

SHADOW EXECUTIVE
17 FEBRUARY 2009

SUBJECT	MEDIUM TERM PROPERTY STRATEGY
	A presentation of the draft Central Bedfordshire Council Property Strategy and the latest Medium Term Accommodation Plan. Additionally updates on those property related matters that have been previously presented to Shadow Executive.
REPORT OF	Director for Corporate Resources
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IMPLICATIONS

SUSTAINABILITY	The future management of the property assets for Central Bedfordshire should provide the maximum benefits for the Council and the community. Decisions should be made against a context of a longer term, strategic view of the council's vision and priorities.
FINANCIAL	Financial implications related to property assets can be significant and it is important that appropriate resources are allocated to the responsible management of the property portfolio and related services.
LEGAL	The transfer of titles for the disaggregated property assets will be necessary following an agreement being reached. Acquisition or disposal of property assets from the CBC property portfolio will require legal process to be followed.
PERSONNEL/EQUAL OPPORTUNITIES	Office accommodation that is fit for purpose will underpin the key priority that recognises that a suitably trained, motivated and qualified workforce is vital to quality service delivery. (paragraph 7.5 Strategic Plan)
COMMUNITY DEV/SAFETY	None
TRADES UNION	The Trades Union have not been consulted on this report but will be consulted as necessary at a future time.
HUMAN RIGHTS	None

KEY ISSUE	<p>Yes - Property assets are the largest asset, apart from its staff, that CBC will have. The appropriate disaggregation of the County's property assets is therefore a key issue in the implementation of the new Councils objectives.</p> <p>The property and accommodation solutions will have a direct impact on service delivery across the CBC area.</p>
BUDGET/POLICY FRAMEWORK	<p>Income and expenditure related to property assets is reflected in the annual budgets and represents a significant proportion of both capital and revenue budgets.</p>

OTHER DOCUMENTS RELEVANT TO REPORT

Strategic Plan 2009-11

Property and Accommodation Report to Shadow Executive Jan 2009
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RECOMMENDATION(S):

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| <ol style="list-style-type: none"> 1. that the Shadow Executive adopts the Central Bedfordshire Council Property Strategy set out at Appendix 1. 2. that the Shadow Executive endorses the approach to the Medium Term Accommodation Plan. 3. that the Shadow Executive considers the latest update and issues related to the disaggregation of the County Council's property assets pursuant to finalising a list of agreed disaggregated property assets in line with requirements laid down by the Secretary of State, and endorses proposed further actions. |
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<i>Reason for Recommendation:</i>	<p>So that Shadow Executive can adopt policy related to the future management of CBC's property assets and influence property matters which are to be undertaken as part of the creation of Central Bedfordshire. This includes adopting the Medium Term Property Strategy and endorsing the approach to the agreement and implementation of a Medium Term Accommodation Plan for Central Bedfordshire Council.</p>
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Background

1. Previous reports to Shadow Executive have presented updates and sought direction and approval for property related matters including the disaggregation of the County property assets, and the agreement and implementation of an Initial Accommodation Plan.
2. It has been a long standing intention to present to Shadow Executive for consideration and approval a Medium Term Property Strategy in February 2009. In addition to this it was agreed at the meeting of the Shadow Executive in January 2009 to present information related to the agreement and implementation of a Medium Term Accommodation Plan.
3. This report therefore outlines the development of the Medium Term Property Strategy and presents this to Shadow Executive for consideration and approval.
4. This report also outlines the progress to date in respect of the Medium Term Accommodation Plan and an update on the situation regarding the disaggregation of the County property assets.

Medium Term Property Strategy

5. The adoption of a Medium Term Property Strategy is an essential element for the Corporate Property Function to understand the context against which it develops property solutions which are wholly aligned with the vision, priorities and objectives of the council.
6. The strategy will provide direction and guidance as to how the outcomes described in the key documents and policies of the council will be supported by the Corporate Property Function. This includes the way in which property will be managed as a corporate resource for the benefit of the citizens of Central Bedfordshire in an open and transparent way.
7. It outlines the objectives related to CBC property; decision making arrangements for property related matters; identification of risks and mitigating actions; communication management; a property action plan; and performance measures to be adopted by the council.
8. The strategy will need to be consistent with other corporate strategies, and will sit alongside documents such as the council's Corporate Asset Management Plan.

9. The adoption of the Medium Term Property Strategy will ensure that key expectations of inspectors and regulators are met in respect of clearly setting out the policies of the council for property matters and the ways in which the council intends to discharge its responsibilities for property management.
10. The Central Bedfordshire Medium Term Property Strategy is attached at Appendix 1.

Medium Term Accommodation Plan

11. Previous reports to Shadow Executive have described the approach to planning accommodation in the run up to 1st April 2009. To summarise, the approach adopted has been that the existing work and service delivery locations would remain as is, unless organisational needs were such that support be given to specific moves where justified by a robust business case.
12. To date, moves which have been approved to take place before 1st April 2009 have been minimal with services, directors and members supporting this pragmatic approach to the transition phase.
13. Previous direction from Shadow Executive has been to work on the basis of a three year programme for the completion of the Medium Term Accommodation Plan. This would include the relocation of any Bedford based staff to the geographic boundaries of Central Bedfordshire where appropriate.
14. It is appropriate and necessary to undertake option appraisal for identifying future locations for the provision of additional accommodation. This has formed part of the activity undertaken by the property teams whilst progressing the Medium Term Accommodation Plan. Such a comprehensive assessment of all options will be necessary to satisfy the requirements of auditors, inspectors and regulators but also represents a best practice approach to such key decisions, reducing the risk of challenge to the decision making process at a future time.
15. Criteria for option appraisal currently includes
 - Consideration of moving staff from existing work locations
 - Travel times/ distances between corporate buildings
 - Availability of suitable properties in terms of size, and quality
 - Access to and from major transport infrastructure
 - Properties aligning with the reputation and status of the council
 - Demonstrating a value for money approach

16. The most significant factor by far is the availability of property and accommodation within the Central Bedfordshire boundary. Property team members are actively working to identify all potential options for both short and long term needs.
17. Negotiations have begun and are ongoing for a number of options identified as those which satisfy more of the assessment criteria. There is an obligation for the council to secure a value for money solution and therefore the best possible commercial deal. As such it is imperative to limit speculation on alternatives (at a site level) at this time as there is a risk that this could lead to the council paying a higher than market rate price for a solution. There are a number of potential outcomes that would satisfy the council's needs and these are actively being explored and assessed by property professionals.
18. Discussions are ongoing with the Director for Corporate Resources; Portfolio Holder; Chief Executive and Leader. These have provided direction for the property team's activity so far. Updates will be provided on further progress through these channels and others as deemed appropriate.
19. The Medium Term Accommodation Plan will be split into two phases:
 - 19.1 Firstly, providing additional short term accommodation capacity to accommodate substantial numbers of Central Bedfordshire staff within the Central Bedfordshire geographic area. This will mean that the rationalisation of new service teams can begin to take place, building the Central Bedfordshire identity, and starting the process of delivering services from within the council's boundary where appropriate. Additionally this will create additional space necessary to implement the transition to the longer term solution.
 - 19.2 Secondly, identifying and agreeing a long term solution for property and accommodation for Central Bedfordshire and the optimum procurement route to achieve this.
20. This activity relates to corporate accommodation. As described in previous reports the majority of frontline service delivery property assets remain outside of this workstream. The Property team will engage with services to understand their property needs as part of the corporate approach to Service Asset Management Planning proposed within the Medium Term Property Strategy.

21. Services will be required to consider the use of property assets and how these support service outcomes. The Corporate Property Function will then consider these requirements against the wider context of property management within Central Bedfordshire using a business case type appraisal. This work has already begun and is ongoing.
22. Instructions have been given to property professionals to extend leases to buildings where it is known that Central Bedfordshire will require a longer term than that provided for by the existing contract. This includes Melbourne House in Bedford, which will be used by Central Bedfordshire during the Medium Term Accommodation Plan implementation.
23. Instructions have also been given to specialist property professionals to actively search for available properties and sites within the Central Bedfordshire area for both short and longer term needs. This will also include working together with the council's property team to understand the role that any sites or properties owned by Central Bedfordshire will play.
24. Decisions which must be made in relation to this activity will vary in number, and frequency carrying differing implications in terms of financial and other risks. It is suggested therefore that Shadow Executive give consideration to a process which can accelerate decision making within the overall direction and control of the established democratic process.
25. This could take the form of a Medium Term Accommodation Plan working group, with either the Portfolio Holder or Director for Corporate Resources, authorised, after consultation with the Working Group, to make decisions on an operational basis.
26. Such an approach would enable the work activity to proceed in a timely way, aligned with the need to provide response to matters as they arise, rather than delaying decisions to align with a monthly committee cycle. In addition a further benefit would be the reduced burden at Shadow Executive to agree and direct activity of the project team.
27. Analysis of the Medium Term needs using the information that has been available to the property team, combined with industry expertise and experience has resulted in a draft outline plan for the Medium Term. This is described in the table below.

Analysis of Medium Term Accommodation Plan – Corporate Property

Location/Period from 1/4/09	Q1 (09/10)	Q2 (09/10)	Q3-Q4 (09/10)	Y2 (10/11)	Y3 (11/12)	Y3+ (12/13 +)
<u>Central Bedfordshire Properties</u>						
Priory House	As existing	As existing	As existing	As existing	As existing	As existing
Dunstable Offices	As existing	As existing	As existing	As existing	As existing	As existing
Other existing properties - freehold	As existing	As existing	As existing	As existing	As existing	To be determined
Other existing properties - leasehold	As existing	As existing	As existing	To be determined	To be determined	To be determined
New short term properties - to be determined	N/A	N/A	300	300	300	0
New long term properties - to be determined	N/A	N/A	N/A	N/A	N/A	600
<u>Bedford Properties</u>						
County Hall - occupancy agreement with BBC	600	450	150	150	150	0
Melbourne House - leasehold	0	150	150	150	150	0
Other existing properties - leasehold	As existing	As existing	As existing	As existing	As existing	To be determined
Other existing properties - occupancy agreement	As existing	As existing	As existing	As existing	As existing	To be determined
Totals - for properties which will vary	600	600	600	600	600	600

Notes

All numbers are approximate at this time.

Existing Bedford leases will be reviewed with Bedford Borough to optimise the financial benefit to both councils.

Disaggregation of County property assets

28. Recent reports have updated on the disaggregation of Bedfordshire County Council property assets. The vast proportion of these assets has been agreed with Bedford Borough Council though there remains dispute over some specific assets.
29. Contact has been made with DCLG in respect of this council's position on disputed assets and subsequent to this a letter has been sent to Bedford Borough Council clearly stating the Central Bedfordshire position on this matter.
30. The list of disaggregated assets is attached at Appendix 2 and shows those assets that will transfer to Central Bedfordshire on Vesting Day as well as those which remain in dispute.

Background Papers: None

Location of Papers: N/A

File Reference: