally with Construction Services, Maintenance.
- Opportunities for further engagement with partners for asset sharing, and with HUBCo for project delivery, will be pursued. In particular, delivery of the new Partnership Centre for Blackburn, and preliminary discussions on potential partnership arrangements for Armadale, Whitburn, East Calder and Winchburgh.
- 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 2014.
- In conjunction with Construction 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.
- For AM1: Office Modernisation, the focus will be the refurbishment of County Buildings and St David House. We will prepare to move from New Cheviot House on lease expiry in 2016, and review the office provision at Strathbrock. We will also progress a change in corporate policy relating to the use of office space and staff:desk ratios.
- For AM2: Depot Modernisation the initial focus will be to progress the contract for conversion of Lister Road, to enable occupation early in 2015. At Whitehill, a detailed planning application will be submitted in the early summer, to allow the property at Inchmuir Road to be acquired in the autumn, and a contract start early in 2015.
- Progress on the main part of AM4: Place Based Review is dependent on the approval of the hierarchy of service delivery. Once this is achieved a comprehensive review of council

assets in the 43 localities across West Lothian can be carried out, and options for property provision confirmed. It is planned to have the full programme approved by March 2015.

- We intend to make progress on AM5: Property Related Services Consolidation – which will involve PM&D – either directly or indirectly.
- 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. As part of the review of policies and practices we will seek approval for a new surplus property procedure.

## **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 £4.327m is unchanged from 2013/14. 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 the previous three years; and generating new opportunities.
- Notwithstanding previous success, the DBO target for AM3: TNRP Modernisation represents a further 7.6% increase in rental income over the current target over the next four 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.

### **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.
- 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 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 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 implement data cleansing of title information using the new Corporate Geographical Information System.
  - Similarly the migration to Windows 7 is expected to offer benefits from additional functionality that becomes available through Tramps, for example automated debt control processes.
- 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.
  - Similar to the work carried out for Waste Services last year, we expect to have an involvement in identifying and delivering a solution for Operational Services requirement for additional kitchen capacity to meet the new policy for the provision of school meals.
  - 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; 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.
  - In addition to the five 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.

#### **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.
- 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

#### **6. 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
- complete 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.
- 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

## **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
- 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

As part of AM1: Office Modernisation 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 continue to implement the Improvement Actions identified from our 2012 WLAM Assessment to ensure that all have been implemented ahead of our next WLAM review in November 2014. A new Quality and Improvement Team will be charged with taking that assessment forward, allowing fresh opinions to be incorporated, and new ideas brought forward. The revised team means that nearly all our staff will have had experience of the WLAM assessment. Our intention is to complete our WLAM Assessment timeously and have a successful presentation to the WLAM Assessment Panel in February 2015, so that we will continue to be assessed on the three yearly cycle.

We will implement specific areas for improvement identified from the Civic Centre and Headquarter building occupier surveys (including improved communication in Civic Centre). We will review and revise our content on the Council's new internet site, to include the provision of an intranet for occupiers of Civic Centre, if possible.

As noted above we have prepared a review of our Policies and Practices for the management of non-operational properties, including surplus property procedures, and intend to build on that by considering a similar paper on operational property, including open plan office protocols and energy standards.

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.

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

A revised Performance Indicator for complaints handling will be introduced based on revised practices, and data collected during 2013/14. In accordance with the Head of Service's edict new PI's will be introduced relating to team meetings; one to one meetings and training plans – with the current PI on PRPDP completion being refreshed.

## 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	Revenue Expenditure	Revenue income target
1. Strategic Property Asset Management, and occupational costs of operational property	(2.1 FTE)	£16,451,396	£26,503
2. Disposal of surplus property/capital receipts	(2.83 FTE)	£98,366	£734
3. Management of the non-operational portfolio	(5.0 FTE)	£1,231,076	£4,421,845
4. Professional Services, and Industrial and business property development	(2.5 FTE)	£86,896	£649
5. Energy and Water Management	(1.2 FTE)	£523,228	-
6. Headquarters buildings	(6.4 FTE)	£4,760,135	£2,545,530
Totals	(20.3 FTE)	£23,151,097	£6,995,261

The 2014/15 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.

## 2.6 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 five-year programme of c£200m of expenditure was approved by the Council Executive in March 2013, For the four remaining years of the programme a total budget of c£187m has been allocated with £113m 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 does have direct responsibility for a number of key projects including Depot and Office Modernisation Projects.

	Budget 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Total
	£'000	£'000	£'000	£'000	£'000
Planned Improvements					
• Schools	4,324	3,962	3,859	4,169	16,314
• Operational Buildings	1,561	1,116	1,165	1,061	4,903
• Operational Offices	75	125	125	125	450
• Tenanted Non Residential Properties	80	200	250	300	830
General Statutory Compliance	1,270	1,485	1,758	1,875	6,388
School Projects					
• General	1,904	8,265	7,907	0	18,076
• Developer Funded	4,571	6,450	787	2,590	14,398
Operational Buildings					
• General Projects	4,821	6,865	9,266	4,830	25,272
• Modernisation	9,080	9,958	270	90	19,398
Energy Savings and Spend to Save	429	1,419	1,077	753	3,678
TNRP Investment				874* <sup>2</sup>	874
Miscellaneous Projects	254	175	733	1,850	3,012
<b>TOTAL PROPERTY ALLOCATION</b>	<b>28,369</b>	<b>40,020</b>	<b>27,197</b>	<b>17,643</b>	<b>113,229*<sup>1</sup></b>

\*<sup>1</sup> Budgets are subject to review, reprioritisation and approval in late April 2014 and therefore may change.

\*<sup>2</sup> 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

		2013/14 (£'000)	2014/15 (£'000)	2015/16 (£'000)	2016/17 (£'000)	2017/18 (£'000)	TOTAL (£'000)
AM1	Office modernisation	7	64	79	411	100	661
AM2	Service support accommodation	0	0	100	110	100	320
AM3	TNRP modernisation	0	0	101	114	119	334
AM4	Place Based Review and Community Empowerment	21	66	70	70	70	297
CC1	Energy Efficiency and Behaviour Change	78	155	139	145	145	663
CC2	Renewables	0	145	138	127	127	537
	<b>TOTAL</b>	<b>106</b>	<b>430</b>	<b>627</b>	<b>977</b>	<b>672</b>	<b>2812</b>

NB – from 2014/15 project management of CC1 and CC2 will transfer to Planning Services

## Appendix 2 –Service Actions

### Previous actions – current status

	Description of Action	Desired outcome / benefits	Status
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	Complete
PMD 11002	<b>Utility invoices</b>	A streamlined administrative process for handling utility invoices for vacant commercial properties	Complete
PMD 11004	<b>Electronic forms</b>	Introducing e-forms and e-signatures for routine instructions to amend Tramps; secure write offs etc	Complete
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.	In Progress
PMD 12002	<b>Property Benchmarking – reinvigorating existing networks</b>	Improved benchmarking of property performance for both operational and non-operational property	Complete
PMD 12004	<b>Streamlined repair procedures (Rapid Improvement Event)</b>	A more efficient service for council occupiers and tenants	Complete
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	Complete
PMD 12012	<b>Improved communication in Civic Centre</b>	Improved dissemination of basic information and communication channels to all occupiers in Civic Centre	Complete
PMD 12013	<b>Accommodation improvements in Headquarter Buildings</b>	Improvements to the layout and quality of accommodation in County Buildings and St David House	Complete
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	Complete

	Description of Action	Desired outcome / benefits	Status
PMD 12015	<b>Review of policies and practices</b>	A revised set of approved policies and practices relating to the management of council property	Complete
PMD13 001	Asset Management: Property Asset Management Plan	Property Asset Management Plan to be completed and approved	Complete
PMD13 002	Asset Register: Atrium – Phase II Asset Management Software	Full installation of next phase of software development	In Progress
PMD13 003	Office Modernisation: Accommodation improvements in Administrative Buildings	Full refurbishment of St David House and County Buildings	In Progress
PMD13 004	Asset Management – Office Modernisation	Completion of further phases of modernisation & rationalisation of council HQ buildings	In Progress
PMD13 005	Asset Management – service support accommodation	Initial review of council depot & stores to inform future modernisation & rationalisation	In Progress
PMD13 006	Asset Management – Tenanted Non Residential Properties modernisation	Improved financial return from the councils non-operational property, increased income /reduced expenditure.	In Progress
PMD13 007	Asset Management – place based review	Initial review of front line service delivery buildings to ensure property suited to service requirements.	In Progress
PMD13 008	Third party occupation of council property	Collection of information on third party occupation and formulation and approval of a new policy to clarify management arrangements in future	In Progress
PMD13 009	CC1 – Energy Efficiency and Behavioural change – Stage 1	Undertake a series of energy audits and produce an options appraisal of future projects	In Progress

NB – several of the older Actions marked as completed have been subsumed into the wider Actions relating to the DBO projects. This will ensure that the issues are reinvestigated and reviewed. Similarly new Actions for 2014/15 represent subsequent phases of DBO projects.

## New Actions for 2014/15

Action	Description	Planned Outcome	Owner	Start	End
Asset Register	Atrium – Phase II Asset Management Software	Full installation of next phase of software development	Paul Kettrick	01/04/13	31/03/14
Office Modernisation – Administrative Buildings	Accommodation improvements in Administrative Buildings	Full refurbishment of St David House and County Buildings	Jack Orr	01/01/13	31/03/14
Asset Register	Atrium – Phase II Asset Management Software	Full installation of next phase of software development	Paul Kettrick	01/04/14	31/03/15
Asset Management Workstream - Office Modernisation	Accommodation improvements in various operational offices together with improved desk and space utilisation	Full refurbishment of St David House and County Buildings	Jack Orr	01/04/14	31/03/15
Asset Management Workstream – Depot and Store 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	Paul Furbank	01/04/14	31/03/15
Asset Management Workstream – 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	Paul Furbank	01/04/14	31/03/15
Physical Assets Review – UPS/Hub Rooms	Linking of all IT hub rooms in the Civic Centre to the existing UPS and standby generator	When complete, works will provide greater IT resilience in the event of a loss of power in the CC, and will ensure that data is not lost or corrupted	Jack Orr	01/01/14	30/04/15
Asset Management – Third Party Occupation	Third party occupation of council property	Implementation of approved policy through new legal agreements	Paul Furbank	01/04/14	31/03/15