
DRAFT PROPERTY STRATEGY

Reason for the Report

1. To give the Committee the opportunity to consider the draft Property Strategy before it is presented to the Cabinet for comment and approval.

Background

2. The Committee has a long-standing interest in the management of the Council's estate, which comprises both operational property (from which the Council operates and delivers services), and 'non-operational' or 'investment' property (which is often let for commercial return or to promote local employment, small businesses and the economic regeneration of local areas). The Council's operational estate falls under the Corporate Services and Performance Portfolio, while the Council's investment estate falls under the Portfolio of the Leader. The Property Strategy covers both aspects of the Council's property portfolio.

Background

3. The Wales Audit Office (WAO) has made recommendations in the recent past that public sector bodies should improve the way in which they manage their estates. In 2010, WAO found that Cardiff Council's Asset Management Plan 'did not have sufficiently robust plans or strategies to enable effective management of property'. Follow up work undertaken by WAO in 2011 found that good progress had been made following the appointment of a Corporate Property and Estates Manager and the implementation of a corporate approach to decision making around the use of

property. However when the Wales Audit Office returned in 2013 it found that progress had 'stalled' and that 'arrangements were not making the best use of resources'.¹

4. Further to the Wales Audit Office's comments, the Committee agreed to consider the Council's approach to managing its non-operational - or investment - estate as part of its 2012/13 work programme, in anticipation of a draft Non-Operational Property Strategy being ready for pre-decision scrutiny. In April 2013, Members were briefed by officers regarding the review of non-operational/investment property which had been carried out. The Committee agreed to consider the Cabinet report setting out how the estate would be managed in future as soon as it had been completed (at this point it was anticipated that this would be in June 2013). Members were particularly concerned during this meeting that an overarching strategic vision for the use and management of the Council's property had not been developed. Members also recommended that there should be a clear statement to set out the Council's intention to use its estate for social, community and wider economic advantage as well as for financial benefits.
5. The Welsh Local Government Association Peer Review, which the Committee considered in October 2013, reiterated that the Council's management of its estate should be considered as a matter of urgency.² Given this, and the fact that the Non-Operational Property Strategy had not yet been completed, the Committee therefore agreed that it would consider the draft Property Strategy as part of its 2013/14 work programme, as soon as it became available.
6. In May 2014, the Committee received a draft Cabinet report setting out a programme of Organisational Change for the Council. The report, which was approved by the Cabinet on 15 May 2014, established five change programmes, one of which was to deal with Assets/Infrastructure:

"The Council's operational estate has an important role to play in supporting the Council's transition into a modern fit-for-purpose organisation. A new and efficient estate will reduce costs and improve staff morale and citizen satisfaction. An

¹ Wales Audit Office Corporate Assessment, p. 38

² WLGA Peer Review of Cardiff Council, available on Cardiff Council's website at: https://formerly.cardiff.gov.uk/objview.asp?object_id=27249

accelerated programme of rationalisation and modernisation will be delivered based around an improved clustering of Council and partner services. This will also involve maximising the potential of an upgraded schools estate as the focus for the delivery of a wider range of public services. Improving the performance of the Council's non-operational estate is another important aspect of this agenda. This will involve a review of poor performing property to ensure capital investment is prioritised towards property with the greatest potential to generate improved yields; and to identify the appropriate property to be prioritised for release, either to support community development or to generate a capital receipt."³

7. The Cabinet report defined the measures of success for the Modernising Estate work stream of the Programme as follows:

- Reduced cost of the operational estate
- Reduced maintenance backlog
- Increased yield from the non-operational estate
- Higher levels of customer satisfaction (internal and external).

8. The Programme has subsequently been streamlined so that it deals purely with the strategic management of the Council's estate (operational & non operational) to ensure that the rate of change required in this area is achieved.⁴

9. The Economic Development Directorate Delivery Plan, which the Committee considered at its meeting in June 2014, set out plans to bring together a Property Strategy comprising Non-Operational, Operational, Public Sector Property Collaboration elements and to develop a Property Management Improvement System. The Committee was informed that a draft Property Paving Report would be available for its July 2014 meeting, with the full draft Property Strategy available in either September or October 2014 for pre-decision scrutiny. In July 2014, the Committee received an update on progress in developing a Property Strategy as the Property

³ Cabinet Report 15 May 2014 – Establishing a Programme of Organisational Change for the City of Cardiff Council, Appendix 4, page 22, available on the Council's website at: [https://formerly.cardiff.gov.uk/committeebrowser.asp?\\$state=meeting&\\$committee=12950&\\$meetingdate=15/05/14](https://formerly.cardiff.gov.uk/committeebrowser.asp?$state=meeting&$committee=12950&$meetingdate=15/05/14)

⁴ Cabinet Report 18 September 2014 – Wales Audit Office Corporate Assessment, p. 6, available on the Council's website at: https://formerly.cardiff.gov.uk/objview.asp?object_id=29218

Paving report had not yet been completed. A copy of the presentation given by officers at this meeting is attached at **Appendix A**, for ease of reference.

10. The Wales Audit Office undertook its Corporate Assessment of the Council in March 2014, and this Committee considered its report at its 2 September 2014 meeting. The Wales Audit Office found that 'The Council is not managing its land and property assets well'.⁵ Although the Corporate Plan for 2014-17 set out a commitment to develop a Property Strategy, WAO found that there were some factors which the Council should address "in order to establish a culture where property is viewed as a corporate, rather than a service, asset:

- The Asset Management Board (which has been set up as the principle forum for decision making at senior officer level for all decisions concerning property) did not include representation from all property-owning directorates. Its reporting arrangements lacked clarity, and it had not met since April 2013.
- There is a range of property management information systems across the Council which are not sufficiently joined up and have no direct link to financial information. The absence of easily accessible accurate information for the property estate will inhibit a corporate oversight of property performance, effective risk management, and the ability to make informed and timely decisions."⁶

Issues

11. An officer draft Property Strategy and draft Cabinet Report are attached at **Appendix B** for Members of the Committee to scrutinise before they are presented to the Cabinet for comment and approval.

12. The City of Cardiff Council owns and manages over 1000 properties with a current use value in excess of £1 billion. The estate is made up of 523 operational properties and around 500 investment properties. The cost of managing, operating and maintaining

⁵ p. 38, Wales Audit Office Annual Improvement Report, op. cit.

⁶ p. 38, Wales Audit Office Annual Improvement Report including the Corporate Assessment 2014 of the City of Cardiff Council, available with the Committee's 2 September 2014 papers at: https://formerly.cardiff.gov.uk/objview.asp?object_id=29093

the estate is in excess of £50 million per annum, the second largest call on the Council's budget after staff costs. Over 50% of the estate is considered to be in 'poor' condition. The growing maintenance backlog is in excess of £100 million.

13. The draft Property Strategy sets out further details of the state of the estate; estimated costs of necessary works; a vision for the estate and objectives to achieve it. It also sets out a high level strategy for the Schools estate, the operational estate (including office and community buildings). The investment estate is currently subject to a strategic review by a firm of property consultants, which should report by the end of November.

Previous Scrutiny

14. The Committee has considered property-related issues on several occasions in the last two years and have highlighted:

- the urgency with which the Council's strategy for its property estate should be addressed;
- the need for a strong rationale for the use of the estate in future;
- Members' concern regarding the estate maintenance backlog;
- that due consideration should be given to the Council's estate in terms of its potential social and community benefits, as well as to potential financial benefits from any disposals;
- the need to compare the performance of our estate to the performance of that of the Core Cities;
- the need to develop explicit performance measures for the estate;
- that local Members should be involved as decisions concerning disposals develop;
- that a medium- to long-term view of the use of the estate should be taken, rather than a short-term/annual point of view.

15. Copies of the relevant Committee letters are attached at **Appendix C** for ease of reference.

Scope of scrutiny

16. This item gives the Committee the opportunity to consider the draft Property Strategy prior to its presentation to the Cabinet in November 2014 and to make recommendations to aid the Cabinet's consideration. Members may like to consider how the draft Strategy responds to the Committee's previous comments and recommendations and also how it responds to the findings of the Wales Audit Office.

Way forward

17. Councillor Phil Bale, the Leader, and Councillor Graham Hinchey, the Cabinet Member for Corporate Services and Performance, have been invited to attend the meeting and may wish to make a statement. Neil Hanratty, Director for Economic Development, and Charles Coats, Corporate Property and Estates Manager, will be in attendance to answer Members' questions.

Legal Implications

18. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

Financial Implications

19. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if

and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any financial implications arising from those recommendations.

RECOMMENDATIONS

20. The Committee is recommended to:

- i. consider the information presented in this report and at this meeting; and
- ii. decide whether it wishes to make any comments or recommendations to the Cabinet.

MARIE ROSENTHAL

County Clerk and Monitoring Officer
29 October 2014

Background papers:

Policy Review and Performance Scrutiny Committee papers, 1 July 2014.

Policy Review and Performance Scrutiny Committee papers, 3 June 2014.

Policy Review and Performance Scrutiny Committee papers, 17 April 2013.

Cabinet report – Establishing a Programme of Organisational Change for the City of Cardiff Council, 15 May 2014.

Wales Audit Office, Annual Improvement Report including the Corporate Assessment 2014 of the City of Cardiff Council, September 2014.

Cabinet Report – Wales Audit Office Corporate Assessment, 18 September 2014.



Corporate Property Strategy

Policy Review and Performance Scrutiny Committee

Neil Hanratty & Charles Coats

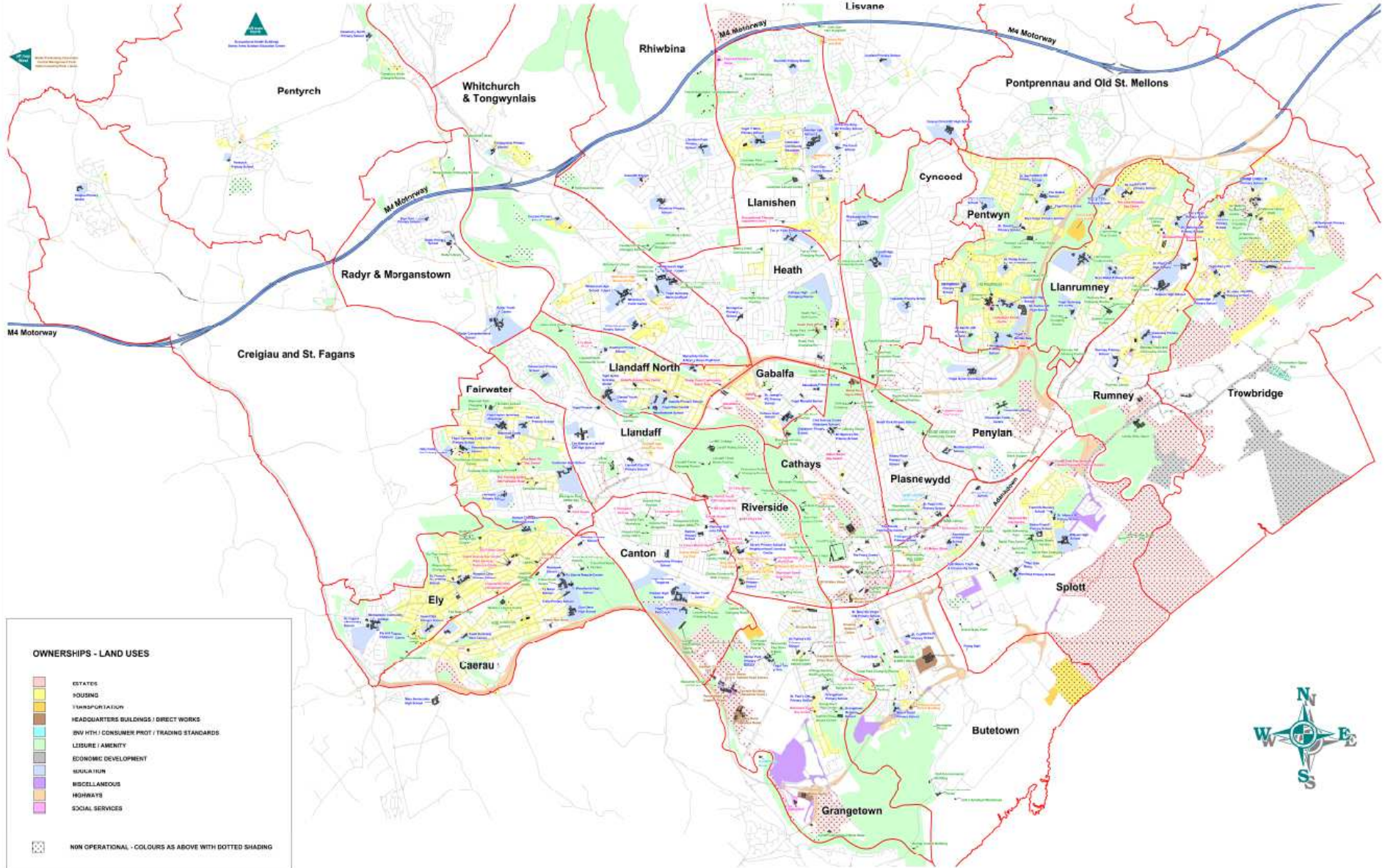
Tuesday 1st July 2014



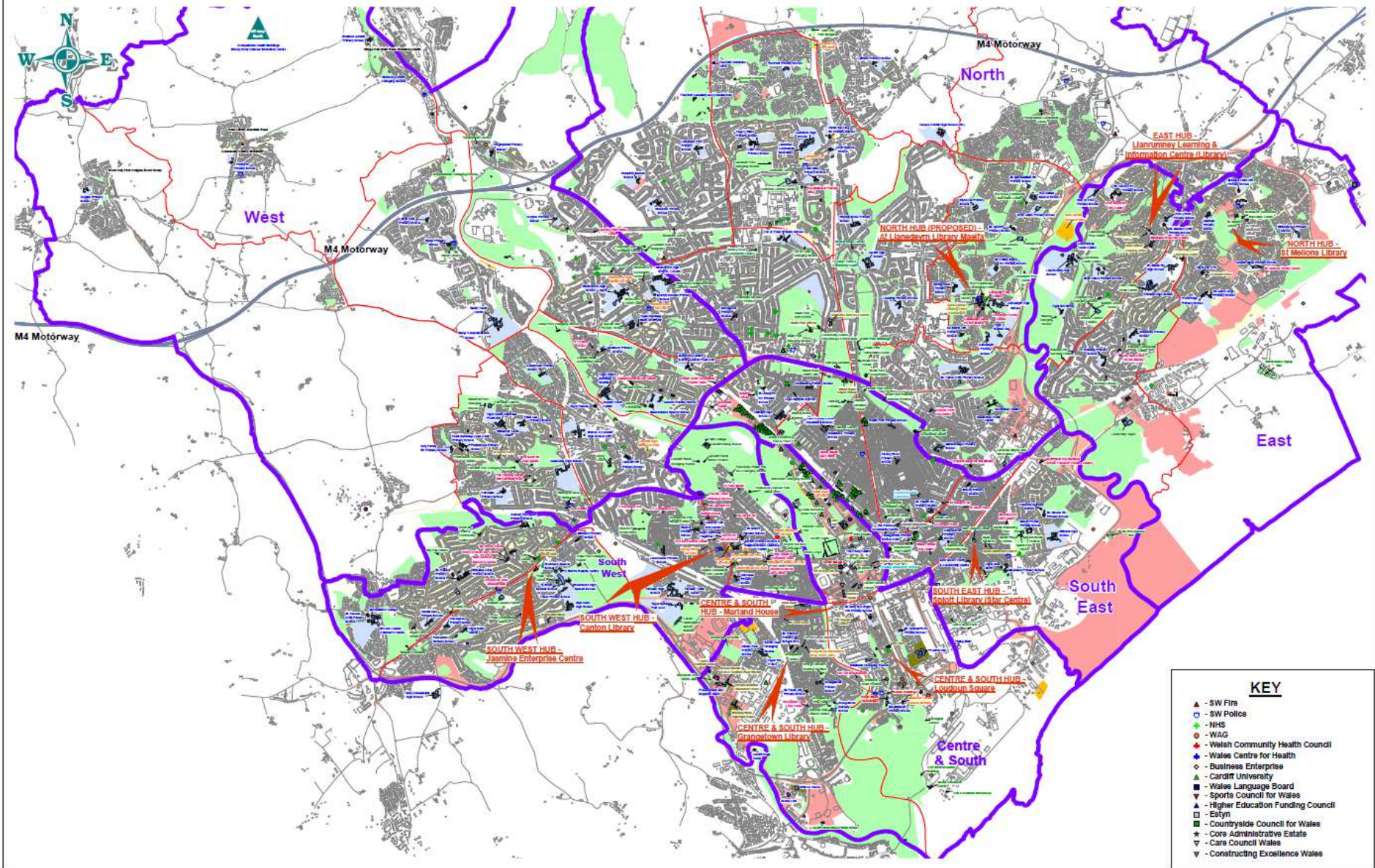
Background and Context

- **Corporate Asset Management plans in place since 2009**
- **Updated annually (except 2013)**
- **Principal focus on Operational Property (property Council occupies to deliver its Services from)**
- **Non-Operational / Investment Estate to be reviewed separately (Workshops, shops etc. let for employment, economic regeneration purposes)**
- **Paving report to Cabinet**
- **Key component of Assets and Infrastructure Programme**

Cardiff Council Operational and Non Operational Ownerships



Cardiff Council and E-pims Operational Sites





Key Estates Statistics

Composition of the Estate

The Council's property Estate is divided into **Operational** and **Non-Operational** Portfolios

Operational = Used to deliver Council Services / manage operations / office accommodation

- **500+ Properties**

- **Education** = Primary, Secondary, Special Schools plus caretaker homes
- **Leisure** = Parks, Historical Buildings, Theatres, Leisure and Play Centres, Sports facilities, Libraries, Community Centres
- **Housing** = Area Offices, Homeless units, Advice Bureaus
- **Social** = Day Centres, Community Facilities, Child & Family establishments
- **Harbour** = Extensive land, water and property assets
- **Highways and Transport** = Car Parks and Land for Highways provision

Non Operational = Used for revenue investment purposes via leases, licences, wayleaves and easements

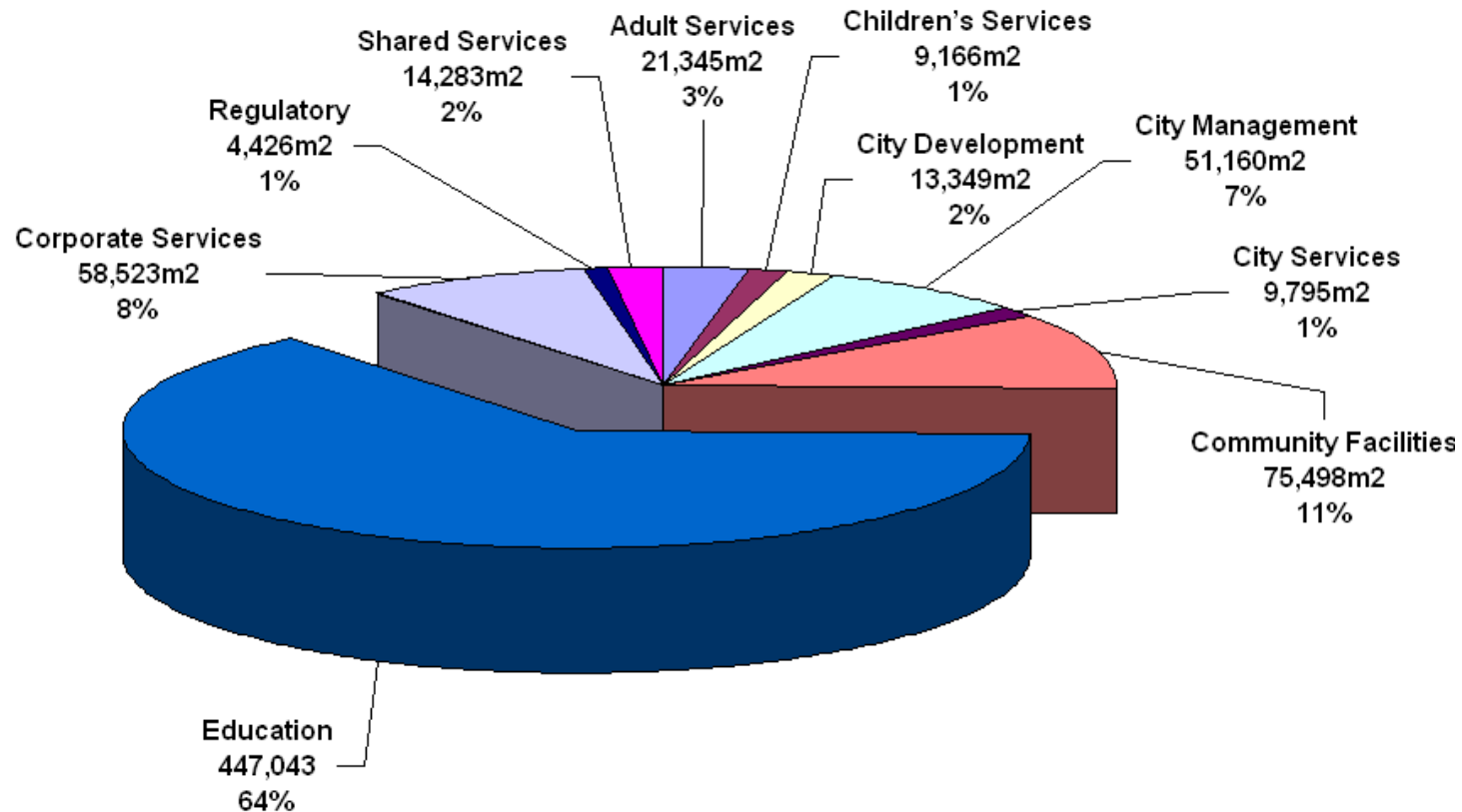
- **500+ Properties**

- Advertisements
- Agricultural
- Car Parking and Changing Rooms
- Churches
- Commercial, Clubs, Garage, Hostels & Public Houses
- Hotels
- Community Centres
- Electricity, Gas and Communication sub-stations
- Vacant Land
- Light Industry & Workshop Estate
- Central Market
- Museum
- Offices
- Scouts, Sporting
- Shops and Shopping Parades
- Storage, Theatre
- University

Operational Estate

Properties managed by the Council to deliver Services – 2012-13

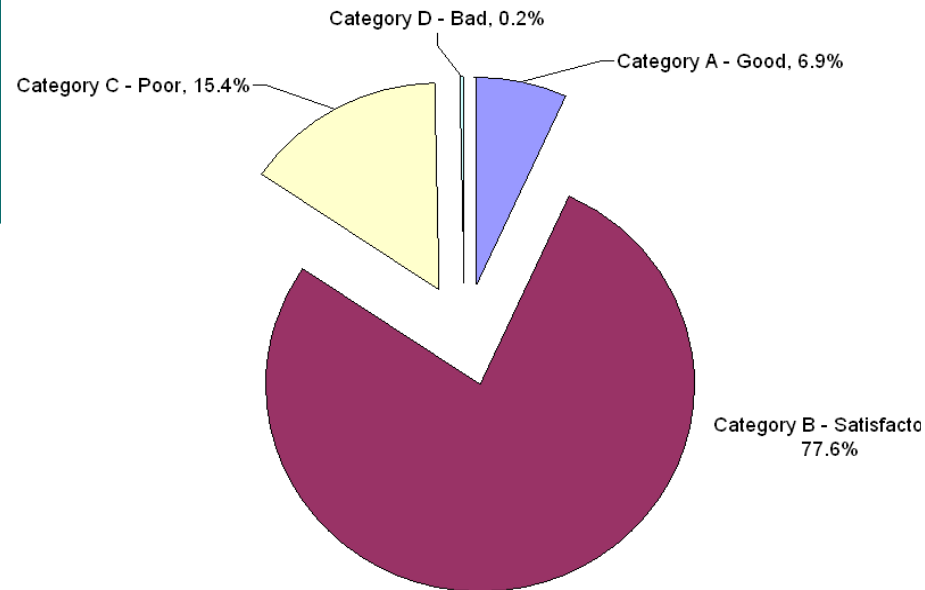
64% of the Estate is used within the Education portfolio, with the remainder split amongst 9 Service Areas. The next highest Service in terms of floor space is Community Facilities with 11%



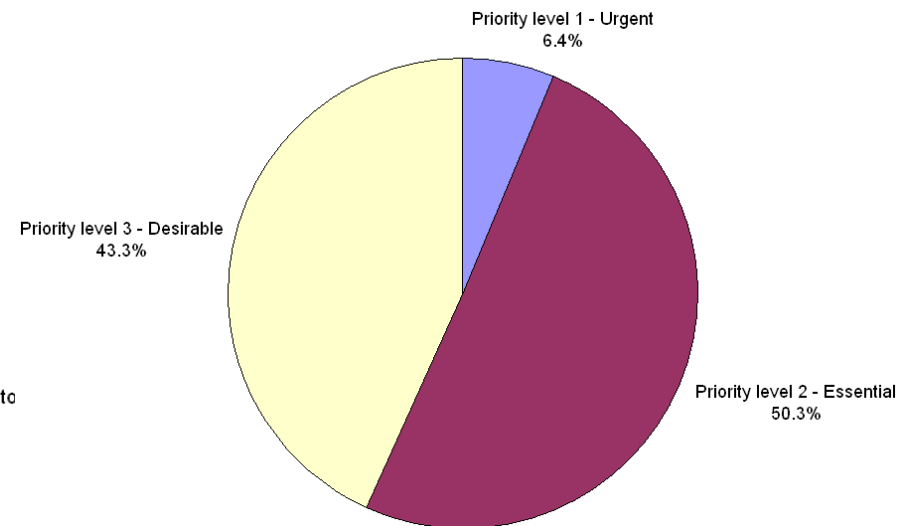
Repair and Maintenance Backlog

Building Condition: In terms of the condition of buildings, nearly 78% of the estate is “satisfactory” with around 16% poor or bad. This tends to mask the significant maintenance backlog which currently stands at £96m. This figure includes satisfactory buildings, not just poor or bad; investment is also required in satisfactory buildings because their continued neglect can lead in turn to a poor or bad building.

Cardiff Building Condition 2012/13



Cardiff building works priority ratings 12-13



Condition

- GOOD (Performing as intended / Operating efficiently)
- SATISFACTORY (Performing as intended but exhibiting minor deterioration)
- POOR (Exhibiting major defects / Not operating as intended)
- BAD (Life expired / Risk of imminent failure)

In terms of priority, 57% (circa £47m) of the Maintenance work necessary is classed as essential or urgent, reflecting the scale of the maintenance requirement.

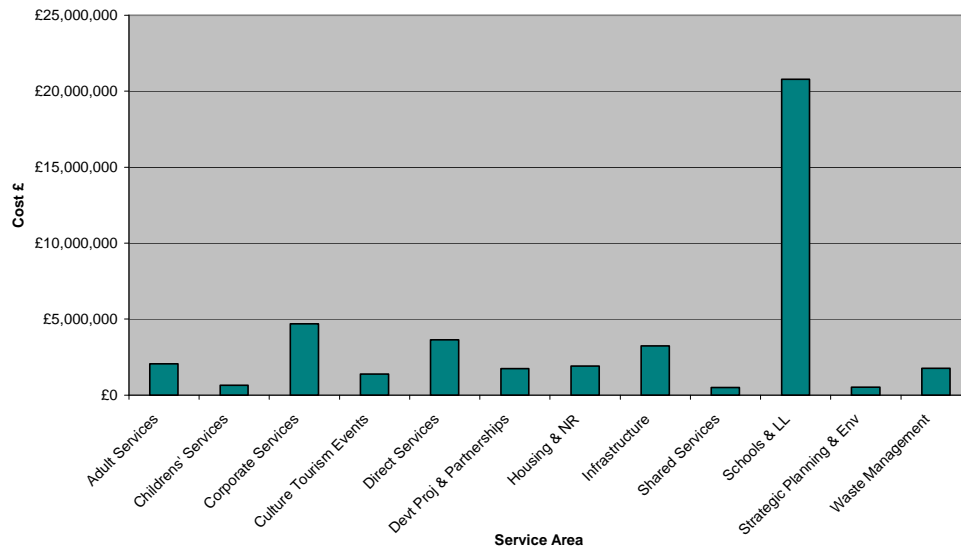
Running Costs

The Graphs below demonstrate the total cost of running Cardiff's property estate, both Council-wide and by Service Area. This amply demonstrates the need for effective property management to ensure the estate meets the business objectives of the Council in the most efficient and economic way.

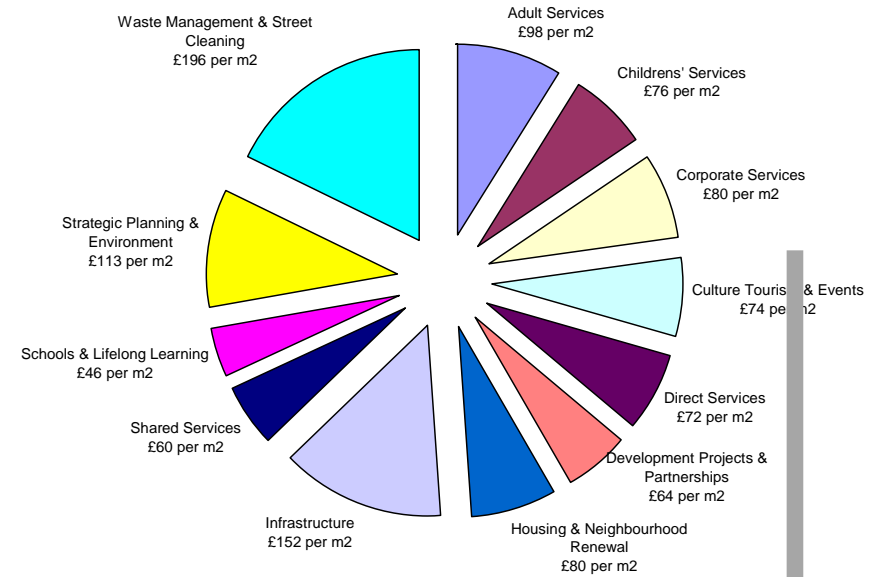
The costs below comprise: Building & Ground maintenances, Electricity, Gas, Other Fuel, Water, Rent & Lease, NNDR, Service & Security, Cleaning, Waste Disposal and Insurance.

**Total property costs
= £42,844,000**

Total property costs per Service Area 2012 - 2013



Operational property costs per m2 by Service



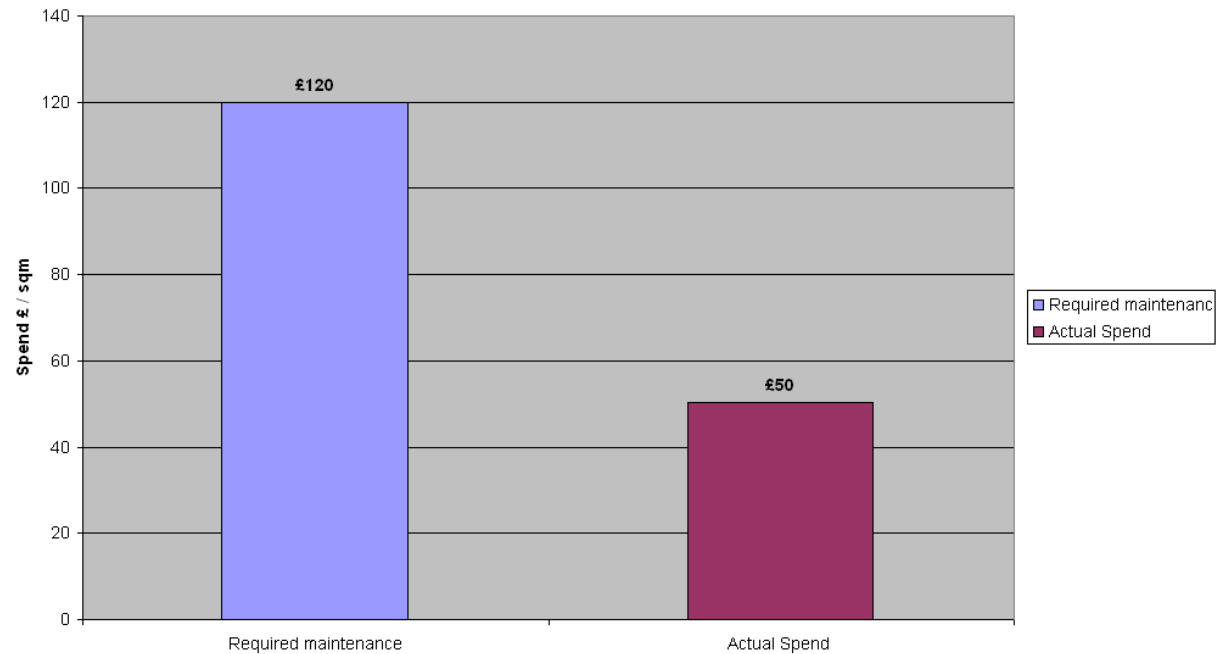
**Average cost per m2
= £61**

Operational Repair and Maintenance Backlog

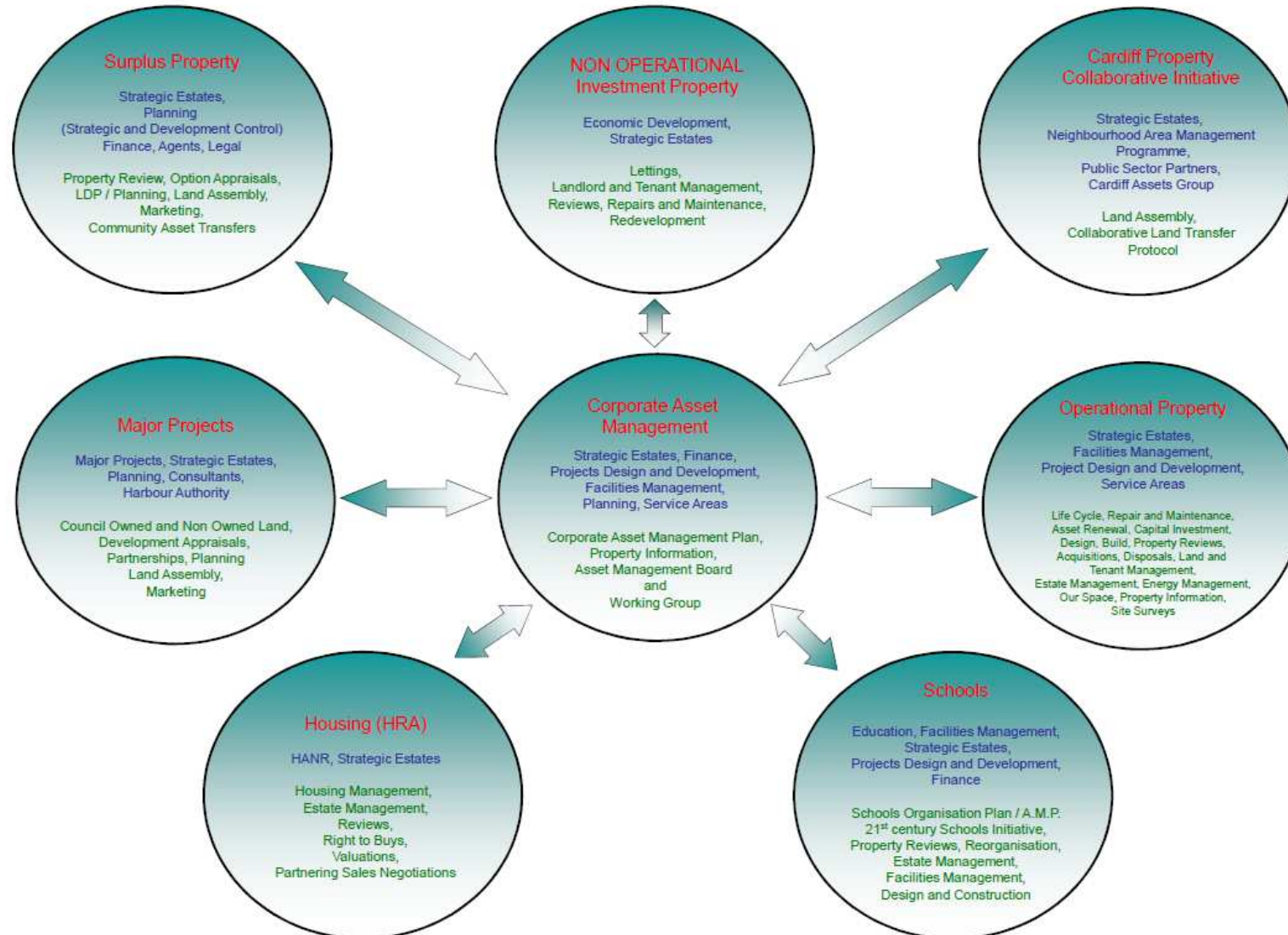
Condition Backlog 2012-13 = over £100 million

YEAR	Expenditure on responsive (Revenue) maintenance £	Expenditure on planned (Capital) maintenance £	Total expenditure on required maintenance during the year
2010/11	£19,294,939	£16,676,322	£35,825,108
2011/12	£18,294,939	£22,435,749	£40,730,688

Operational Repair and Maintenance Backlog: In terms of investment in the condition of our buildings the Council is spending less than 42% of what is necessary per sq.m. of floor space.



PROPERTY MATRIX DIAGRAM





Key Objectives of the Strategy

- **Link between Corporate Plan and implementation of property management practices**
- **Establish a clear rationale for Council's ownership, interest in and management of its property assets**
- **A cogent framework for governance of property related decision making**
- **All property held as a Corporate resource of the Council**
- **Property used in most cost effective and efficient manner**
- **Property provision is responsive to changing service needs**
- **Buildings to be safe, accessible and compliant with all prevailing statutory requirements**
- **Sustainable and responsible management to ensure long term needs not compromised by short term considerations**



The Vision

- **Fewer But Better Buildings**
- **Network of Community HUBs across the city, centred on Secondary Schools**
- **More effective collaborative working with other Public Sector Organisations**
- **Radical rationalisation of the Estate to reduce:**
 - **Annual Operating Costs (c £43m)**
 - **Maintenance Backlog (£100m+)**
- **More accessible fit for purpose buildings**



Key Principles

- **Modernisation of the Schools Estate – a key priority**
- **Use of School campuses for other community use out of school hours**
- **Properties immediately relinquished by Service Area once their operational needs cease**
- **All leasehold interests relinquished on expiry of current leases unless there remains an overriding requirement which cannot be met from the existing estate**
- **New leases, acquisitions and new builds only to take place if the requirement cannot be met from the existing retained estate**
- **Potentially surplus properties considered for alternative Council use prior to disposal**
- **Presumption of leasing out surplus buildings rather than disposal, particularly in the city centre**
- **Estate managed to positively contribute to meeting Council’s target of 60% reduction in carbon emissions by 2018.**

PROPERTY STRATEGY

REPORT OF DIRECTOR FOR ECONOMIC DEVELOPMENT

AGENDA ITEM:

Reason for this Report

1. To present a new Corporate Property Strategy to provide a framework for improving the performance of the Council's property estate over the next five years.

Background

2. The Council owns or has an interest in a large property estate with a current use value of around £1bn. This comprises 523 operational buildings, which are used to deliver Council services, manage operations and provide office accommodation, as well as over 500 non-operational properties, which generate income and sustain and promote employment and economic regeneration around the city. These properties are let by the Council and produce revenue income of around £4m per annum.
3. Apart from staffing costs, expenditure on the operational estate represents the next largest call on the Council's revenue budget. Currently, the running cost of property stands at around £50m per annum, with a maintenance backlog of almost £100m. The running costs comprise: repair and maintenance; NNDR; rent (on leased properties); utility outgoings (water, gas, electricity); cleaning; caretaking; grounds maintenance; health and safety; insurance; waste disposal etc.

Context

4. **Performance.** The Wales Audit Office has encouraged all local authorities in Wales to prepare a Corporate Property Strategy to provide a clear framework for improving the performance of their property estates. In addition the latest Wales Audit Office Corporate Assessment concludes that the City of Cardiff Council *"is not managing its land and property assets well"*. The 2013 Welsh Local Government Association also concluded that *"There should be an urgent review of assets...[and that] business case to be presented to Members not only dealing with the current position but also showing options relating to the probable*

workforce requirements at the end of the 3 year planning horizon or even longer if the scale of reductions in headcount is expected to continue.”

5. **Financial pressures.** The unprecedented financial pressures facing the authority will require a new and improved approach to the use and management of the Council's property assets. The approved budget for 2014/15 included making significant savings amounting to £48.645 million and the budget also increased council tax rates by 3.97%. Over the past six years the level of savings identified as part of the budget setting process has amounted to circa £130 million and these have become more challenging to achieve year on year. It is against this backdrop that the Budget Strategy for 2015/16 and the medium term has been considered.
6. **Changing shape and size of organisation.** In response to the financial pressures it is inevitable that the organisation will be smaller. As a result there will be a lower requirement for both office accommodation for staff, as well as other operational property. Changes in the way that services are delivered will also mean that there will be a lower requirement for property. Examples would include increased partnership working and co-location of services.
7. **Increasing costs.** The cost of running Council buildings is increasing at a progressive rate. Consequentially, the ability to meet the maintenance needs of the Council's operational property is significantly constrained by financial provision. As a result, this leads to an ever increasing maintenance backlog, with a commensurate risk relating to property being no longer fit for purpose. In the short-term this may result in a negative impact on services, whilst in the long-term this creates more serious health and safety related risks.
8. **Changing demand for services.** Cardiff's population is expected to grow faster than any other local authority in Wales in forthcoming years. In particular there will be significant growth in the city's older and younger population, with commensurate demands for services. In particular the city's population aged 85 or over is expected to grow by 80% by 2033 according to Welsh Government data, whilst the population aged 15 and under is expected to rise by 28% over this period. These changes, as well as changing preferences of service users, are likely to have a considerable impact on the demand for local services.
9. **Changing working practices/technological developments.** As well as changes in the way that demand is services, there are also changes in work practices that affect the need for space. Flexible working, space sharing and hot desking are all relatively commonplace activities in the modern office, which all contribute to a reduction in the need for desk space. Technology is also significantly changing the way that we work, from both the accommodation and service delivery perspective. Remote working is now something that can easily be undertaken, with developments in both digital communication speeds and security enabling greater access to data and information from shared resources.

10. **Schools Estate.** The city's schools currently account for almost two-thirds of the Council's property estate, and are located throughout our city's communities. Given the size and location of the city's schools estate, and the need to improve and modernise school buildings to support improvement in educational outcomes, they offer significant opportunities to support the community provision of public services through investment.

Organisational Development Programme

11. In addressing the challenges faced by the local authority, an Organisational Development Programme has been developed. The programme includes five work-streams which will deliver the fundamental changes needed to ensure sustainable services, with Assets & Infrastructure being a key workstreams.
12. The key focus of the assets and infrastructure work-stream will be on rationalising and modernising the Council's estate to reduce the cost of occupying, managing and maintaining buildings and to improve operational efficiency. It will also seek to improve co-operation around property assets with other public sector service providers to ensure the Council and its partners deliver services in an optimum way. With the majority of the Council's property costs relating to schools it is also important to have a more integrated approach to the Schools Organisational Programme.
13. Office rationalisation and the development of community hubs will be central to delivering the programme, aiming to support service improvements whilst reducing the average cost of delivery.

Developing a Property Strategy for Cardiff

14. Although an ongoing programme of positive property rationalisation has been in place for a number of years producing a stream of capital receipts and associated revenue savings, the extent of the financial cuts facing the Council now requires a more radical and focused approach.
15. It is proposed that the Council adopts a high level Property Strategy that provides:
 - A five year vision and strategy for the Council's operational estate to provide context for the implementation of an annual Corporate Asset Management Plan (CAMP).
 - A clear linkage between the Council's Corporate Plan and the implementation of property management practices and procedures.
 - A rationale for the ownership, interest in, management and use of property.
 - A cogent governance framework within which all property related decision making and operational management can be conducted.
16. A Corporate Property Strategy is attached as Appendix 1. The strategy outlines the vision for the Council's operational as:

“to make our property work better for the Council, its partners, and communities through providing fewer, but better buildings.”

17. The key aims of the strategy are to:
- Enable the Organisational Development Programme and support delivery of service improvement.
 - Rationalise the estate to significantly reduce operational costs.
 - Rationalise the estate to significantly reduce the maintenance backlog.
 - Modernise the estate to improve fitness for purpose.
 - Modernise the estate to improve customer satisfaction and staff morale.
 - Maximise the potential of the total public estate in Cardiff.
18. The objectives of the strategy are to:
- **Establish Property as a Corporate Asset:** which means the Council will put in place a cogent framework by April 2015 within which all property related decisions and operational management will be conducted (to ensure long term needs are not compromised by short term considerations).
 - **Establish a clear link between the Council's Corporate Plan/Community Plan and the property estate:** which means that a high-level fitness for purpose assessment will be undertaken for every property held by the Council by January 2016, and reviewed annually thereafter as part of the Corporate Asset Management Plan, to ensure there is a strong rationale for ownership and use for every Council property.
 - **Ensure the estate represents value for money:** which means that a high-level fitness for purpose assessment will be undertaken for every property held by the Council by January 2016, and reviewed annually thereafter as part of the Corporate Asset Management Plan, to ensure the Council is prudent in its use of public buildings and to ensure where there is a better value alternative use, or where a change of use may support better activities elsewhere, this will be actively explored.
 - **Deliver savings back to the Council:** which means regularly and rigorously reviewing the performance of the estate, including the cost of running and maintain the estate, to ensure the portfolio is run on a value-for-money basis and where possible returns savings back to the Council.
 - **Provide fewer but better buildings located in core community locations:** which means there will be an emphasis on quality rather than quantity. A focus on fewer buildings means that we can deliver real economies of scale in managing our property portfolio, and ensure that the public facilities retained in communities are of a standard that the people of Cardiff are proud to use and own.
 - **Focus community services on hubs, enabling better co-ordination of local services through a smaller property portfolio:** which means we will adopt a ‘One Council, One Cardiff’ approach so

that Cardiff citizens can access services through one location, rather than a myriad of offices or locations.

- **Maximise the potential of the total local public estate:** which means we can no longer afford to deal with the Council's estate in isolation and therefore there needs to be a tangible shift in focus towards partnership working and designing and managing an estate that takes full account of all public buildings to enable delivery of more joined-up public services.
- **Lead by example to help deliver clean, safe, sustainable and attractive built environments:** which means we will maintain our property to a high aesthetic and environmental standard demonstrating pride of place and considering social, economic and environmental impacts in addition to financial considerations.
- **Make use of innovative models:** which means we will explore the full range of investment models such as JVCs, Trusts, Social Enterprise, PPPs, CATs etc, to improve the quality and efficiency of buildings and to help retain services/facilities in communities.
- **Working in partnership to deliver economies scale:** which means using the combined size of the public sector estate to improve the management and maintenance of buildings, and to realise additional value from the public estate.
- **Make our property services available to partners:** which means the Strategic Estates team will offer its services to partner organisations with a view to generating income to support the long term sustainability of the service.

19. The plan to deliver against these objectives will be based on three core themes:

Modernisation – to improve the quality of the Council's estate through a programme of investment (utilising innovative funding approaches) to provide modern, fit for purpose buildings to support improved services, customer satisfaction and staff morale; and through the provision of modern buildings significantly reduce the running cost of the estate and the maintenance backlog.

Rationalisation – to reduce the number of buildings managed and operated directly by the Council to reflect the emerging future shape of the organisation; and in doing so to reduce running costs and the maintenance backlog.

Collaboration – to work better across service areas and with public sector partners to join-up service delivery in communities; and in doing so to reduce the overall footprint of the public sector estate reducing running costs and the maintenance backlog.

20. The Property Strategy also outlines the key principles of the strategy and themes of activity for each of the three main areas of the Council's estate, namely, schools, offices and community buildings. Schools currently account for almost two-thirds of the Council's property estate, and have buildings located through the city. After Schools, the Council's office estate represents the next most significant area of property use. The office estate

is dispersed and largely out of date and as such is also relatively expensive operate compared to modern office accommodation. Community buildings are where the Council delivers its services in our communities and where the front line staff are located. These buildings service a range of services, both supporting the delivery of statutory services, as well as supporting wider goals of the city, such as theatres or sports centres.

21. The strategy has been prepared following in depth meetings with all property occupying Service Areas to understand the service related demands and pressures they are facing and from which property related implications have been derived. The strategy also brings into sharp focus the broader financial challenges facing the council and the ways in which the adoption of this strategy will positively contribute to reducing the council's revenue expenditure.
22. A Corporate Asset Management Plan will be prepared annually to deliver the Property Strategy. The Plan will be supported by Service Area Action Plans that will outline an annual plan operational property for services areas, focussing on office and non-front line operations. In addition, Neighbourhood Action Plans will also outline proposals for community buildings, including partnership assets.
23. As part of this new approach, a more clearly defined process – the Property Toolkit - will be developed for declaring land and property surplus to requirements to help speedier decision making whether to utilise surplus property to assist service delivery in an other parts of the Council; to utilise surplus property to support other economic or social outcomes; to lease surplus property to generate income; or to dispose of surplus property to generate capital receipts. To support this fitness for purpose assessments will be undertaken for all identified operational property assets. These assessments will consider:
 - Average cost of running cost and maintenance in comparison with benchmark properties
 - Demand for use in comparison with benchmark properties
 - Current occupancy arrangements and effective utilisation of buildings.
 - Building condition surveys
 - Alternative use or development potential and value.
24. To oversee the delivery and performance of the property strategy a new Asset Management Board will be convened. The Asset Management Board will meet every quarter or as frequently as required and will review the performance of the property portfolio and management of operational assets. Members of the board will comprise:
 - Chief Executive of Cardiff Council
 - Corporate Director Resources
 - Director Economic Development
 - Director Education
 - Director Communities, Housing and Customer Services

- Corporate Property and Estates Manager

25. The Asset Management Board will meet every quarter or as frequently as required and will review the performance of the property portfolio and management of operational assets.
26. As part of the strategy, Strategic Estates will act as the corporate custodians of the estate. The Asset Management Officer will coordinate the process and support the work of the Asset Management Strategy Board; and maintain an oversight of emerging or changing property related initiatives and priorities. He will be supported by the Team's experienced group of valuers and chartered surveyors.
27. A property partner will work with service areas to develop Service Area Property Plans. This plan will articulate the service area's current and projected operational property requirements and will seek to marry the requirement against existing and potential future property assets. In particular, this approach will help to robustly manage demand for property and significantly assist with the challenge of reducing the Council's operational estate and associated running costs.
28. A Property Partner will work with service areas to develop Service Area Property Plans. The Property Partner will be an experienced valuer from the Strategic Estates team and will assist in terms of both the production of the Service Area Property Plans as well as implementing the property toolkit and undertaking fitness for purpose assessments.
29. A fundamental part of the delivery of the Property Strategy is also greater collaboration between service areas and across public services in Cardiff. To deliver this Neighbourhood Area Action Plans will be produced that will consider community buildings from an area perspective, and not just a service perspective.
30. A draft strategy is attached as Appendix 1.

Reasons for Recommendation

31. To enable Cabinet to determine the principles by which the Council's property portfolio will be managed and operated.

Financial Implications

32. Property assets used by the Council influence a significant part of service delivery and also form a large part of the revenue and capital budget of the authority. A sustainable and efficient property portfolio can result in reductions in expenditure, which can be used towards budget savings or re-prioritisation of limited resources to property assets essential in delivering improved service delivery. It is essential that a coordinated approach to the use of buildings takes place in order to avoid any unforeseen financial implications, with the capital and revenue budget implications considered on a case by case basis.

Legal Implications

33. The Council has an obligation to ensure value for money in its management, acquisition and disposal of land and property as public assets

RECOMMENDATIONS

34. Cabinet is recommended to approve the attached Property Strategy.

NEIL HANRATTY
Director of Economic Development

The following Appendices are attached

Appendix 1: Corporate Property Strategy
Confidential Appendix 2: High-level Review of Council Property
Confidential Appendix 3: Core Office Accommodation Options Appraisal

DRAFT

**The City of Cardiff Council
Property Strategy 2015 - 2020**



Fewer, but better buildings

DRAFT – NO STATUS

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Executive Summary

The Wales Audit Office has encouraged all local authorities in Wales to prepare a Corporate Property Strategy - to provide a clear framework for improving the performance of their property estates.

The City of Cardiff Council has a substantial property estate with a current use value of over £1billion. The cost of operating this estate is the second largest call on the Council's revenue budget at circa £50m per annum. In the face of unprecedented financial pressures the Council has begun to implement an Organisational Development Programme to manage a transition towards a new target operating model, with the effective management of property regarded as a key enabler. This Corporate Property Strategy will provide the framework for managing the Council's estate.

The ambition of the Strategy is: *"to make the property estate work better for the Council, its partners, and communities by providing fewer, but better buildings."*

This is underpinned by a number of key aims that will help reframe the Council's priorities in terms of how it goes about improving the performance and impact of its estate. In particular the strategy aims to:

- Enable the Organisational Development Programme and support delivery of service improvement.
- Rationalise the estate to significantly reduce operational costs and the maintenance backlog.
- Modernise the estate to improve fitness for purpose and value for money.
- Maximise the potential of the total public estate in Cardiff.

To deliver against these aims the strategy presents a number of strategic objectives, to:

- Improve decision making by establishing Property as a 'Corporate Asset' to ensure all decisions are taken for the good of the Council as a whole.
- Improve prioritization to ensure a clear link to the Corporate Plan and the Organisational Development Programme.
- Improve partnership working to help deliver better joined-up service delivery in communities and to realise additional value through maximizing the opportunities of economies of scale.
- Ensure a strong rationale for the use and ownership of property and value for money.
- Lead by example through delivering high quality Council infrastructure in communities to support the creation of more attractive local environments.
- Improve the performance and reputation of the Council's property related services.

A range of new arrangements will be introduced to enable the Council to deliver against these objectives and to create a framework for a series of annually monitored and updated action plans. The action plans will be delivered as part of the budget setting and business planning process and will be based on the following core themes of activity:

Modernisation – to improve the quality of the Council's estate through a programme of investment to: support service improvement; improved customer satisfaction and staff morale; and to reduce the running cost of the estate and the maintenance backlog.

Rationalisation – to reduce the number of buildings operated by the Council to reflect the emerging future shape of the organisation; and in doing so to reduce running costs and the maintenance backlog.

Collaboration – to work better across service areas and with public sector partners to join-up service delivery in communities; and in doing so to reduce the overall footprint of the public sector estate reducing running costs, the maintenance backlog and to raise capital for investment.

Finally, the strategy highlights the importance of the schools estate in terms of its influence over the performance of the estate as a whole. Schools make up two thirds of the Council's estate. Not only is there huge potential to utilise existing school assets to lever funding to modernise schools, there is also opportunity to extend the impact of schools to provide significant additional value in communities.

Section 1: Introduction

Purpose of the Report

The Wales Audit Office has for a number of years encouraged local authorities and other public bodies in Wales to prepare high-level land and building strategies to set out the business need for holding land and buildings and to articulate how they support corporate priorities and wider-reaching objectives such as sustainability, collaboration and partnership working.

In 2010, a review undertaken by the Wales Audit Office (WAO) recognised that significant progress had been made by the Council in terms of the way in which it managed its property estate. However, in the recent Corporate Assessment published in May 2014 the WAO did not consider that the Council was managing its land and property assets well. They considered progress had stalled in 2013 with no clear strategy for realising the aspirations of the 2012/13 Corporate Asset Management Plan. They further observed that the range of property information systems was not sufficiently joined up, and an absence of easily accessible and accurate information on property inhibited corporate oversight of property performance.

This Property Strategy aims to address the concerns raised by the WAO by putting in place a high-level framework to govern the way in which the Council manages and uses its property estate. In particular the strategy aims to provide a framework for supporting and stimulating the Council's Organisational Development Programme and for delivering accelerated interventions across the Council's estate to reflect the Medium Term Financial Plan.

The strategy aims to set the tone for a range of activities that will support improved decision making and to ensure that all decisions relating to property are taken for the good of the Council as a whole and are taken in the proper context of the MTFP, the Corporate Plan, the Community Strategy and the Organisational Development Programme. The strategy also aims to provide clarity on how the Council intends to monitor and measure the performance of its estate and how it will benchmark performance against other relevant authorities and cities.

Finally, a key aim of the strategy is to significantly accelerate joined-up working across Council departments and with public sector partners by providing clarity on the Council's intentions for its property estate and by putting in place the relevant intelligence and decision making arrangements that will enable effective dialogue with partners, and the appropriate authority to speed up implementation.

Context

The City of Cardiff Council owns and manages over 1000 properties with a current use value in excess of £1billion. The estate is made up of 523 properties held to support delivery of Council services, referred to as the Operational Estate, and circa 500 properties held to generate income or to support broader economic, social and/or environmental goals, referred to as the Investment Estate.

The cost of managing, operating and maintaining the Council's estate is in excess of £50m per annum - the second largest call on the Council's revenue budget after staff costs. The overall quality of the Council's estate is deteriorating, with over 50% considered to be in a 'poor' condition, leading to ever increasing maintenance costs and a growing maintenance backlog which is now in excess of £100m.

The financial pressures associated with managing the Council's estate are amplified by the public sector funding cuts that are set to change the face of Council service delivery moving forward. The Medium Term Financial Plan (MFTP) forecasts circa £127m of savings needing to be taken off the Council's bottom line over the next 3 years (see Table 1). To put this into context, these savings equate to XX% of the Council's current discretionary budget. At the same time as implementing budget cuts, citizens of Cardiff are and will continue to experience Council Tax rises to help fill the funding gap. This serves to further raise expectations in terms of the quality of services citizens expect to be delivered by the Council.

Table 1: Medium Term Financial Plan Scenarios (Shortfall)

	2015/16	2016/17	2017/18	Total
Base Case	£34,181	£35,395	£26,891	£96,467
Incrementally Worse	£41,551	£39,497	£30,784	£111,832
Worse Case	£47,844	£44,457	£35,427	£127,728

In addition to the above, the demand for Council services seems to grow at an ever increasing rate as people continue to live longer lives (see Table 2).

Table 2: Population and Population Change 1983-2013

	1983	2013	Change	% Change
Aged 0 - 15	55,800	60,900	5,100	9%
Aged 16 - 64	187,900	243,100	55,200	29%
Aged 65 and over	42,300	47,900	5,600	13%
TOTAL	286,000	351,900	65,900	23%

Cardiff is also building a reputation as one of the UK's most 'liveable' cities which is attracting more and more people to come and live in the city. According to the Office of National Statistics (ONS), Cardiff is predicted to have the second largest population growth of any town or city in the UK over the next 20 years. The Local Development Plan (LDP) makes provision for 41,100 new dwellings and 40,000 new jobs between 2006-2026. This will provide an extra strain on operational delivery across the board, and will require intelligent forward planning to provide an appropriate level of access to services, particularly in the major new communities that will be created in the north-east and north-west of the city.

Furthermore, there is particular growth expected in older and younger age groups in the city. Specifically, between 2013 and 2033 the city's population aged 85 or over is expected to grow by more than 80%.

Table 3: 2011-based local authority population projections for Cardiff

	2013	2033	Change	% Change
All ages	353,713	445,026	91313	26%
Aged 15 and under	64,533	82,782	18249	28%
Aged 16 to 64	241,315	289,233	47918	20%
Aged 65 and over	47,865	73,011	25146	53%
Age 85+	7,132	12,831	5699	80%

Together, financial cuts, growing demand for services, and rising customer expectations create a significant challenge for the Council that requires a radical change to the way in which services and the property estate have traditionally been delivered.

Corporate Plan

The Corporate Plan sets out what the organisation will do to achieve the administration's priorities. It reflects how the organisation responds to the views of citizens determined through an on-going programme of consultation as well as budgetary and service area pressures. In addition, the Corporate Plan also references other key corporate considerations, including strategic equality objectives, outcome agreement objectives and the recommendations of the Welsh Audit Office Corporate Assessment. The plan sets out some of the new corporate values that will underpin the Council's Organisational Development.

As part of the Corporate Plan the Council has identified four clear priorities and property will play an important role in supporting delivery against these:

- Education and skills for people of all ages
- Supporting people in vulnerable positions
- Sustainable economic development as the engine for growth and jobs
- Working with people and partners to design and deliver services

Figure1: Corporate Values & Priorities



The Council is facing a clear choice – to either manage decline in the face of ever diminishing resources, or to revitalise the way the organisation works in order to meet our priorities. To do this the Council is implementing an Organisational Development Programme that aims to change the way the Council operates so that it can respond to these challenges in a positive way, rather than accepting a declining organisation.

Organisational Development Programme

In May 2014 the Council embarked upon an Organisational Development Programme (ODP) to deliver change and improvement across the full breadth of Council services in the face of severe financial and service delivery pressures. The ODP outlines ten principles that will underpin the development of the organisation over the next three years:

- **Creating services with people** – by working with people and communities services can be designed and delivered that respond to their specific needs.
- **Creating a city for people** – Cardiff's strength is that it is a capital city on a human scale.

- **One Council, One Cardiff** - the way that the Council is organised in the future needs to reflect the fact that the Council is one organisation with clear priorities and processes that prevent duplication and unnecessary complexity.
- **Working beyond our boundaries** – in light of the recommendations of the ‘Williams Commission’ working with neighbouring authorities on public service delivery and on strategic development issues will need to be accelerated.
- **Investing in prevention and early intervention** – the Council must become a predominantly proactive rather than reactive organisation.
- **A strong commercial focus** - in a difficult financial environment taking bold steps to provide new income streams and reduce current operating costs will be important.
- **Exceptional performance management** - the ‘Williams Commission’ identified performance management as a key issue facing the Welsh public sector.
- **A Council that values openness and engagement** - it has never been more important to clearly explain the issues to local people, communities, partners and staff; to listen to and understand their views; and to harness their ideas and energy.
- **A strong commitment to developing our workforce** - the Council will become more, not less, dependent on the quality and dedication of its workforce.
- **An organisation that embraces new ways of working** – new approaches to delivery will play a key part in ensuring the sustainability of public services.

The Council's property estate has a central role to play in the Organisational Development Programme. A number of specific priorities have been identified which come together as one of the core themes of the strategy. The key property related priorities in the plan include:

- Rationalise and modernise the Council's operational estate to reduce costs and to assist with delivery of the Council's improvement plan.
- Deliver the Schools Organisation Programme.
- Deliver the Office rationalization Programme
- Deliver the Community Hubs Programme
- Improve the performance of the Investment Estate to maximise income.

One of the most important changes to the way in which the Council has managed its estate in recent years (introduced by the ODP) is the mainstreaming of work to improve the schools estate. For the first time, the Schools Organisational Programme will now sit at the heart of the Council's work on modernising its operational estate, in full recognition of the scale of the schools estate and the potential offered to transform the way in which services are delivered in communities.

In addition to the specific priorities for improvement to the property estate, there is also recognition of the catalytic effect that property can have on stimulating and accelerating change more broadly. In particular it is recognised that the quality of environment *'can set the tone for how citizens feel about the services they receive and can underpin the morale of the staff that provide them'*.

Structure of the Report

Following on from this introductory section, Section 2 of the report provides a brief overview of the 'State of the Estate' to highlight the key issues and challenges that need to be addressed by the Strategy. A full and more detailed 'State of the Estate' analysis will be provided as part of the annual Corporate Asset Management Plan to be delivered at the end of each financial year.

Section 3 of the report presents the high-level vision and objectives that will provide the policy basis for all of the Council's property related activities and actions moving forward.

Section 4 outlines the key principles of the strategy and themes of activity for each of the three main areas of the Council's estate, namely: schools; offices; and community buildings.

Section 5 describes all of the new arrangements that will be put in to place to enable delivery of the Council's property vision and the property aspects of the Organisational Development Programme, including new governance and decision making arrangements.

Section 6 provides an overview of the approach to measuring the performance of the Council's property estate including how the Council intends to review and benchmark the performance of the estate on an annual basis.

The final part of the report provides a number of appendices for reference.

Section 2: State of the Estate

Introduction

The City of Cardiff Council has over 1000 properties with an estimated existing use value of over £1billion. This represents a considerable part of the built environment and urban fabric of the city. The Council's property estate consists of property to support delivery of services (the Operational Estate) and properties held to generate income and/or support economic, social and/or environmental outcomes (the Investment Estate).

Operational Estate

Operational property is directly managed by the Authority either to deliver services to the public through schools, libraries, leisure centres, homes and day care facilities etc. or to facilitate service delivery via back office, store and depot facilities. The Council also owns and manages extensive land assets primarily for the purposes of Parks, Council Estates and the Harbour at Cardiff Bay.

- 523 operational properties.
- £1billion existing use value.
- Total Operational GIA = 726,823 sqm.
- 64% of Gross Internal Area (GIA) relates to schools.
- Almost 60% of the estate is considered to be in a 'Poor' or 'Bad' condition.
- Operational running cost per annum = £34,357,855
- Capital maintenance spend per annum = circa £20m
- Maintenance backlog = £104,839,758
- A total of 9,670 work items exist for the operational estate end of 2013/14
- Total capital receipts 2013/14 = £10,731,275

Operational Estate	
Schools	122
Offices	49
Community Buildings	97
Other (Parks, Highways etc.)	255
Total	523

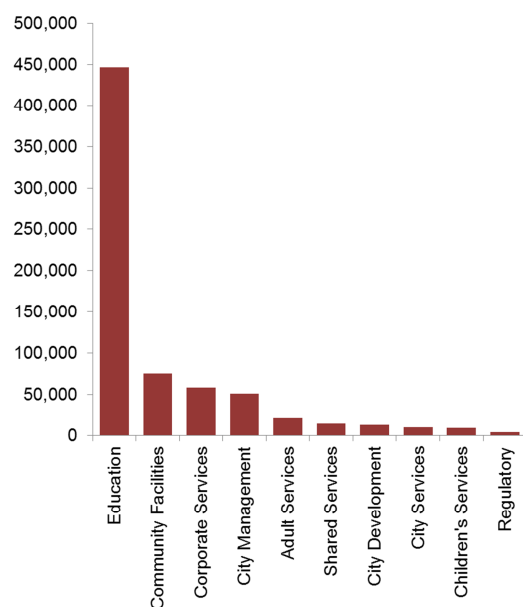
Table 4: Operational property Gross Internal Area (GIA) divided by Service Area 2013/14 (Based on previous definition)

	GIA	% Total
Education	447,043	64%
Community Facilities	75,498	11%
Corporate Services	58,523	8%
City Management	51,160	7%
Adult Services	21,345	3%
Shared Services	14,283	2%
City Development	13,349	2%
City Services	9,795	1%
Children's Services	9,166	1%
Regulatory	4,426	1%

Table 5: Operational Property by Service Area 2013/14

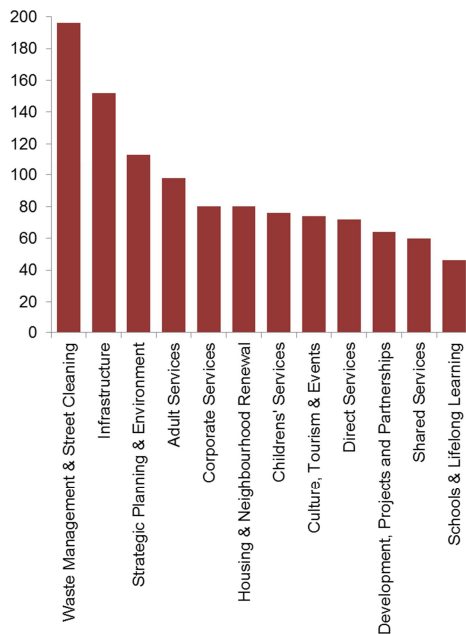
Education	180	Primary schools, secondary schools, special schools plus caretaker homes
Leisure	154	Parks, historical buildings, theatres, leisure and play centres, sports facilities, libraries, community centres
Housing	12	Area offices, homeless units, advice bureaus
Social	33	Day centres, community facilities, child & family establishments
Harbour	7	Extensive land, water and property assets
Highways and Transport	17	Car parks and land for highways provision

Council Property Footprint by Function (m²)

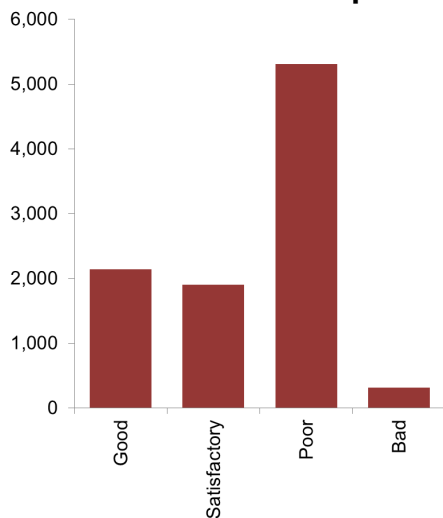


Service	Area (m2)
Education	447,043
Community Facilities	75,498
Corporate Services	58,523
City Management	51,160
Adult Services	21,345
Shared Services	14,283
City Development	13,349
City Services	9,795
Children's Services	9,166
Regulatory	4,426

Cost per m² (£)



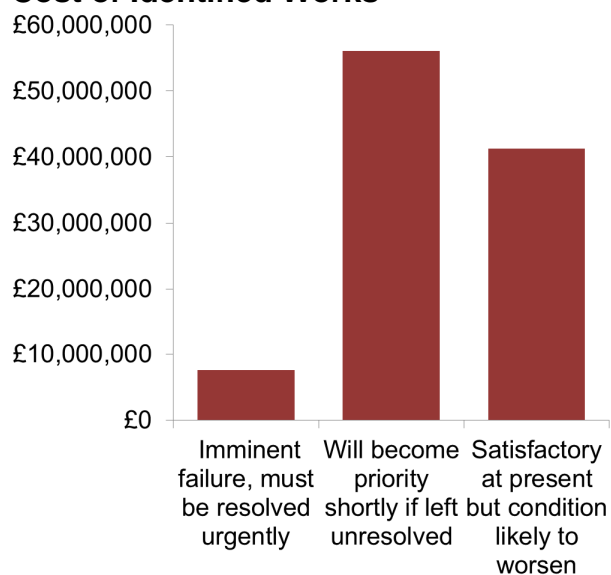
All identified works in operational Council property by Condition type 2013/14



Service 2013/14	Cost per m2
Waste Management & Street Cleaning	196
Infrastructure	152
Strategic Planning & Environment	113
Adult Services	98
Corporate Services	80
Housing & Neighbourhood Renewal	80
Childrens' Services	76
Culture, Tourism & Events	74
Direct Services	72
Development, Projects and Partnerships	64
Shared Services	60
Schools & Lifelong Learning	46

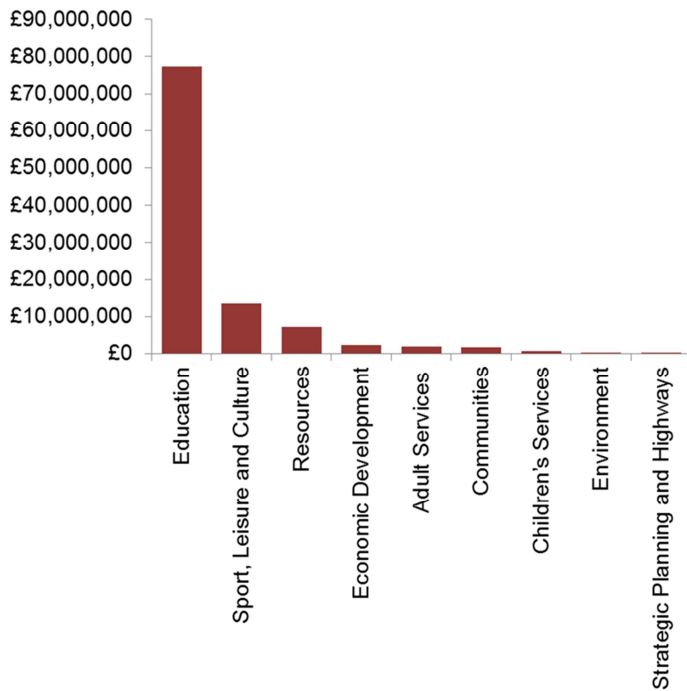
Condition Type	No of Identified Works
Good	2,141
Satisfactory	1,905
Poor	5,307
Bad	317

Cost of Identified Works



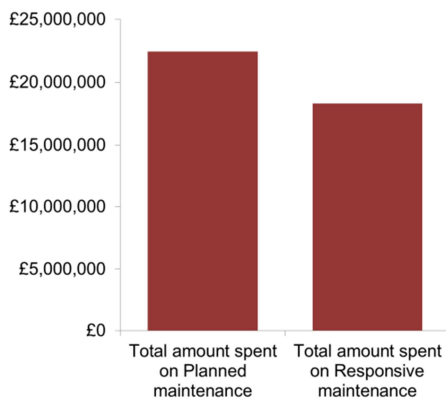
Priority Type	Cost of Identified Works
Imminent failure, must be resolved urgently	£7,544,665
Will become priority shortly if left unresolved	£56,045,197
Satisfactory at present but condition likely to worsen	£41,249,896
TOTAL	£104,839,758

Total Priority Works Backlog



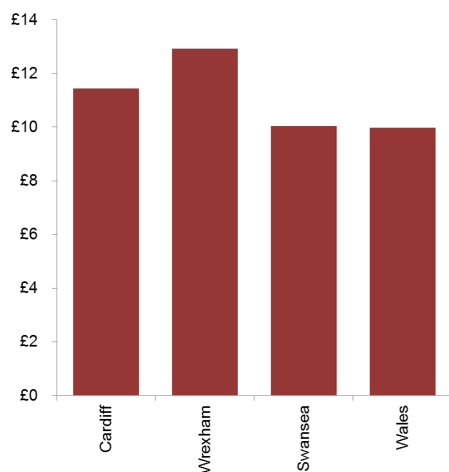
Service Area	Total Backlog
Education	£77,260,065
Sport, Leisure and Culture	£13,431,862
Resources	£7,269,750
Economic Development	£2,217,910
Adult Services	£1,868,351
Communities	£1,771,945
Children's Services	£679,550
Environment	£223,475
Strategic Planning and Highways	£116,850

The percentage of total expenditure spent on Planned and Responsive maintenance



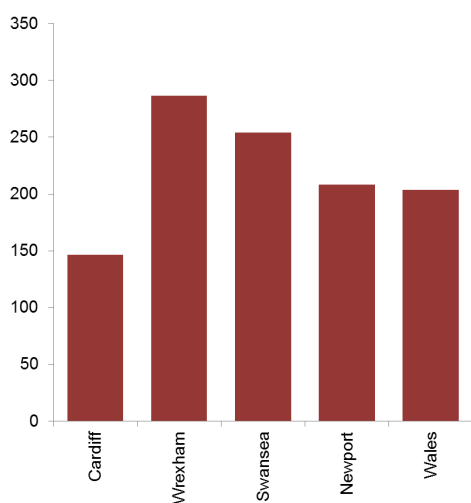
Item	Total 13/14 spend
Total amount spent on Required maintenance	£40,730,688
Total amount spent on Planned maintenance	£22,435,749
Total amount spent on Responsive maintenance	£18,294,939

The cost of energy use in all operational buildings per m2 of gross internal area (GIA)



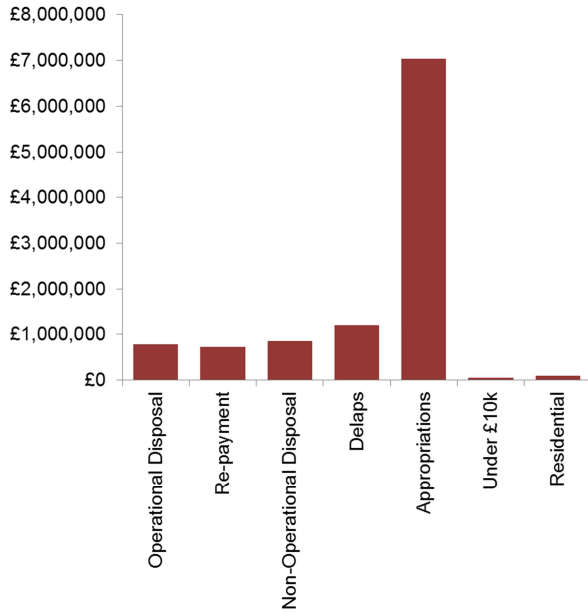
	2011/12
Cardiff	£11.45
Wrexham	£12.93
Swansea	£10.05
Wales	£9.98

The amount of energy used (kwh) in all operational buildings per m² of gross internal area



	2011/12
Cardiff	146.29
Wrexham	286.65
Swansea	254.00
Newport	208.16
Wales	203.63

All Cardiff Council Receipts 2013/14



	2013/14
Operational Disposal	779735
Repayment	720000
Non-operational disposal	849406
Delaps	1190000
Appropriations	7040000
Under £10,000	53678
Residential	98454

Investment Estate

In addition to its Operational Estate (buildings which the council directly occupies and manages to enable it to deliver its various functions) this estate comprises around 500 properties which the council does not directly occupy or operate. These properties are primarily held for socio economic, regeneration, or employment purposes. In summary they include:

- 2 Advertising Hoardings
- 4 Farms, let on agricultural tenancies
- 44 community lettings, e.g. Chapter Arts Centre, Scout Huts etc.
- 12 Car park site lettings
- 5 Churches or Associated Lettings, e.g. Careau Evangelical Church
- 10 Community Centres, e.g. Whitchurch Community Centres
- 6 Education or Training Centres
- 4 Garage sites
- 1 Heliport
- 27 Pubs and Clubs
- 6 Hotels , e.g. Holiday Inn, Moat House Hotel
- Cardiff Central Market, comprising 63 individual stall lettings.
- 11 Industrial sites, e.g. Land at Hadfield Road.
- 11 Office lettings
- 13 Residential lettings, e.g. individual flats or maisonettes.
- 84 Retail Shop Units let on a rack (full) market rent basis
- 60 Ground Rent Shop Lettings (land only)
- 227 Workshop starter Units on 9 estates, e.g. Willow brook, Lamby Way etc.
- 14 Miscellaneous Lettings, e.g. Gas Governors etc.

Letting arrangements vary considerably in terms of lease durations, specific covenants, and type, e.g. Full commercial tenancies; Ground rent lettings (land only) ; Freehold reversions where an initial financial premium was secured when the property was originally let with subsequent nominal or peppercorn income streams.

All these properties are let to individual tenants and produce gross annual revenue income to the Council of c £ 4m. They are managed by Strategic Estates who arrange lettings, rent reviews etc. as well as dealing with a wide range of day to day landlord- tenant management issues.

A national firm of property consultants has very recently been commissioned to undertake a high level strategic review of this portfolio with a view to providing the council with a general steer regarding future management options and direction of travel. The consultants' report will be completed by the end of November, and will then be available for in depth consideration by the council. At this stage it would be premature to anticipate its recommendations, but the council needs to ensure it derives maximum value for money from these assets; and that current arrangements for their ownership and management are either still appropriate or require a different approach. The consultants will also be commenting generally on the effectiveness of current arrangements for the management of the operational estate, and will be considering the inter relationship between these two types of property assets in terms of staffing resource deployment , together with identifying opportunities to exploit potential synergies for estate rationalisation.

Section 3: Vision, Aims and Objectives

Vision

“To make the property estate work better for the Council, its partners, and communities by providing fewer, but better buildings.”

The key aims of the strategy are to:

- Enable the Organisational Development Programme and support delivery of service improvement.
- Rationalise the estate to significantly reduce operational costs and the maintenance backlog.
- Modernise the estate to improve fitness for purpose and value for money.
- Maximise the potential of the total public estate in Cardiff.

Objectives

In this context, there are a number of strategic objectives that will help shape the Council's property related work moving forward, as follows:

[Further details of the specific changes to be introduced are provided in Section 5 of this report.]

Improve decision making by establishing Property as a ‘Corporate Asset’ to ensure all decisions are taken for the good of the Council as a whole:

What we will do:

Implement a new corporate governance structure by April 2015. This will involve:

- The establishment of a new Corporate Asset Management Board
- Introduction of new decision making procedures
- Seek the introduction of ‘Property Implications’ on all relevant Cabinet and Officer Decision reports

Improve corporate intelligence of the estate:

- Undertake a Fit For Purpose assessment of all Council property by April 2016
- Introduce a new ICT system to draw together a central repository for property information by April 2015

Improve prioritisation to ensure a clear link to the Corporate Plan and the Organisational Development Programme:

What we will do:

Develop a new framework for prioritising actions and interventions to modernise and rationalise the Council's estate:

- Introduce an annual Corporate Asset Management Plan to bring together a council-wide view of

all property related activities and to measure performance of the previous year's work by April 2015

- Nominate dedicated Property Partners from the Strategic Estates team to provide a single point of contact for service areas on all property related matters by April 2015
- Introduce Service Area Action Plans to be delivered annually as part of the service area business planning process to match service area property needs with business planning priorities and the service improvement programme by April 2015

Manage the delivery of the Assets and Infrastructure workstream of the Organisational Development Programme:

- Support delivery of the Schools Organisation Programme
- Support delivery of the Office Rationalisation Programme
- Support delivery of the Community Hubs Programme

Improve partnership working to help deliver better joined-up service delivery in communities and to realise additional value through maximizing the opportunities of economies of scale:

What we will do:

Provide dedicated capacity and a structured framework to better manage the identification of opportunities to collaborate and to prioritise activity between partners in communities:

- Nominate dedicated Property Partners from Strategic Estates to provide a single point of contact for each Neighbourhood Partnership Area by April 2015
- Introduce Neighbourhood Area Action Plans to be delivered annually as part of the Neighbourhood Partnership planning process to identify opportunities for collaboration across the public sector estate by April 2015
- Specifically improve the integration of the Schools Organisation Programme and the Community Hub Programme with corporate and neighbourhood area planning with particular emphasis on identifying opportunities for delivering new Community 'Campus' schools

Ensure a strong rationale for the use and ownership of property and value for money:

What we will do:

Develop a new framework for measuring the performance of the Council's estate:

- Introduce an annual Corporate Asset Management Plan to measure and benchmark performance of the estate against a set of standard public sector indicators by April 2015
- Introduce a set of new property related targets to drive service improvement through the Organisational Development Programme by April 2015

Lead by example through delivering high quality Council infrastructure in communities to support the creation of more attractive local environments:

What we will do:

Develop a programme of investment to ensure all Council buildings retained in communities are of a high

aesthetic and environmental quality:

- Undertake a Fit For Purpose assessment of all Council property by April 2016
- Use property development principles to unlock new funding opportunities
- Identify innovative procurement approaches to unlock additional funding/investment

Improve the performance and reputation of the Strategic Estates team:

What we will do:

Improve and better integrate property related activities across the Council:

- Nominate dedicated Property Partners from Strategic Estates to provide a single point of contact for each service area and each neighbourhood partnership area by April 2015
- Introduce clear Service Level Agreements between the Strategic Estates team and Service Areas by April 2015
- Better integrate the property related services provided by the Council including Strategic Estates, Projects, Design and Development and Facilities Management through the establishment of a new Operational Asset Board by April 2015
- Seek to provide property related services to partner organisations to generate income

Organisational Development – Property Related Targets

The Council will measure how it manages the performance of its estate using a number of standard public sector property indicators as outlined in Section 6 of this report. In addition, a number of property related corporate targets will also be monitored as part of the Organisational Development Programme to support the broader objectives of service improvement and organisational change.

Whilst these targets are framed to encourage performance, they are set in full knowledge and appreciation of the need for prudent decision making regarding the Council's future operational requirements, i.e. that whilst a saving or capital receipt may be realisable in the short term, it could be more financially beneficial over the longer term for the Council to hold on to an asset.

Furthermore, it is also understood that it takes time to fully realise improvements/benefits from property related interventions and therefore the effective and efficient management of the estate is expected to deliver greater impacts over a longer period, i.e. over the 5 year period of the Property Strategy rather than the 3 year period of the Corporate Plan/ODP.

Table X: Property Related Corporate Improvement Targets

Target	By April 2018	By April 2020
Revenue savings	£2m	£5m
Capital receipts	£10m	£20m
Rental income (per annum)	£5m	£6m
No of collaboration projects	10	15
GIA reduced (%)	10%	15%
Community campus schools initiated	1	3
Customer satisfaction (%)	80%	90%

Income from property services	£100k	£200k
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In terms of the Corporate Plan and the associated priorities and outcomes, the improvement of the Council's estate will contribute to some extent against all priorities. However, the modernisation of the schools estate will have the most significant impact by contributing directly towards educational attainment across the city.

“Quality rather than quantity.”

“We can no longer afford to deal with the Council's estate in isolation.”

“Public facilities are of a standard that people are proud to use and own.”

“Community services will be focused around hubs.”

Section 4: The Strategy

Introduction

This section of the report outlines how the Council intends to go about improving the performance of its estate.

The strategy is structured around the three key areas of the Council's estate, namely: schools; office accommodation; and community buildings; and is underpinned by three cross-cutting key principles that form the basis of the strategy and the various action plans and activities that will be used to implement the strategy, as outlined in Section 5 of this report.

Key Principles of the Strategy

Modernisation – this involves improving the quality of the Council's estate through a programme of investment to provide modern, fit for purpose buildings. And in doing so: improve service delivery, customer satisfaction and staff morale; and significantly reduce the running cost of the estate and the maintenance backlog.

Rationalisation – this involves reducing the number of buildings managed and operated directly by the Council to reflect the emerging future shape of the organisation. And in doing so: significantly reduce the running cost of the estate and the maintenance backlog.

Collaboration – this involves improving the way the Council works across service areas and with public sector partners to join-up service delivery in communities. And in doing so: reduce the overall footprint of the public sector estate to reduce the running cost of the estate and the maintenance backlog.

The Strategy: Schools

Key points:

- The schools estate accounts for circa two thirds of the Council's total estate and therefore the modernisation of schools will have the greatest impact on improving the performance of the Council's estate as a whole.
- In order to accelerate and further extend the Schools Organisational Programme the Council will need to ensure that its investments in schools improvements are prudent and deliver more. Additional capital will also need to be identified by releasing sites for disposal as part of a comprehensive plan to meet current and future demand across the city. The adoption of innovative procurement practices and property development principles will help deliver additional investment opportunities.
- As part of this, the Council will need to rationalise the primary school estate (over time) to ensure schools are optimised to their full capacity and will seek to put in place a minimum school size for new schools of 2 forms of entry, with the potential to rise to 3 forms of entry to deal with future demand.
- Where new schools are being constructed, their potential to accommodate community facilities will need to be explored. This will help to improve and maintain provision of facilities in communities and through the rationalisation of poor quality existing community buildings could generate a capital contribution towards the new schools scheme.
- Locating new schools adjacent to existing playing fields could significantly reduce the site requirement for new schools and could potentially ensure these facilities are retained and maintained to a high standard in communities.

The primary school and secondary school estate in Cardiff accounts for around two thirds of the Council's total property portfolio.

One of the key objectives of this Corporate Property Strategy is to underline the strategic importance of the schools estate to the performance of the Council's estate as a whole, and also the potential for the schools estate to support the future operating model of the Council much more effectively than it does at present.

The schools estate faces a number of challenges:

- Much of the school estate is old and in poor or bad condition and is therefore in need of considerable modernisation and investment.
- There is a major gap in condition and quality (fit for purpose) between newly provided schools and the majority of the estate which does little to ensure an even provision of educational facilities across the city.
- The day to day cost of operating the schools estate is getting more expensive due to the scale of the estate and the prevailing condition of the buildings. This is also creating a maintenance problem and a growing maintenance backlog.
- In some areas of the city there is a shortage of supply of school places, whereas in other areas there is over capacity. This is also true within localities where supply and demand can vary significantly between adjacent schools, based on reputation and performance. Furthermore, the Council is also committed to providing local schools for local children, so addressing the imbalance in sufficiency of places will be of increasing importance.
- At present the schools estate offers very little in terms of added value for communities over and above their roles as schools.

To address these challenges the Council has embarked upon a Schools Organisation Programme (SOP) which aims to unlock investment from Welsh Government through the 21st Century Schools Programme. This provides match funding to the local authority to assist in modernising the schools estate and to ensure sufficient school places are available when and where they are required.

Since 2011, the Council has been working on its initial £137 million allocation from the 21st Century Schools Programme. It has achieved notable success to date with over £100m of schools schemes either completed or committed. Some 8 School Projects have been completed, including improvements to Welsh and English medium primary schools in Whitchurch and the building of Ysgol Gymraeg Treganna, which is a new three form entry welsh medium primary school in Canton. There are also a further 9 school projects committed currently, including a new two form entry English medium primary in Pontprennau and a new eight form entry high school in the East, which is being developed in partnership with Cardiff and Vale College. This will replace the former High Schools of Rumney and Llanrumney.

It is recognised however, that this Programme will need to be accelerated over the coming years if it is to fundamentally transform schools in Cardiff and have a positive impact on the performance of the Council's property estate as a whole. It is for this reason that the strategic direction of the 21st Century Schools Programme is currently being realigned and refreshed. It is important that this programme of works now looks to achieve best value from the remaining funding and that the Council explores all the appropriate innovations in both design and procurement.

The realignment of the programme will be based on 4 key objectives:

Educational Attainment – Driving up standards and improving educational outcomes and well-being for the learner so that all children and young people in Cardiff can maximise their full potential. The focus of this objective in particular will be at Key Stage 4 which is GCSE results and within the southern arc of the city where the lowest level of attainments are currently seen.

Sufficiency & Supply – Addressing the disparity between numbers and suitability of school places. That is essentially achieving a better match between the supply and demand of school places across the city

to ensure that we have local schools for local children. This will include in particular ensuring that schools are suitable for purpose and are modern, inspiring and high performing learning facilities.

Value for Money – Critical to the realignment of the programme is ensuring that our schools programme moving forward makes the very best use of the resources available. That we look to use ‘standardised designs’ and provide facilities that are sustainable and efficient in terms of carbon performance, use of resources, and flexibility to meet the future needs of learners and local communities. Also, that we utilise innovative procurement methods and partnerships wherever possible.

Community Focused – This is about ensuring that we strengthen the role of schools at the heart of their communities through the co-location of services, working in partnership and delivering additional specific community-orientated benefits. It is recognised that the Council must move towards a ‘lean assets’ strategy and ‘Community Focused Schools’ are considered to one of the most suitable and sustainable ways of achieving this.

High-level Review of the Schools Estate

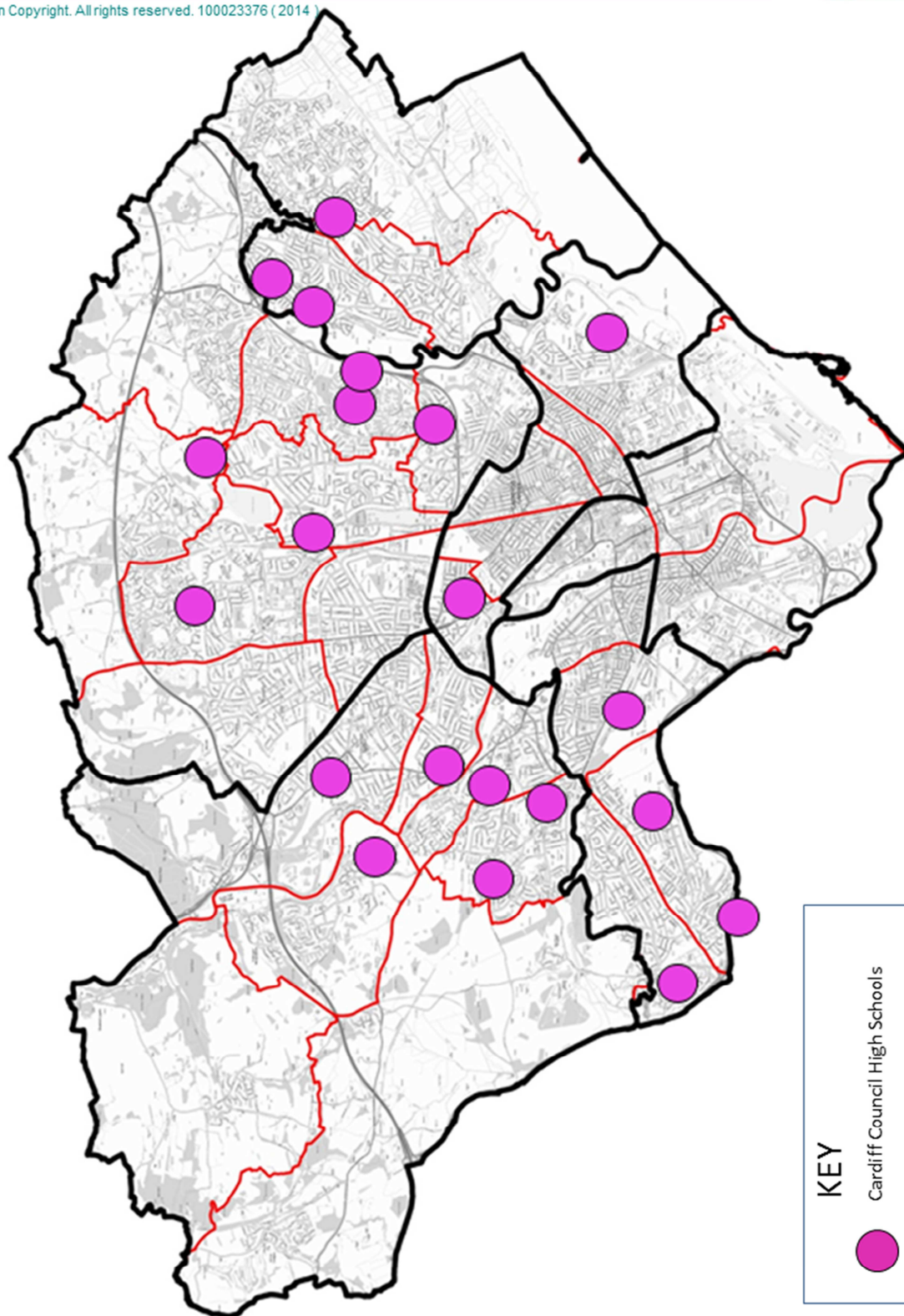
The Strategic Estates team and the Schools Organisational Programme team have initiated a high-level review of the schools estate with a view to refreshing the Schools Organisation Programme. The outcome of this review will need to be agreed with Welsh Government and other stakeholders in due course. The potential opportunities that will need to be considered are as follows:

- In regard to the secondary school estate, there may be potential to merge two under-performing/under-capacity schools to create one brand new modern school of optimum size. This could involve adopting property development principles including consideration of sites not currently in Council ownership.
- Traditionally the Council has sought to identify Council owned land for the provision of new schools. This is becoming increasingly difficult to deliver, especially in established communities, and particularly as the Council is committed to avoiding the development of public open space. The Council therefore needs to broaden its search for sites to include privately owned land or land owned by other parts of the public sector.
- Furthermore, the potential to locate new schools sites adjacent to existing Council assets such as playing fields or leisure centres could help to reduce the size of site required for the new school, for example, if the new school utilises public playing fields rather than having dedicated playing fields. This could also assist the Council in terms of the cost of maintaining such facilities. This principle has been the case with the development of the new Eastern High school where the adjacent playing fields are being used for the benefit of the new school development.
- As part of this, wherever a new school is being proposed, particularly a secondary school, there may be potential to design in a range of community facilities such as leisure facilities, libraries, community halls etc, to provide better facilities for schools, and to retain facilities for use in communities. ‘Community Campuses’ of this nature are being delivered across England and are already in place in some authorities across SE Wales. A good local example is the new Aberdare Community School nearing completion at the former Michael Sobell Sports Centre site at Cwmdare which will merge 3 former schools into one new super school and combine with a leisure centre and community hub.
- In order to accelerate the modernisation programme it is essential that the Council adopts an innovative approach to the procurement of new schools. Significant economies of scale are available in the market place if the Council is able to procure more than one school at a time. A key part of this is wherever possible to move towards standardisation of design. Not only will this reduce the cost of build, but it will also significantly reduce the cost of facilities management and maintenance over the life-time of the school. Furthermore, opportunities exist for new schools to be delivered as ‘total building solutions’ where the full life costs of the building are rolled into the initial contract.
- There are almost 100 primary schools in Cardiff and to ensure all schools are operating at their optimum capacity there may need to be some rationalization of provision.

- It is proposed that new primary schools should be built at a minimum size of 2 forms of entry and have the potential to be expanded to 3 forms of entry if required to meet demand.
- In terms of the ambition to bring all schools up to the standard of the best, there are a number of small schools in built up areas that are operating on extremely constrained sites and lacking basic facilities such as sufficient outdoor space. The constraints on these sites provide little potential for significant expansion and the lack of alternative sites in close proximity suggests that in these circumstances, and where planning regulations permit, the Council may need to consider more radical/modern solutions.

All Cardiff High Schools

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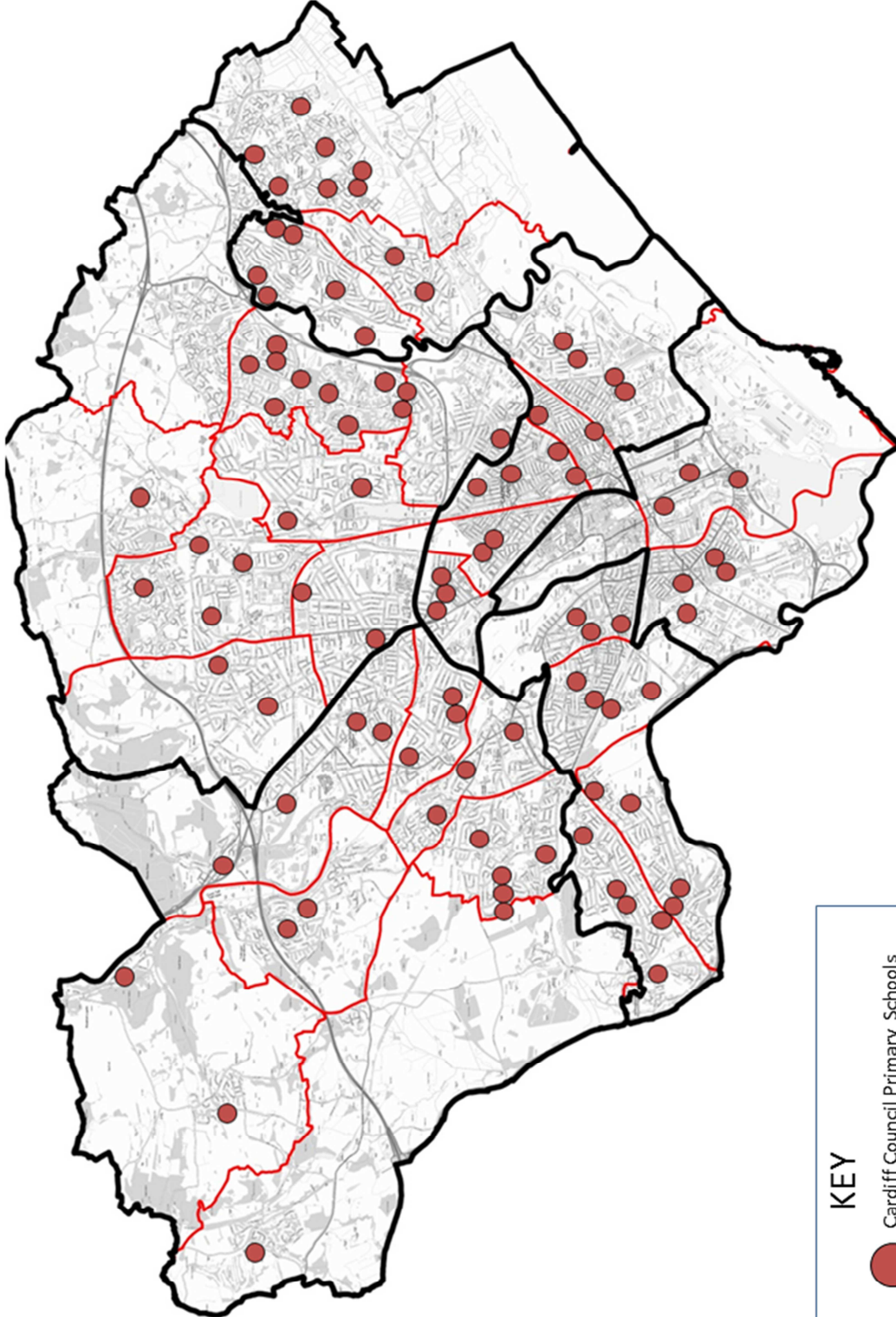


All Cardiff Primary Schools

LAND AND PROPERTY STRATEGIC STATES
PROPERTY INFORMATION
ECONOMIC DEVELOPMENT



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The Strategy: Office Accommodation

Key points:

- The Council's office footprint will need to reduce even further over the next 5 years to reflect the changing size and shape of the organization and modern working practices.
- The majority of the Council's office estate is outdated, in a poor condition and in need of significant investment and modernisation.
- The modernisation of the Council's 'core' office requirement offers the greatest potential for delivering measurable improvements in property performance as well as delivering a significant level of savings back to the Council.
- Whilst there is already a significant maintenance backlog, substantial additional investment will be required to bring any retained office buildings up to a standard that would make them fit for purpose over the next 20-25 years.
- There are emerging opportunities to improve public sector collaboration and to deliver economies of scale through the delivery of a Public Sector Office Hub in the city.

The CIPFA National Property Performance Management Initiative Annual Report highlighted that:

“Many authorities have reviewed their office estate in recent years, usually with an emphasis on better utilisation and lower cost, often accompanied by the introduction of new ways of working. Average operating costs per office workstation have fallen by nearly 15% between 2010/11 and 2011/12. However, this headline reflects the scale of the 2010/11 “blip” and hides massive variations between authorities, ranging from below £750 to almost £2,800 per workstation. It is acknowledged that this will be significantly influenced by local market factors – but we note that one of the lowest figures relates to a London Borough, and one of the highest to a provincial city”.

After schools, the Council's office estate represents the next most significant area of property use. The Council has been implementing an office rationalisation project over a number of years, known as 'Our Space', and by the end of this financial year will have reduced its office estate from 49 to 35 buildings. The majority of staff are now concentrated in 4 core buildings: County Hall; City Hall; Global Link; and Wilcox House; with the latter two rented at a cost of circa £1.2m per annum and the former two in need of major refurbishment to make them fit for purpose over the longer term.

Much of the Council's remaining office based estate is considered to be out-of-date and there is a growing maintenance backlog issue. Furthermore, these maintenance backlog costs do not take full account of the costs of refurbishing buildings to a standard that would make them fit for purpose for the next 20-25 years, i.e. to raise them to a comparable standard as new buildings. This is an important consideration, as the introduction of modern working practices offers the greatest potential to reduce the office footprint, and in turn operational costs. Modern working practices support more flexible working arrangements, including providing a reduced number of work stations and less work space per desk, which add up to smaller buildings. Flexible working, space sharing and hot-desking are all relatively commonplace activities in the modern office and these arrangements are now standard practice in both the public and private sectors across the UK.

Technology is also significantly changing the way we work, from both the accommodation and service delivery perspective. Remote working is now something that can easily be undertaken, with developments in both digital communication speeds and security enabling greater access to data and information from shared resources. Technology is also having an impact on other property needs,

whether it is data storage, communications wiring or simply the size of equipment. Subsequently both the size requirements and flexibility of office accommodation has changed as a result. Improved flexibility means that it is easier to change the use of areas, enabling a more responsive change to demand.

At present, the estimated revenue cost of accommodating office based staff in their current locations is in the region of £9 million per annum, excluding costs associated with the maintenance backlog.

Office Rationalisation Programme

A substantial office rationalisation project known as 'Our Space' was introduced in 2010 to reduce the Council's office footprint and to start to introduce modern workplace arrangements. As part of this, 14 buildings have already been released, or are in the process of being released with a view to savings being realized within this financial year (2014/15).

In recent months, as part of the Organisational Development Programme, an updated Office Rationalisation Programme has been introduced (see details at Appendix 2) with the aim of releasing a further 15 buildings over the next 3 years, to deliver circa £1m of revenue savings and circa £6m of capital receipts.

Phase 1 (2015/16)

- Global Link
- Charles Street
- The Mynachdy Centre
- The Howardian Centre
- St David's House
- Marland House

Phase 2 (2016/18)

- Radyr Court
- The Rise, Penhill
- Suffolk House
- Cord House
- 32 Cowbridge Road West
- Dominions Way
- Gabalfa House
- Motorpoint
- Ty Canna

This programme will see the Council's office estate reduce down to 3 core office buildings – County Hall, City Hall and Wilcox House - and the following 17 office buildings in communities:

- Occupational Therapy Store, Lambourne Crescent
- Environmental Building, Cardiff Bay
- Castle Project Team, City Centre
- Market Road Day Centre, 46-48 Market Rd
- Ely Family Centre, Grand Avenue
- West Services Resource Centre, 91 Grand Avenue
- Queen Alexandra House, Cardiff Bay
- Friary Centre, City Centre
- Old Library, City Centre
- John Reynolds Centre, Shaw Close
- Lamby Way Cleansing Depot / Offices
- Wedal Road, parks DSO Office/Depot
- Radyr Court, Radyr Place
- Flying Start, Harlech Suite
- Flying Start, Monmouth Suite
- Flying Start, Pembroke Suite
- Cardiff Flying Start, Atlantic House

In addition to rationalisation the programme has delivered investment to modernise the estate that has enabled buildings such as County Hall and in particular Wilcox House to accommodate a greater number of people. Wilcox House for example now accommodates an additional 300 staff. By the end of this financial year the project will have delivered £940,000 of revenue savings and circa £3m of capital receipts.

Over the last 12 months the Council has re-evaluated the strategy relating to. Under the Our Space project the strategy was to reduce down from 4 core buildings to the 2 core buildings in Council ownership, i.e. County Hall and City Hall. This proposal has raised concerns regarding the number of additional people that would need to be accommodated at County Hall, and to a lesser extent at City Hall, and the full associated costs of implementing this proposal.

A review of the proposal has been undertaken, supported by external advice which considered 3 potential options:

- retaining all 4 buildings.
- rationalise in to the 2 Council owned buildings – City Hall and County Hall.
- build a new purpose built headquarters building.

The outcome of this work suggests significant savings could be realised through the development of a new purpose built headquarters building as well as improvements to customer access to services. The Council is now undertaking work to test these findings in more detail through a business case process.

As part of this, the Council is engaged in discussions regarding the potential delivery of a new 'Public Sector Hub' environment that will encourage large scale collaboration across public services in Cardiff with a view to realising significant economies of scale.

High-level Review of the Office Estate

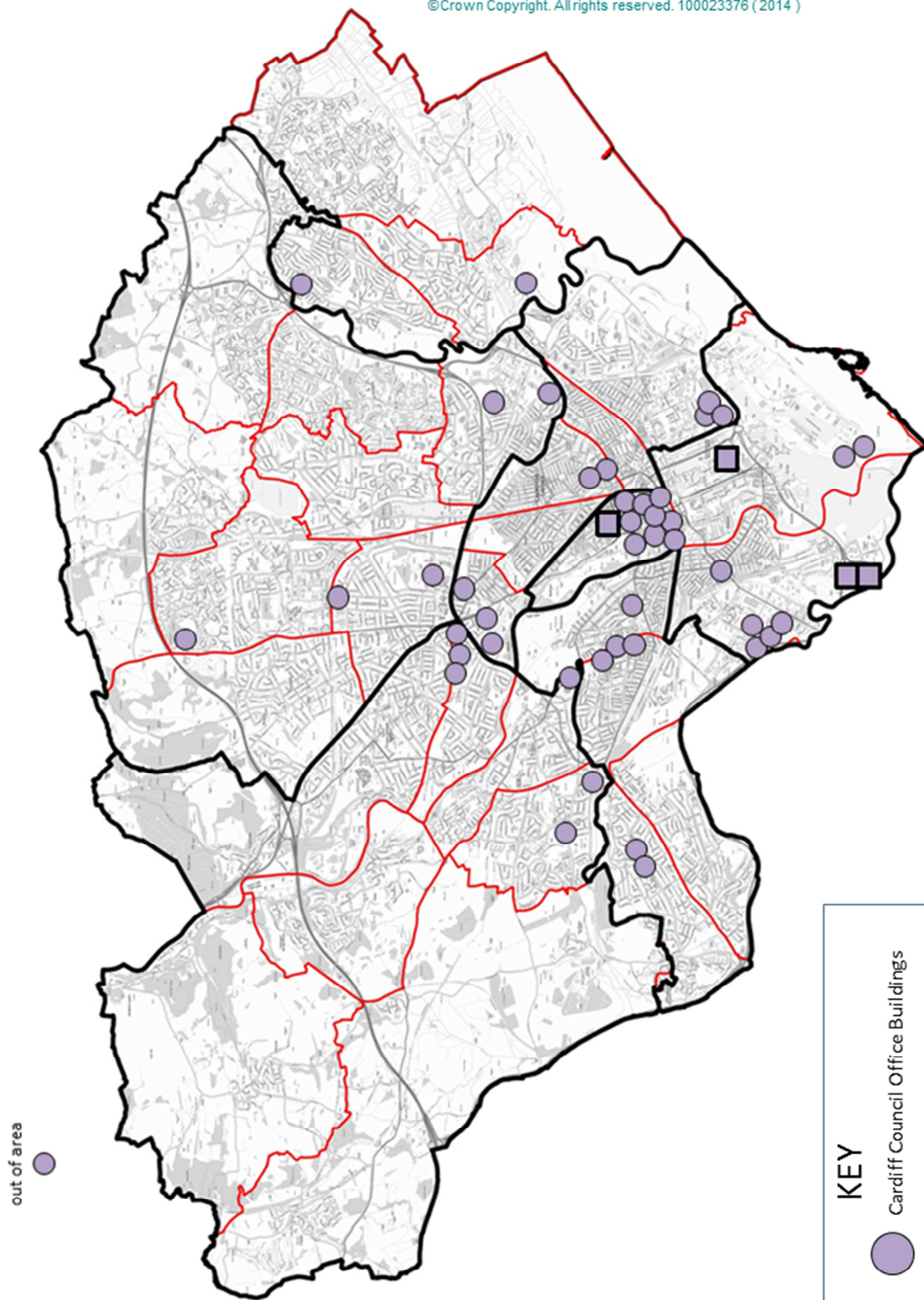
In recent weeks, working within the context of the Organisational Development Programme, the Council's Strategic Estates team and representatives from the former 'Our Space' project team and other relevant service areas have undertaken a high-level review of the Council's office estate to seek to further extend the benefits of the Office Rationalisation Programme. Appendix X provides an overview of the current proposals for the office estate.

A number of general observations resulting from the recent review of the office estate are provided below:

- The development of a new Council headquarters building offers the greatest potential for delivering measurable improvements in property performance as well as delivering a significant level of savings back to the Council.
- The refurbishment of County Hall and City Hall to a standard where they would be fit for purpose for a 20-25 year period and capable of enabling modern working practices would cost significantly more over the 25 year period than a new building.
- The development of a new office building could be funded from within existing budgets and could release a saving back to the Council in excess of £3m per annum. It could also make a significant contribution towards the corporate priority to create jobs.
- Given the extent of capacity within the Council's owned estate the Council should release itself from all lease arrangements at the earliest opportunity.
- Of the 17 retained offices, there is potential to relinquish a further 5-6 properties in the next few years pending service area reviews/projects.
- The changing shape of the organization, coupled to modern working practices and technological innovations offer further scope to reduce the Council's requirement.
- There are emerging opportunities to improve joined-up service delivery and to realise economies of scale through the delivery of a Public Sector Office Hub in the city.

All Cardiff Office Buildings

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The Strategy: Community Buildings

Key points:

- The quality of community buildings is generally poor and there is a significant maintenance backlog. Rationalisation of the estate is inevitable as direct service area provision will reduce over time.
- Possible solutions include disposal by way of Community Asset Transfer (CAT). Empower local community groups and charities to take a lead role in service provision within their communities.
- The Council needs to lead by example to create high quality community environments and facilities that best suit the needs of local residents.
- Modernisation of schools estate offers the biggest opportunity to rationalise community buildings and to integrate community facilities within new school developments.
- There need to be a much stronger link between the Schools Organisation Programme and the Community Hubs Programme.

The Council's community based estate has grown organically over time to cater for a variety of service delivery models over the years. As a result the Council has a disparate group of buildings of different quality in different locations across the city. Whilst many of the Council's community buildings are much loved and serve the community well, the property portfolio as a whole does not work efficiently or effectively in delivering public services.

The sporadic nature in which the community property estate has evolved over time has left the Council with a number of properties that are underutilised and some which have even closed completely. Empty properties present the Council with a number of concerns; a diminishing value asset, deterioration in condition, ongoing revenue costs, a security risk, and an opportunity cost.

The community buildings estate has a maintenance backlog of approximately £12m. The Council needs to divest itself of some of these properties, and this provides an opportunity to improve service delivery in local communities through collaboration, community involvement and alternative methods of delivery.

The community estate provides a plethora of properties which are exemplified below:

Table X: Example Community Buildings

Leisure	Parks, Historical Buildings, Theatres, Leisure and Play Centres, Sports Facilities, Libraries, Community Centres
Housing	Area Offices, Homeless Units, Advice Bureaus
Social	Day Centres, Community Facilities, Child & Family Establishments
Harbour	Extensive land, water and property assets
Highways and Transport	Car Parks and Land for Highways provision

Given the collective challenges facing all public sector bodies in Cardiff it is essential to work together more closely to join up services. This could mean: co-locating services within community facilities or 'Hubs'; sharing assets or buildings; pooling budgets in appropriate areas to spend money more wisely; or introducing multi-agency teams to work with residents and communities to provide more integrated services in appropriate areas. This also applies to different departments within the Council. A 'One Council' approach will make services easier to access for residents and will involve improved working between departments. This response also means that instead of relying on largely building based services the Council actually goes into communities and provide services through outreach staff or mobile provision.

In addition, the shape of the estate will need to change to reflect changing demands for services. In particular, as more people have instant access to information via smart phones the Council will need to adapt to become more responsive to changing needs. A good example is the changing way in which people access library services through new technology such as e-readers and an increased demand for Wi-Fi and PC access.

As direct service delivery will change rationalisation of the estate is necessary. That is particularly sensitive for community buildings as they provide the basis of city infrastructure and services that the Council might not be able to deliver in the conventional sense in the future. The Quirk Review has detailed how communities can manage and take ownership of public buildings. The ethos is based on a relationship of trust and devolving power. Essentially, it is about giving local people a bigger stake in the future of their area.

In Wales support for community and social enterprise was taken forward by the Welsh Governments Joint Working Group which produced the Social Enterprise Strategy for Wales in 2005. This was updated with the Social Enterprise Action Plan 2009, which referred to the need to work on the perceived barriers of asset transfer to social and community enterprises.

Local Authorities across England and Wales have started the process of transferring properties to community groups and enterprises to deliver local services. The Council established its own process for Community Asset Transfers (CAT) which was adopted by Cabinet in March 2014. The process sets out a transparent method of disposal to community groups in appropriate circumstances.

Not all surplus community properties will be appropriate for CAT and therefore alternative conventional disposal methods should be pursued to generate capital receipts or additional revenue through a commercial property letting.

Consultation

The aim of this document is to encourage a discussion around the proposals for the Council's budget for 2015/16 and future years, and is linked to the extensive public engagement *'The Cardiff Debate'*. The Council is committed to being a co-operative council and in following the values based around openness, fairness, co-operation and collaboration. The debate encourages community groups and residents to design new ways of doing things and to actively involve themselves in the decision making process.

The *'Choices for Cardiff Consultation'* document sets out a number of proposed changes for each Cardiff neighbourhood and lists 78 community buildings (including the proposed new Hub developments) and services that are being considered for:

- Retention and possibly further developed
- Alternative operating model to be developed
- Community ownership, alternative use or disposal

The consultation responses will be collated and reviewed to enable the Council to better understand what community services and facilities are important, and determine whether we can better cater for community needs through alternative delivery models.

High-level Review of the Office Estate

In recent weeks, working within the context of the Organisational Development Programme, the Council's Strategic Estates team and representatives from the key relevant service areas have undertaken a high-level review of the Council's community buildings estate.

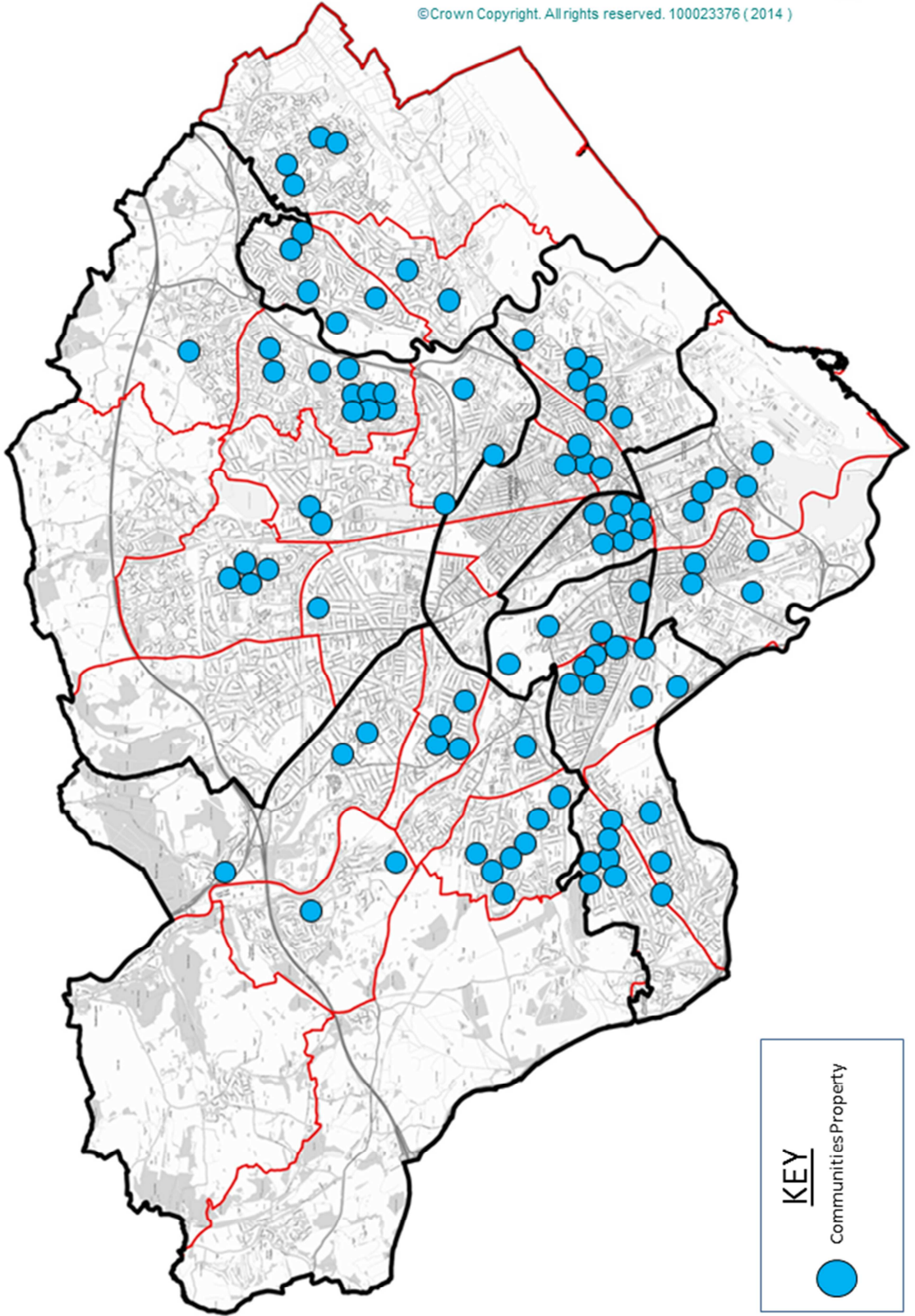
A number of general observations resulting from the recent work are provided below:

All Cardiff Community Buildings

LAND AND PROPERTY STRATEGIC STATES
PROPERTY INFORMATION
ECONOMIC DEVELOPMENT



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- Rationalisation of the community estate offers a major opportunity to reduce the operational costs of the Council's overall estate.
- There is major potential for further rationalisation over and above the existing proposals, particularly when the wider public estate is taken into account.
- The 'Community Hub' programme can be extended much further with the principle extended to a wider range of community facility types/uses.
- There is a major opportunity for schools to be at heart of the community hub strategy – especially where new schools are being constructed. Schools offer the potential for the consolidation of community provision, including leisure centres, libraries, health centres, catering facilities, community halls etc. 'Community Campuses' are already being delivered across England and SE Wales. The £50m new Aberdare Community School under construction on the former Michael Sobell Leisure Centre site at Cwmdare provides a good example of the consolidation of 3 schools and a leisure centre to provide one new super high school with an associated leisure centre and community hub.
- CATs reduce income, but transfer costs and liabilities. Where appropriate the Council can retain long term ownership through peppercorn leases.
- Consolidation of the wider public estate is a significant missed opportunity that needs to be addressed. The Cardiff Assets Group approach is not enough. A better mechanism is required to accelerate collaboration.

Section 5: Implementation

In order to deliver against the vision, aims and objectives of this strategy, new arrangements will need to be put in place by April 2015. In particular, new governance arrangements will be established to help the Council deal with property as a corporate asset - to improve decision making, and a series of annually monitored plans will be introduced to ensure property responds to the needs of service areas, as well as providing a basis for proper discussion and progress around collaboration. The key tool will be the Corporate Asset Management Plan, which will be supported by Service Area Action Plans and Neighbourhood Area Action Plans.

Better internal arrangements will also be established to support delivery of the Service Area Action Plans and Neighbourhood Area Action Plans. This will involve a dedicated 'Property Partner' being nominated from within the Strategic Estates team to act as a single point of contact for each service area and each neighbourhood management area. Decision making processes will also be improved through revised disposal procedures and new 'Fitness for Purpose' assessment process. The chart below provides an outline of the overall Corporate Property Strategy Governance structure.

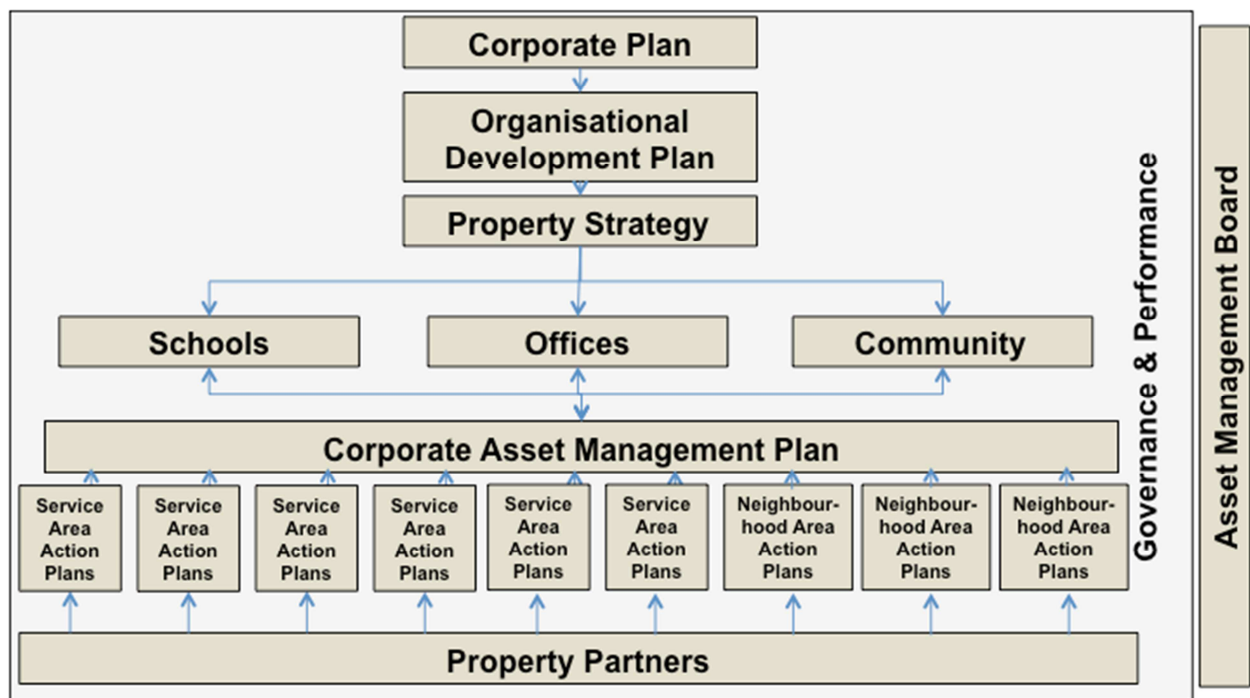


Figure X: Property Strategy Governance Chart

Organisational Development Programme

The Organisational Development Programme (ODP) aims to support a transition towards a new organisational model including:

- Reviewing the shape and scope of the organisation and the way in which services are delivered to meet demand;
- Widening opportunities for people and communities to shape services around their needs;
- Identifying delivery models that may be established to meet demand pressures and reflect budgetary realities;
- Identifying opportunities for further efficiency savings through better internal and external collaboration, integration of service delivery, and reducing duplication of effort and resources;
- Accelerating reviews of operational and non-operational property to ensure best use of our buildings;
- Significantly strengthening performance management, workforce development and engagement arrangements; and
- Promoting openness through increased citizen engagement and information sharing, enabling transparent decision making and providing clearer opportunities for people to participate in decision making processes.

The ODP is based on 5 themes, one of which is Assets & Infrastructure, which aims primarily to accelerate delivery of the Schools Organisational Programme, the Office Rationalisation Programme, and the Community Hubs Programme.

Within this context there are a number of property related initiatives being taken forward by the Council that have the potential to influence or be influenced by the operational estate. The Asset & Infrastructure programme now provides appropriate governance across all of these initiatives and a clear organisational line of sight that will improve future decision making. The main property related initiatives currently being taken forward by the Council include:

- Housing Partnership Programme II.
- Community Hubs Programme
- Parks/ Leisure Service Area Property Review.
- Cardiff Property Assets Collaboration Programme
- Review of Non Operational Property Estate/ Workshops Review.
- Office Accommodation Rationalisation
- Schools Organisational Programme
- Regulatory Services Joint Collaboration Initiative
- Community Asset Transfer Programme
- Children's Services Property Rationalisation
- Carbon Reduction in Buildings Initiative
- Energy Efficiency in Traditional Historic Buildings
- Management of Outdoors Land Initiative
- Meanwhile Community use of council land.

Corporate Asset Management Plan (CAMP)

This strategy proposes the introduction and mainstreaming of a Corporate Asset Management Plan approach to managing the Council's property estate. The Council has in the past attempted to introduce a CAMP, but has never managed to position it appropriately organizationally to enable it to have the desired impact. The intention now is to create a wrap of governance and activity around the CAMP to ensure it is able to effectively manage and monitor the performance of the Council's estate moving forward.

The CAMP will become the key property management tool for the authority and will provide a corporate view of all property related activities to be taken forward over the course of each financial year. The

CAMP will be agreed/approved annually as part of the budget setting process to ensure it closely aligns to both the Council's revenue budget and the capital programme.

In short, the Corporate Asset Management Plan will include:

1. Overall performance indicators for the city's operational assets
2. Trend and benchmark analysis of property assets
3. Overview of actions undertaken over the previous year
4. Assessment of need
5. Action plan of forthcoming financial year, including investment, disposal, regeneration and partnership activities.

In particular the Corporate Asset Management Plan will provide direction and support delivery of the 3 key programmes of activity around the estate: Schools Organisational Programme; Office Rationalisation Programme; and the Community Hubs Programme.

As the basis for measuring performance, the CAMP will provide a detailed 'State of the Estate' report and will monitor performance against a set of standard industry indicators benchmarked against relevant Welsh and UK local authorities.

Responsibility for delivering the CAMP will sit with the Corporate Estates Manager reporting to the Corporate Asset Management Board.

Service Area Action Plan (SAAP) – Office Accommodation

The Corporate Property Strategy also proposes to introduce new Service Areas Action Plans. These documents will plan each service area's property needs in line with changing demands and the changing shape of the organization outlining actions for implementation during the forthcoming year.

The Service Area Action Plan will be led by an assessment of need for the service area, that will outline the operational requirements in terms of service delivery and what this means in terms of their associated property portfolio.

As part of this process, each service area will identify their priority list of buildings to be taken forward for a fitness for purpose assessment, aimed at understanding whether the property fits the needs of the service areas specific requirements, and whether corporately the asset is being used to its full potential.

The Service Area Action Plan will be produced by the Property Partner in collaboration with the service area and will include:

1. An assessment of need – now and towards the future, capturing changing service requirements
2. A review of the existing estate – identify buildings for fitness for purpose assessment
3. An annual Action Plan for the service area

The performance of current assets held will be allocated to one of the following categories:

- Surplus to requirements
- Retain for existing purposes
- Improve financial and/or energy performance
- Promote partnership working
- Develop opportunities for improved service delivery

The plan will be reported to the Corporate Asset Management Board and will feed into the Corporate Asset Management Plan.

Neighbourhood Area Action Plans

A fundamental part of the delivery of the Property Strategy is greater collaboration between service areas and across public services in Cardiff. To this end, new Neighbourhood Area Action Plans will be introduced that will consider all public buildings within the 6 neighbourhood areas identifying opportunities to rationalize and collaborate.

Again, each neighbourhood area will be allocated a dedicated 'Property Partner' from the Strategic Estates' team who will be responsible for delivering the plan in collaboration with the Neighbourhood Area Partnership teams.

The plan will be updated annually and will include:

1. Assessment of need
2. Review of existing assets (including duplication and assessment of capacity)
3. Annual Action Plan

The performance of current assets held will be allocated to one of the following categories:

- Surplus to requirements
- Retain for existing purposes
- Improve financial and/or energy performance
- Promote partnership working
- Develop opportunities for improved service delivery

The plan will be reported to the Corporate Asset Management Board and to the Neighbourhood Management Board and will feed into the Corporate Asset Management Plan.

New Governance Arrangements

Corporate Asset Management Board

The Corporate Asset Management Board will oversee the delivery and performance of the Corporate Property Strategy, and the annual plans outlined above and will comprise:

- Chief Executive
- Director Economic Development
- Corporate Director Resources
- Director Education
- Director Communities, Housing and Customer Services
- Corporate Property and Estates Manager

The Corporate Asset Management Board will meet every quarter or as frequently as required.

Property Implications

It is proposed to introduce a new 'Property Implications' section to Cabinet and Officer Decision Reports where there are significant property implications to the decision being made. The Corporate Property and Estates Manager will be required to provide a corporate view of the implications on the property estate of the proposed decision. This proposal may require changes to the Council's constitution and therefore will need to go through the appropriate processes to gain adoption.

Stakeholder Involvement

Consultation is an important way of ensuring a match between demand and supply. The Corporate Property Strategy, through the Corporate Asset Management Plan, will be aligned with the Cardiff Debate to develop a comprehensive picture of perceived need in addition to management data collected as part of the Neighbourhood Action Plans and Service Area Action Plan.

Equality Impact Assessments (EIA)

The Service Area Action Plan supports the delivery of corporate priorities and the Neighbourhood Area Action Plans support delivery of priorities in the Community Strategy. These priorities will be cross checked within each document. EIA's will be undertaken as a part of the action plan for implementation.

Member Engagement

Cabinet - The Cabinet approves the overall Corporate Property Strategy, and will approve annually the Corporate Asset Management Plan and the Service Area Action Plan and Neighbourhood Area Action Plan as part of this process. The Cabinet also makes decisions on major asset related issues or initiatives that fall outside the remit of delegated powers for senior officers.

Cabinet Members will be consulted on the property decisions that relate to their specific service areas, e.g. the Cabinet Member for Education and Lifelong Learning will be consulted on all major decisions relating to the Schools Organisational Programme. The Cabinet Member for Corporate Services and Performance allocated with responsibility for asset management will also be consulted for all major property decisions.

Scrutiny – as well as the Corporate Property Strategy itself the annual Corporate Asset Management Plan and the Service Area Action Plans and Neighbourhood Area Action Plans will be presented to the Policy Review and Performance Scrutiny Committee annually.

Individual Members - at local level, Ward Councillors will be consulted on specific asset related issues affecting their local area and are also engaged through individual member enquiries and Neighbourhood Partnerships.

Property Partners

The Strategic Estates team will act as the corporate custodians of the Council's estate. The Asset Management Officer, will coordinate the process; service and support the work of the Corporate Asset Management Board; and maintain an oversight of emerging or changing property related initiatives and priorities. This role will be supported by the team's experienced group of valuers and chartered surveyors.

In order to improve the relationship between service areas and the Strategic Estates team each service area has been assigned a dedicated Property Partner from within the Strategic Estates team. The Property Partner will act as the single point of contact for the service area on all property related matters and will co-ordinate the work of the various property related services for the service area,

A Property Partner will also work with service areas to develop their Service Area Property Plans as part of their business planning process. The plan will articulate the service area's current and projected operational property requirements and will seek to marry the requirement against existing and potential future property assets. In particular, this approach will help to robustly manage demand for property and significantly assist with the challenge of reducing the Council's operational estate and associated running costs. The allocated Property Partners are as follows:

Service Area	Officer
Economic Development (Non Operational Estate)	Steve Watkins
Resources (Facilities Management)	Steve Watkins
Schools and Education	Sue Singer
Leisure Services	Steve Myers
Library Services	Steve Myers
Adults and Children's Services	Gerry Devine
Environment and Transportation	Gerry Devine
Harbour Authority	Tim Dodge
Major Projects and City Centre Management	Tim Dodge
Housing and Neighbourhood Renewal	Mike Williams
Communities	Mike Williams

In the same way a Property Partner has been allocated to each neighbourhood area to perform a similar function and to lead on the preparation of a Neighbourhood Area Asset Plan, as follows:

Neighbourhood Partnership Area	Officer
Cardiff East	Steve Watkins
Cardiff South East	Sue Singer
Cardiff West	Steve Myers
Cardiff South West	Gerry Devine
City Centre & South	Tim Dodge
Cardiff North	Mike Williams

Valuers are also available to provide specialist property related advice in the following respects:

Planning Gain and Section 106 Negotiations	Gerry Devine
Community Asset Transfers	Steve Myers
Property development option appraisals	Sue Singer
Asset Valuations	John Richards
Landlord and Tenant management	Steve Watkins

Property Intelligence and Data Consolidation

The Council has the benefit of a very comprehensive property database which compiles, analyses and disseminates a wide range of information regarding the performance of our property estate. This information is crucially important in enabling us to make informed decisions regarding the future

deployment of property: it tells us what it costs to run; how well space is utilised; whether the structural or internal condition of the property is a cause for concern; and whether the building is suitable for its current or intended use.

In order to improve the management of data across the organization further investment is taking place as part of the new Customer Relationship Management system that will consolidate the Council's property database to ensure information is held in one place and is comprehensive. By holding a centralised resource the Council will be able to monitor changes in performance, and make better decisions based on up to date and accurate information relating to both demand for services and supply of property. The intention is to have this new system in place by the end of March 2015.

Property Toolkit

Fitness for Purpose Assessments

In order to support a corporate view of property a standardised Fitness for Purpose Assessment will be undertaken on all property identified as suitable for review in order to ascertain the future use of the asset. The assessments will be undertaken by the Strategic Estates Team, and led by the appropriate Property Partner for that area. The assessments will consider:

- Average cost of running cost and maintenance in comparison with benchmark properties
- Demand for use in comparison with benchmark properties
- Current occupancy arrangements and effective utilisation of buildings.
- Building condition surveys
- Alternative use or development potential and value.

These assessments will inform the potential future use of operational assets, and will assist in determining a hierarchy of actions for poorly performing properties.

Disposal - Decision making process

A new standardized decision making process for disposals will also be introduced. As part of this process there is a presumption in favour of leasehold disposal rather than freehold disposal, particularly in the city centre and other key locations. The disposal decision making process will be based on the following criteria:

- The appropriateness of the building for delivering a particular service or range of services
- An assessment of potential alternative uses internally
- Potential alternative external uses
- Average cost of management and maintenance in comparison with benchmark properties
- Demand for use in comparison with benchmark properties
- Potential return of property in comparison with running cost
- Potential capital return and potential capital cost of best alternative

Service Areas are required to immediately relinquish their occupation of properties once their operational need ceases or upon provision of suitable alternative accommodation.

All leases of operational property will cease when current leases expire unless there is an overriding requirement for retention which cannot be met from within the retained estate which will require a Cabinet decision.

Buildings identified as being surplus to requirements by one service area may be made available to meet the needs identified in other service area property plans before being considered for disposal. If not

required for operational use they will be considered for other social and economic uses before being put forward for lease or disposal.

Once this information is provided, and in line with the criteria above, proposals will be taken to Cabinet to agree on any change of use or disposal of property.

Fundamentally, entering new leases, acquisitions, or new build arrangements will only take place where a conclusive business case can be made or the requirement cannot be met from within the retained estate and subject to a Cabinet decision.

Securing Investment

Modernising the Council's estate during times of financial constraint will be challenging. The Council will therefore need to be innovative in its approach to raising investment.

The Council will need to:

- Maximise the exploitation of existing assets including the adoption of property development principles to generate value;
- Explore a range of investment models including JVCs, PPPs, ABVs, Social Enterprises, CATs etc, to generate investment and transfer risk and liability;
- Explore modern procurement approaches to realise incentives from contractors (e.g. Buy One Get One Free on new schools using standardised designs);
- Collaborate with public partners to realise shared asset value, to deliver economies of scale, and to share risk and costs
- Explore innovative contractual arrangements including the potential to build-in total life costs.

Furthermore, in designing solutions for the future, the Council should consider privately owned land and buildings rather than automatically reverting to Council owned property. It may be more financially prudent to release an existing asset for an alternative use and to replace it with a new one.

Section 6: Performance & Review

The strategy aims to provide a framework for improving the performance of the Council's property estate. In response to the Organisational Development Programme and the Wales Audit Office Corporate Assessment the strategy puts forward a number of interventions to bring about change to the way in which the Council manages its estate to deliver better outcomes for the Council, its partners and communities. The nature of property requires a longer-term approach to the realisation of benefits and therefore the strategy relates to a period of 5 years. It is therefore even more important to monitor progress and performance on an annual basis to ensure the direction of travel is being maintained and that the objectives of the strategy are being delivered.

Currently the Council subscribes to the Welsh Government's Local Government Data Unit's (LGDU) Property Performance Benchmarking Initiative. Each year this collects a wealth of information in a systematic manner from all Welsh councils. In terms of benchmarking this information, Cardiff compares itself with the three other large urban areas of Swansea, Newport and Wrexham each of which have relatively similar property interests. Where significant discrepancies arise contact is made with our colleagues in these authorities to better understand the reasons behind them.

In addition to peer review, the information collected is used internally for trend analysis purposes plotting the performance of property over a two to five year period, thereby providing visibility as to what impact previous improvement measures have had. Various other benchmarking initiatives are also run by bodies such as CIPFA, ACES (Association of Chief Property Managers in the Public Sector); and COPROP (Directors of Property Services). Clearly, it would not be necessary to subscribe to all these forums as there would be a large measure of duplication. However, the Council has recently joined the Core Cities Group, and its Property Sub Group is currently in the process of engaging a leading property analyst company to develop a suite of appropriate key performance indicators and benchmarks specifically designed to facilitate more effective management of its members' property assets. It is intended Cardiff fully participate with this exercise as the measurement of our property estate against other very similar sized cities, e.g. Bristol, Edinburgh etc. will provide even more valuable intelligence than we currently derive from the LGDU.

For strategic management purposes it is intended in future to concentrate on the collation of a small number of high level Key Performance Indicators and property assessments which will be used to determine the direction of travel for our estate. Others will continue to be collected for broader benchmarking purposes. These will comprise:

- **Building Condition:** Categorising property into the four standard classifications of Good, Satisfactory, Poor, and Bad. This will provide a clear indication of the general state of our property.
- **Maintenance Backlog:** Assessing the total expenditure on required maintenance per m2 for the Gross Internal Area of each of the above condition categories. This will quantify the various levels of expenditure needed to rectify the identified deficiencies for each category and will directly enable us to determine the deployment of the Asset Renewal Programme budget each year.
- **Environmental:** Specifically focusing on the percentage change in the Display Energy Certificate (DEC) rating for each property, which will inform the implementation of the council's Carbon Reduction strategy.
- **Sufficiency:** This is a standard asset management measurement collected by occupying Service Areas which assesses whether the building, its layout, and the facilities and equipment provided are adequate for the effective delivery of the service delivered from the building.
- **Accessibility:** The Disability Discrimination Act requires Local Authorities to ensure that its buildings which are open to the public are fully accessible for those with disabilities. This Indicator measures this on a year on year improvement basis against the original survey undertaken several years ago.

- **Spend:** This will analyse the various categories of spend, and is an important measure to ensure we secure best value for money from our property, and do not waste our scarce resources.
- **Customer Satisfaction:** This can be an intangible measure, which will require in depth discussion with Service Areas to determine the value of endeavouring to collect this information. However, as we strive to ensure property users (customers, general public) derive appropriate benefit from accessing our buildings, it is important we address this measure.
- **Suitability / Fit for Purpose:** This is a very high level, important assessment which will, for the first time, look at a number of key factors relating to property performance in the round e.g. condition, structural integrity, accessibility, sufficiency, alternative use potential, value, location. Each property will be RAG assessed and this will help determine a hierarchy of future action:
 - Red:** property manifestly no longer appropriate which requires early attention.
 - Amber:** property which may require further consideration and review, or investment
 - Green:** property which is suitable for its current use, not requiring any attention.

In future it will be a key task for the Corporate Property Manager to ensure appropriate arrangements are put into place for this data to be collated in a timely manner, critically scrutinised and reported as a key feature of the annual Corporate Asset Management Plan. Relevant information will also be directly disseminated to all building operators to ensure they can make the necessary adjustments to the day to day operational use of buildings.

My Ref: T: Scrutiny/PRAP/Comm Papers/Correspondence

Date: 30 April 2013

Councillor Russell Goodway
 Cabinet Member - Finance, Business & the Local Economy
 Cardiff Council, County Hall
 Cardiff
 CF10 4UW



County Hall
 Cardiff,
 CF10 4UW
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Neuadd y Sir
 Caerdydd,
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Dear Councillor Goodway,

POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE: 17 APRIL 2013 NON-OPERATIONAL PROPERTY REVIEW

Following the Committee's consideration of the review of the Council's non-operational estate, Committee Members have asked me to relay the following concerns to you.

Members were very disappointed that you did not attend the meeting, feeling that your input in terms of the Cabinet's view was vital. While Members found the information presented by officers interesting, we were concerned that there seemed to be no vision or strategic direction for the use of the Council's non-operational property. The presentation given to the Committee included some quite specific officer options and recommendations for proceeding, but without an apparent aspiration or rationale having been set down by the Cabinet. For example, the recommendation to retain three city centre hotels while disposing of the others.

In the light of the Wales Audit Office's comments in recent years that public sector bodies should improve the way in which they manage their estates, it is imperative that a clear plan for the management of the Council's non-operational estate is put in place as soon as possible. The Committee has been concerned that this item has featured on the Cabinet's forward plan on a rolling basis for several months without being presented. This has made it extremely difficult for an effective scrutiny to be planned. Sufficient notice of a scrutiny item is important in order to meet the requirement of the Local Government (Wales) Measure 2011 in terms of public engagement. The delay may also have resulted in an increase in the Council's maintenance backlog. We therefore hope that you will ensure that it is on the Cabinet agenda in the near future.

In terms of the content of the Review, we were concerned that there was undue emphasis on the financial benefits of the Council's non-operational estate. Sufficient regard should be given to the potential social, community and economic benefits of either managing this estate more effectively within Council ownership or of disposal. Members were partly reassured by officers' comments that due regard is given through the Asset Management process to potential alternative Council uses of non-operational land and buildings prior to their disposal. We seek your assurance that future Council requirements and other possible benefits will be given sufficient weight against the potential monetary value when disposals are considered. It was noted that any disposal of land would need consultation with ward Members first. Any disposals valued above £1 million would need Cabinet approval. It was also noted that the Council's estate was currently providing a return of 6.4%.



Members welcomed officers' comments that they are seeking to obtain information regarding the performance of our non-operational estate as compared to other Core Cities, in particular Bristol and Sheffield. We noted that very explicit performance measures must be developed in order to allow a useful comparison.

While Members welcome the opportunity to contribute to policy development at an early stage, they do not feel that this is a substitute for full pre-decision scrutiny of a Cabinet report. All members of the Committee ask you to come before the Policy Review and Performance Scrutiny Committee together with the comprehensive and substantive draft report for the non-operational property review before it is submitted to Cabinet to enable this to take place. We noted the Corporate Chief Officer for Corporate Services' comments that the report would not be presented to May Cabinet, but that it may be presented in June. As the Committee intends to invite external witnesses to attend in order to aid their consideration, I would be grateful if you would confirm the timing of this item as soon as possible. If it is due to go to the June 2013 Cabinet, please could you let us know by 15 May so that we can plan its effective scrutiny.

We would ask that, prior to this, the Non-Operational Property Review is amended to include:

- A strategic vision for the use and management of the Council's non-operational property;
- A clear statement of the Council's intention to use this estate for social, community and economic advantage as well as for financial gain;
- Data permitting comparison of the performance of Cardiff against other councils and of other councils' governance processes regarding their non-operational property;
- A clear communication strategy for current tenants of these properties;
- Details of the asset management process, so that it is transparent where decisions about the disposal of land and buildings will be made and upon what basis.

Finally, given the planned additional review of Council-owned workshops and as the Committee believes that the potential economic potential of non-operational sites should be taken more strongly into consideration, I am copying this letter to the Chair of the Economy & Culture Scrutiny Committee as he may wish to take this issue into account in that Committee's 2013/14 work programme.

I would be grateful if you would ensure that the Committee's comments are responded to as appropriate. I look forward to welcoming you to the Committee in the near future.

Yours sincerely,



COUNCILLOR ELIZABETH CLARK
CHAIR, POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE

cc Christine Salter, Corporate Chief Officer (Corporate)
Charles Coats, Corporate Property & Estates Manager
Joanne Watkins, Cabinet Office Manager
Members of the Policy Review & Performance Scrutiny Committee
Councillor Craig Williams, Chair Economy & Culture Scrutiny Committee

County Councillor Russell Goodway
Cabinet Member for Finance, Business & Local Economy



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My Ref: CM24426

Your Ref: T: Scrutiny/PRAP/Comm Papers/
Correspondence

17 May 2013

Councillor Elizabeth Clark
Chair Policy Review & Performance Scrutiny
Cardiff County Council
County Hall
CARDIFF CF10 4UW

Dear Elizabeth

POLICY REVIEW & PERFORMANCE SCRUTINY COMMITTEE: 17 APRIL 2013
NON-OPERATIONAL PROPERTY REVIEW

I refer to your letter of 30 April 2013 in relation to your Committee's consideration of the above matter at its meeting on 17 April 2013. I regret that I was unable to attend but unfortunately I was engaged on other Council business which too longer to deal with than originally anticipated.

I am sorry that the Committee was unable to have sight of the of the full draft report prior to the meeting but until it is in a final form it would be unwise to place it in the public domain. I have no doubt that when it is available it will serve to address many of the concerns that your colleagues expressed at the meeting.

I am sorry to learn that your colleagues feel that there is a lack of vision with regard to the future direction of this element of the Council's estate. I am confident that there is a clear rationale behind the set of proposals that are currently being developed but, maybe, this needs to be made more explicit. I have, therefore, asked officials to work with me to develop a specific section in the report setting out a clear vision for the future utilisation of these important assets which will also reflect the social, community, and economic benefits of the estate.

Your letter also makes reference to the benefits of adherence to the Council's asset management planning processes and procedures, which I have noted.

The report has been competing with other priority matters for Cabinet time for some months. Unfortunately, competing priorities have prevented its earlier consideration. Having said that, a further, more in depth, review of the Workshop Estate is about to commence and it maybe that it will make more sense to bring these two strands of work together. I will be discussing these issues with my officials in the near future and the outcome of those discussions will dictate when it would be appropriate for this whole issue to be brought forward for Cabinet consideration.

/cont...

Please Reply To:

Cabinet Support Office, Room 529, County Hall, Cardiff CF10 4UW
Tel (029) 2087 2479



17 May 2013

Page 2

Councillor Elizabeth Clark

I note your request for a further presentation of the final substantive report to the committee prior to its consideration by Cabinet. I will certainly reflect on your request at the appropriate time.

Yours truly

Russell

App 3

My Ref: T: Scrutiny/PRAP/Comm Papers/Correspondence

Date: 18 June 2014



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Neuadd y Sir
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Councillor Phil Bale and Councillor Graham Hinchey
City of Cardiff Council
County Hall
Cardiff
CF10 4UW

Dear Councillor Bale and Councillor Hinchey,

**POLICY REVIEW & PERFORMANCE SCRUTINY COMMITTEE 3 June 2014
Draft Economic Development Directorate Plan**

On behalf of the Committee, thank you for attending the Policy Review and Performance Scrutiny Committee to aid the Committee's scrutiny of those areas of the draft Economic Development Directorate Delivery Plan which fall under the Committee's remit. We welcomed the opportunity to discuss the vision for Council's property portfolio and international policy with you both.

Following discussions at the meeting, we are looking forward to considering the Property Paving report at our next meeting on 1 July 2014, followed by the full Property Strategy in September or October 2014. The Leader will be well aware from his own time on the Committee that this is an area which we feel must be addressed as a matter of urgency. In particular, Members are concerned that a vision should be established for the Portfolio, which takes account not only the potential financial benefits which our assets can bring (either in terms of income or capital receipts), but also the community and social benefits which they can create. We must also stress that as changes to the portfolio progress, local Members must be fully involved in a timely manner. We recommend that this is firmly set out as part of the Property Strategy.

The Committee was particularly interested to hear from the Leader in terms of his work in increasing the Council's involvement in national and international city networks, and may schedule a further scrutiny of the outcomes of that work.

PTO



Thank you again for attending the Committee meeting. This letter does not require a formal response, but we look forward to working with you in the coming year.

Yours sincerely,



COUNCILLOR NIGEL HOWELLS
CHAIR, POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE

cc Neil Hanratty, Director Economic Development
Cabinet Office
Members of the Policy Review & Performance Scrutiny Committee

APP CA

My Ref: T: Scrutiny/PRAP/Comm Papers/Correspondence

Date: 8 July 2014



GAERDYDD

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Councillor Phil Bale and Councillor Graham Hinchey
City of Cardiff Council
County Hall
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Councillor Bale and Councillor Hinchey,

POLICY REVIEW & PERFORMANCE SCRUTINY COMMITTEE 1 July 2014
Property Update

Thank you for attending the Policy Review and Performance Scrutiny Committee to brief the Committee on progress with developing a Property Strategy.

The Committee was disappointed that the Property Paving report which had been scheduled for this meeting was not available in time for the Committee to scrutinise it, although we understood from the Director for Economic Development that it will now be presented to the Cabinet at its July meeting as planned. You will recall that the Committee has highlighted on numerous occasions the urgency with which this issue should be addressed. You made it clear that a Property Strategy will be presented to the Cabinet in October at the latest, so the Committee therefore wishes to have the opportunity to consider this in pre-decision at its 30 September 2014 meeting. We were grateful for your reassurance that you will ensure that there is sufficient time on the Cabinet's agenda for this important issue.

We were informed at the meeting that the non-operational, or 'investment', estate will be subject to a separate report, once an externally commissioned review of the estate is completed. We will therefore schedule a separate scrutiny to consider this in detail, so please confirm an appropriate timescale.

In terms of the information given at this meeting, the Committee largely welcomes the vision for the Council's estate, in terms of rationalisation; developing more effective public sector collaboration around property; and making sure the estate is fit for purpose and more accessible. However, we would like to reiterate our previous recommendation that the Council's approach to the management of its estate should take into account not only cost effectiveness and potential income, but must address how the estate can meet the community, social and environmental needs of citizens. Members were in agreement that the objectives set out in officers' presentation did not fully convey that the cost effectiveness of the estate is only one of several guiding principles in decisions regarding the Council's property. The definition of cost effectiveness must be dependent on the estate being fit for its identified community purpose. We recommend that community needs are given the prominence both in the Paving report and the Strategy.

The aims contained within officers' presentation referred to the vision of creating a network of Community Hubs across the city, centred on secondary schools. Committee discussed the seeming uncertainty around the future of the Community Hubs programme. We ask that you and Cabinet colleagues ensure that a way forward is decided as soon as possible and that it is clearly conveyed to the public, to provide reassurance for communities. An overarching Hubs Strategy is also needed as soon as possible.

Members also recommend that our asset management plan should take a medium to long term view of the estate, rather than taking a short-term annual point of view, again to ensure more public certainty.

There were two points about which Members requested further information and we would be grateful if this could be forwarded: a list of the Council's non operational/investment properties, including details of the leasing and rental agreements to which they are subject. We also asked for more details of what other Councils are doing in terms of asset planning. When the Committee considered the non-operational property review in April 2013, officers stated that work was ongoing to explore our performance in comparison with the Core Cities and that clear performance indicators must be developed for our estate. This was something that the Committee very much welcomed at the time and we look forward to the results of this work.

Thank you again for attending the Committee meeting. As there are recommendations and requests for information included in this letter, we would be grateful for a formal response. I look forward to seeing you at Committee again after the summer break.

Yours sincerely,



COUNCILLOR NIGEL HOWELLS
CHAIR, POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE

cc Neil Hanratty, Director Economic Development
Charles Coats, Corporate Property & Estates Manager
Cabinet Office
Members of the Policy Review & Performance Scrutiny Committee

APPC5

**SWYDDFA'R ARWEINYDD
LEADER'S OFFICE**



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Fy Nghyf / My Ref: CM28062

Eich Cyf / Your Ref:

Dyddiad / Date: 2nd September 2014

Councillor Nigel Howells
Cardiff County Council
Atlantic Wharf
Cardiff
CF10 4UW

COPY

Annwyl / Dear Nigel,

Thank you for your letter and for inviting us to the Policy Review & Performance Scrutiny Committee of 1 July 2014. The work of the committee is incredibly valuable and is very much appreciated. Officers continue to work on the development of the Property Strategy, and your views and suggestions will be considered and incorporated in the development of the final report.

Whilst work had been undertaken to develop the Property Paving Report, it was considered that it would not provide enough detail to warrant a report to Cabinet at this stage. Subsequently, the intention is that a full report will now be presented to the October Cabinet. We will ask officers to speak with the Council's scrutiny team to ensure this report is also considered at your 30 September meeting.

In terms of the Leader's portfolio responsibilities in this area, specifically the review of the non-operational estate, a brief has been developed seeking specialist property advice. It is anticipated a draft report of this work will be provided by late September, with a final report in October. As part of the brief, consideration will be given to the potential for our estate to generate additional income or capital receipts and/or to support the regeneration of communities. It will also consider the most appropriate management models to support the successful delivery of these outcomes. Given the scale of the financial challenges faced by the Council it is essential we maximise the potential of our assets to support better outcomes for our citizens and communities. Rest assured, however, the Council's approach will take a holistic approach - not focusing solely on cost effectiveness - and will also look at how we can support community, social and environmental needs.

ATEBWCH I / PLEASE REPLY TO:

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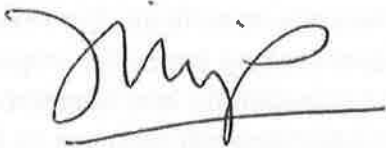
We attach a list of council owned non-operational and investment properties as requested. Officers have informed me, however, that details of rents and lease terms are commercially sensitive and confidential and as such cannot be included. We are happy though to raise with officers any strategic level questions you may have on rent values and lease agreements.

I am also aware of the work within other portfolios relating to property, including the Community Development, Co-Operative and Social Enterprise portfolio. We also note your comments regarding the Community Hubs programme and the need to take a medium to long-term view of the estate. Two reports will also be taken to Cabinet in September outlining plans for hubs in Llandaff North and Splott. We will also make sure these initiatives are addressed as part of the forthcoming Property Strategy.

With regard to getting a better understanding of how we compare with Core Cities, officers are meeting and speaking with colleagues from other cities and will be including the knowledge gained from these meetings as part of the Property Strategy, including improvements to current arrangements for benchmarking and monitoring performance. As part of our review of the non-operational estate, we will also seek to gauge best practice from the Core Cities. Interestingly, the corporate property manager will shortly be meeting his counterparts from the other three UK capital cities, and this will provide an invaluable opportunity to compare property management best practice and to consider working more closely together in future to develop a common approach to the management of our property assets.

Thank you again for your letter and the time and support of the Policy Review & Performance Scrutiny Committee. If you require any further information please let me know.

Yn gywir,
Yours sincerely,



**CYNGHORYDD / COUNCILLOR PHIL BALE
ARWEINYDD, CYNGOR DINAS CAERDYDD
LEADER OF THE CITY OF CARDIFF COUNCIL**



**Councillor / Y Cyngorydd Graham Hinchey
Cabinet Member for Corporate Services & Performance
Aelod Cabinet dros Wasanaethau Corfforaethol a Perfformiad**

APP C6

My Ref: T: Scrutiny/PRAP/Comm Papers/Correspondence

Date: 24 September 2014

Councillor Phil Bale
City of Cardiff Council
County Hall
Cardiff
CF10 4UW



County Hall
Cardiff,
CF10 4UW
Tel: (029) 2087 2087

Neuadd y Sir
Caerdydd,
CF10 4UW
Ffôn: (029) 2087 2088

Dear Councillor Bale,

POLICY REVIEW & PERFORMANCE SCRUTINY COMMITTEE
30 September 2014 Draft Property Strategy

I am writing to express my great disappointment as Chair of Policy Review and Performance Scrutiny Committee that there has been a further delay in presenting the Draft Property Strategy to the Committee.

You will be aware from your time on the Committee that we have been waiting some considerable time for the opportunity to scrutinise the Draft Strategy. The importance which we have placed on the Council's management of its assets in the challenging budgetary situation faced by the Council, has only been echoed by the findings of the Wales Audit Office Corporate Assessment. The Auditor General concluded that 'the Council is not managing its land and property assets well', having commented in previous years that progress has stalled.

Last week's report to Cabinet presenting the Corporate Assessment set out a timetable for further Audit Office work with the Council, including a milestone to check progress on the strategic approach to property management in November 2014. The Cabinet and senior officers have on several occasions assured the Committee that this work is progressing with urgency. We have left flexibility in our agenda for 18 months in order to scrutinise the issue. You last attended on 1 July 2014 and confirmed that the Draft Strategy would be presented to Cabinet at the latest in October 2014 and would be available for pre-decision scrutiny. I am concerned that if this issue slips any further, the Council will not be able to present the Audit Office with sufficient evidence of progress in this area in November.

I was informed of this delay on the morning of the publication of the Committee's agenda and papers. This has led to considerable disruption to the Committee's meeting next week. You will recall that the Wales Audit Office advised strongly that Scrutiny agenda management in terms of the number of Committee items should be improved. The need to defer items in this way has a considerable impact on the Committee's workload. Pre-decision scrutiny of the Draft Property Strategy will now necessitate either a lengthy agenda of up to six significant items at the Committee's 4 November 2014 meeting, or the calling of a special meeting. I'm sure you will appreciate Members' commitment to scrutinising the many important issues which



the City is facing and anticipate that you and your Cabinet will help us in doing so in future.

I would be grateful for your swift response to the points raised above, to my letter dated 8 July on the same subject, and for your assurance that there will be no further delays in presenting the Draft Strategy to the Committee.

Yours sincerely,



**COUNCILLOR NIGEL HOWELLS
CHAIR, POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE**

cc Paul Orders, Chief Executive
Councillor Graham Hinchey, Cabinet Member Corporate Services and Performance
Neil Hanratty, Director Economic Development
Cabinet Office
Members of the Policy Review & Performance Scrutiny Committee

**CABINET SUPPORT OFFICE
SWYDDFA CYMORTH Y CABINET**

My Ref / Fy Ref: CM28663
Your Ref / Eich Ref: T: Scrutiny/PRAP/
Comm Papers/Correspondence



Date / Dyddiad: 03 October 2014

Councillor Nigel Howells
Chair, Policy Review & Performance Scrutiny Committee
Scrutiny Services
Room 243
County Hall
Cardiff
CF10 4UW

Dear Councillor Howells

**Policy Review & Performance Scrutiny Committee - 30 September 2014
Draft Property Strategy**

In response to your letter regarding the Property Strategy and the short delay in presenting this report to Scrutiny and to Cabinet, I am advised by officers that they require a little more time to complete the work and I have therefore decided to take this report to Cabinet in November.

As I am sure you will appreciate, the Cabinet is more than aware of the WAO context and the important role that property has in supporting organisational development, and therefore I believe it is imperative that we provide officers with the additional few weeks they have requested to ensure we get it right. It will also allow the current on-going work to review the Council's Investment Estate to be completed and we will be able to incorporate this work within the Property Strategy.

I remain committed to the scrutiny process and given that your letter recognises the strategic importance of the Property Strategy I would hope you can find room on your 04th November agenda to receive this item and to contribute to the process before it is considered by Cabinet.

Moreover, there will be a need for on-going engagement with the Scrutiny Committee as the Property Strategy will set a framework for managing the Council estate which will need to be followed up on an annual basis by Corporate Asset Management plans which will define the specific actions that will need to be taken to deliver the objectives of the Strategy.

I hope this clarifies matters and I look forward to discussing the Strategy with you and your colleagues in a few weeks time.

PLEASE REPLY TO / ATEBWCH I: Cabinet Support Office / Swyddfa Cymorth Y Cabinet,
Room / Ystafell 519, County Hall / Neuadd y Sir,
Atlantic Wharf / Glanfa'r Iwerydd, Cardiff / Caerdydd,
CF10 4UW Tel / Ffon (029) 2087 2479

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Yours sincerely,
Yn gwyir,



Councillor / Y Cynghorydd Graham Hincley
Cabinet Member for Corporate Services & Performance
Aelod Cabinet dros Wasanaethau Corfforaethol a Perfformiad

Cc Councillor Phil Bale