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## AGENDA

**Committee** POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE

**Date and Time of Meeting** WEDNESDAY, 18 APRIL 2018, 4.30 PM

**Venue** COMMITTEE ROOM 4 - COUNTY HALL

**Membership** Councillor Walker (Chair)  
Councillors Berman, Bowen-Thomson, Boyle, Cunnah, Owen Jones,  
Mackie, McKerlich and Murphy

*Time  
approx.*

**1 Apologies for Absence**

To receive apologies for absence.

**2 Declarations of Interest**

To be made at the start of the agenda item in question, in accordance with the Members' Code of Conduct.

**3 Minutes (Pages 3 - 12)**

To approve as a correct record the minutes of the 14 February 2018.

**4 Corporate Land and Property Management Plan 2018/19 (Pages 13 - 114)** 4.30 pm

- (a) Councillor Russell Goodway, Cabinet Member Investment and Development, will be in attendance and may wish to make a statement
- (b) Neil Hanratty, Director Economic Development, Tara King, Assistant Director Commercial and Collaboration, and Helen Thomas, Strategic Estates Manager, will be in attendance for this item;
- (c) Questions by members of the Committee

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**5 Way Forward**

5.30 pm

**6 Date of next meeting**

16 May 2018, 4:30pm, Committee Room 4, County Hall, Cardiff

**Davina Fiore**

**Director Governance & Legal Services**

Date: Thursday, 12 April 2018

Contact: Kate Rees, 029 2087 2427, [KRees@cardiff.gov.uk](mailto:KRees@cardiff.gov.uk)

POLICY REVIEW AND PERFORMANCE SCRUTINY COMMITTEE

14 FEBRUARY 2018

Present: Councillor Walker(Chairperson)  
Councillors Berman, Bowen-Thomson, Boyle, Cunnah,  
Owen Jones, Mackie, McKerlich and Murphy

113 : APOLOGIES FOR ABSENCE

No apologies for absence were received.

The Chairperson welcomed Councillor Owen Jones to the Committee.

114 : DECLARATIONS OF INTEREST

No declarations of interest were received.

115 : MINUTES

The minutes of the meeting held on 17 January 2018 were agreed as a correct record and signed by the Chairperson.

116 : CORPORATE PLAN 2018-21 - FINAL DRAFT

The Chairperson welcomed Councillor Huw Thomas (Leader of Cardiff Council), Councillor Chris Weaver (Cabinet Member for Finance, Modernisation and Performance), Paul Orders (Chief Executive), Christine Salter (Corporate Director Resources), Joseph Reay (Head of Performance and Partnerships) and Dylan Owen (Head of Cabinet Office) to the meeting.

The Chairperson invited the Leader to make a statement, in which he indicated that the Draft Corporate Plan represented the culmination of a great deal of work that began in June with the start of Capital Ambition. He thanked Members for their involvement in both formal meetings and the Committee's extended Performance Panel, which had helped develop the Plan.

The Chairperson invited Dylan Owen to make a short presentation in which he outlined the following:

- Engagement to date
- New outcome indicators
- New/revised objectives
- New KPIs
- Performance against savings targets

The Chairperson invited questions and comments from Members;

- Members raised concerns that the aspiration to become a Corporate Landlord will be difficult to achieve. The Leader acknowledged the difficulties but believed that it was a prudent allocation, despite the £25m from asset sales

being earmarked for the Band B Schools programme. Members referred to the £100m backlog for outstanding repairs to schools, and queried how this will be achieved. The Cabinet Member explained that the £25m will be used for schools with Additional Learning Needs (ALN) and other asset maintenance. The aim is to concentrate on the Councils estate but to invest in it more significantly, which would reduce the backlog. The Leader informed Members that the objectives around Corporate Landlord in the Plan are to get the best value out of the estate. The Chief Executive added that the Authority are judicious about not releasing properties that will have a negative effect on ongoing revenue budgets.

- Members further queried how effective the Corporate Landlord model will be, stating that it will require complete buy-in for it to work. They highlighted the relevant section in the Corporate Plan, which aims to ensure all of the Council's estate is compliant by the end of 2018. Members expressed fears that this is unrealistic and were also concerned that only compliance was referred to in the plan, noting that Corporate Landlord is about much more than this. The Leader agreed that the wording could be looked at, as the aspirations are wider than just compliance, but that the compliance element of the model has been working well in recent years and it is an important element which the Council hasn't got right in the past.
- Members sought clarification on the links between the Corporate Plan and the Well-being of Future Generations Act (2015). They highlighted life expectancy in the City and questioned whether there are enough objectives in the Plan in relation to health inequality and health promotion. The Leader stated that the Wellbeing Plan designed for Cardiff is compiled with the Well-being Commissioner, who has a duty of care to ensure that there is an alignment to National objectives. In terms of the inequality in Cardiff, there are actions that the Council can take to address this, but it requires coordination across the public sector. Officers elaborated that an exercise was undertaken with colleagues across the public sector to identify high level City indicators and to look at Cardiff's contribution to the National indicators. Members asked for examples of the specific commitments and actions in the Corporate Plan relating to this, and were informed that there is the forthcoming Green Paper and White Paper on clean air, the sustainable food strategy and also the Wellbeing Plan which is being developed concurrently, and which addresses some of the actions the Council will be undertaking with other partners such as the Health Board.
- Members were pleased with the changes already made to the Plan, particularly around KPIs, but highlighted the area around economic development and visitor numbers, and asked whether the figure could be a proportionate increase of people visiting and staying rather than just an increase based on last year's figures. Officers explained that this issue was raised at the performance panel, and was looked at in more detail. The Council's approach to boosting visitor numbers and staying visitors is linked to the National Tourism strategy, which sets out a target of a 2% increase for day visitors and a 2% increase for staying visitors.



- Members welcomed having measurable targets in the plan to work towards, but questioned how engrained the target culture is in the Council, and whether there is accountability down the chain that targets are delivered. The Leader agreed that it is critical that this culture exists, and structures and measures have been put in place to enable delivery of Capital Ambition. He added that the Cabinet takes a series of measures to monitor performance on an ongoing basis and that the Administration's aim is to tick off objectives. The Chief Executive explained that there are delivery programmes organised at an Officer level, which group together related projects such as Digitalisation. Progress on these will be reported to Cabinet and the Committee as part of the quarterly cycle and will focus on how the Council is tracking against Corporate Plan delivery.
- Members noted that there may be times when the Corporate Plan, the Wellbeing Plan and the Wellbeing of Future Generations Act will go against each other. An example was given in relation to selling parts of land which are not financially viable and that this would go against some Wellbeing aims. Members asked how this will be addressed, and if there is a hierarchy when it comes to the plans. The Leader stated that the plans are broadly complementary to one another, and whilst there is no hierarchy, in certain situations the reality on the ground would need to be balanced against the aspirations of the plans. The Chief Executive added that the task over the next period is to embed the Future Wellbeing legislation across the organisation and this would identify any areas of conflict.
- In relation to clean air, Members referenced the graph on page 41 of the Corporate Plan (Improving City Performance: Total Per Capita CO<sub>2</sub> Emissions in 2015) and highlighted that out of 11 cities, only Leeds has a worse emissions rate. Members noted that Cardiff could learn from other cities like Bristol and asked what the graph says about the high state of CO<sub>2</sub> problems. The Leader explained that the Green Paper on clean air is forthcoming, but it is important when comparing these core cities to take into account the manufacturing base that exists in Cardiff.

RESOLVED – That the Chairperson, on behalf of the Committee, writes to the Cabinet Member to convey their comments and observations.

117 : DRAFT BUDGET PROPOSALS 2018 -19

### **Draft Budget Proposals 2018/19 – Overview**

The Chairperson welcomed Councillor Chris Weaver (Cabinet Member for Finance, Modernisation and Performance), Christine Salter (Corporate Director Resources), Ian Allwood (Head of Finance) and Gareth Newell (Partnership and Community Engagement Manager) to the meeting.

The Chairperson invited Councillor Weaver to make a brief statement on the draft budget proposals, in which he explained that the budget has been addressed using the following four mechanisms identified in the budget strategy last year:

1. £2.4m of reserves
2. 30% school cap
3. £40m savings
4. A proposed Council Tax increase of 5%

He added that the top three priorities that came out of the public consultation process are reflected in the budget. Social Services will receive the biggest increase of an extra £8m, which reflects the demands of the city.

The Chairperson invited Christine Salter to give a presentation on the draft budget proposals for 2018/19 in which she covered the following points:

- Final Settlement Overview
- Consultation
- Draft Revenue Budget
- Medium Term Outlook
- Draft Capital Programme

The Chairperson invited questions and comments from Members;

- Members noted that the 5% proposed Council Tax increase is higher than the anticipated 3.7% rise. The final settlement from the Welsh Government (WG) is better than expected, so Members questioned why there is this higher increase. The Cabinet Member explained that there have been some changes since the initial forecast, namely an increase in the pay award from 1% to 2%. Members argued that this increase could have been predicted earlier and factored in when Council Tax was first looked at. Members were informed that the lower Council tax proposal made earlier in the Budget Strategy gave the flexibility to increase it at a later date.
- Members highlighted that there are several big savings proposals, in particular regarding adult social care, which carry a red or red-amber risk. Members sought clarification on how achievable these proposals are, especially in the time frame given. The Cabinet Member agreed that these savings are the most challenging to achieve because of their scale and the residual risk involved. Social Services are facing significant pressures, often influenced by external factors, but there is a £3m contingency in the budget to account for some of these demands and to give a degree of flexibility. He also added that the new Corporate Director of People and Communities appointment is underway, which will align Social Services with Communities and Housing.
- Members noted that benchmarking took place in the past to compare Cardiff's debt to other Welsh Councils, and that Cardiff topped the list. The current debt is significantly higher than it was then, and Members asked if any other Welsh or English Councils are approaching this standard. The Director explained that whilst she can't answer for English Councils, no other Welsh Councils are near this figure, which she added is down to the aspirations of this Authority. Borrowing has to be sustainable in the long-term. The current external debt stands at £632m, which will likely extend to around £1b. With regards to the housing subsidy buy-out and Band B schools programme, there are guaranteed income streams to support these. The focus needs to be on any

areas where the debt is extended without the income stream to support it. Members proposed that the benchmarking exercise be repeated, and that Cardiff should be compared to both Welsh and English Councils.

- Members identified that if some of the proposed savings were made sooner (in 18-24 months), then this would positively impact on cash flow. The Director explained that if savings could be made earlier, then they would need to be kept and not offset with other expenditures. She also explained that some of the savings proposals require time and changes to take effect, such as new business processes and new technologies.
- Members sought clarification on the fact that some of the figures in the report, such as the General Fund Capital Programme, appear to vary significantly from what they were 12 months ago. The Cabinet Member explained that the Band B Schools programme wasn't in the forecast last year, and this accounts for a substantial amount. The Director added that there have been other significant increases in the Capital Programme, and that political changes and varying commitments can also have an effect.
- Members highlighted the £11m expenditure on parking enforcement, with a low surplus of £200,000 a year, and commented that other Local Authorities are generating more of a surplus, which they are using to offset council tax increases for example. Members were directed to appendix 19 of the budget report, which sets out the workings of the civil parking enforcement expenditure and income. The Director highlighted that £5m will go to support the Highways Service and there will be a surplus of £811,000 next year. Certain expenditures will come out of this surplus, such as creating 20 mph zones, which eventually results in the £200,000 figure. Members found this clarification helpful, but remarked that more could be done in this area to generate income.
- Members raised concerns about the Council running its own Fleet Services, and suggested that it would be better to outsource this. They pointed out that the department has a £6.1m gross spend, and is only finding £120,000 of savings. Members were informed that it is up to the Directorate to put forward these savings, but there will be a review of Central Transport Services. The Cabinet Member added that there is a new system in place (*Tranman*), which will give a wealth of data to help inform this review.
- Members highlighted the large amount of savings to come from Social Services and sought clarification on the proposed saving of £450,000 through better use of funding for new care home placements, noting that these targets would be difficult to reach. Members were informed that the proportion of savings from Social Services is lower than many other Directorates. When looking at new care home placements, the Council uses a number of providers, and the aim is to be more consistent and cost effective when purchasing these placements. The Director added that there has been a review taking place between Vale of Glamorgan Council and the University Health Board, which among other things is looking at why the cost of placements in the same care home differs across the authorities. Members were also informed that there is no extra cost to the service user.

- Also with regards to Social Services, Members queried whether the £8m extra money going into the Directorate includes writing off any savings from previous budgets which weren't delivered. The Director explained that this was looked at when creating the budget and that a saving of £190,000 was agreed to be written off, which related to reviewing learning disability cases and the way care was delivered.
- Members expressed concerns that high risk savings from income generation are a repeat theme across Directorates, and asked what the overall assessment of these savings is and the risk posed to the budget as a whole if they aren't delivered. The Director explained that all savings are hard to make, and there is a need to look at more innovative ways, which includes income generation. Of the overall £14.3m savings proposals, £2.4m is from income generation. The proposals vary across Directorates, with some income streams (especially new ones) riskier than others.
- Members raised concerns about the cost of borrowing, with interest rates rising, and questioned how this will affect future budgets. The Director explained that the Council borrows from the Public Works Loan Board at a fixed interest rate and that, as a Local Authority, they are not allowed to borrow in advance of need. However, there is a smooth trajectory in the rise of interest rates going forward. She added that the Council work closely with professional Treasury Advisors who advise them on interest rate rises and the Treasury Management Strategy is laid out in the budget report.
- Members noted how sickness and absence is being addressed in the new strategy, and queried how the Domestic Waste Service (DWS), which historically has a high level of absence, is able to make savings in this area. The Cabinet Member explained that all savings are signed off by Directorates, and that some areas don't use agency staff, so it is difficult to make savings. DWS have proposed more savings as they are putting mechanisms in place to reduce their dependency on agency staff.

### **Resources Directorate Budget Proposals**

The Chairperson welcomed Councillor Chris Weaver (Cabinet Member for Finance, Modernisation and Performance), Christine Salter (Corporate Director Resources), Philip Lenz (Chief Human Resources Officer) and Ian Allwood (Head of Finance) for this item.

The Chairperson invited Christine Salter to give a presentation in which she outlined the following:

- Corporate Plan priorities in delivering Capital Ambition
- Savings Proposals for 2018/19
- Corporate Plan Commitments for 2018-21

The Chairperson invited questions and comments from Members;

- Members noted the proposed shift in the ICT department from writing programmes to using off-the-shelf ones and argued that this seems to go against other areas in the Council who are trying to be 'ahead of the game' and generate income. The Director explained that fit-for-purpose systems are required, and that to make the most efficient use of technology, departments should be streamlining processes to match a technology. In terms of income generation, she highlighted the work the Resources Directorate has done on the Commissioning & Procurement Local Authority Trading Company, which is the first in Wales. The Cabinet Member added that the most important thing is to put the customer first and listen to what they want, which will drive ICT choices. Members agreed with this, but also added that there is an opportunity for the Council to work with other partners, such as Universities, to develop new systems. Officers explained that the new Chief Digital Officer post will ensure that digitalisation in the Authority is transformed.
- With regards to digitalisation, Members raised concerns that the hands of the new Chief Digital Officer may be tied when trying to drive forward change due to the savings that need to be made. The Director explained that it is important to review processes, remove duplication and make savings before implementing new technologies.
- Members asked if the Directorate has the required resources going forward, as they are losing more posts than any other, to which officers responded that Resources needs to make its share of savings, and that whilst 2018/19 should be manageable, in the medium term there will be issues which will need to be addressed.
- Members raised concerns about e-billing, particularly in relation to online school applications, stating that in the southern arc of the City only 85% of applications are made online, and that it is important to not cut-off people for whom e-billing is inaccessible. Officers agreed that e-billing is not suitable for everyone and that in terms of Council Tax e-billing, people need to opt-in, so there is a challenge to get more people to do this. Members were also informed that the department are looking at using Chatbots (automated call centre operatives), to allow customers who don't have online access to continue to use a telephone service, but with a cost saving to the Council.

### **Economic Development Directorate Budget Proposals**

The Chairperson welcomed Councillor Russell Goodway (Cabinet Member for Investment and Development), Neil Hanratty (Director Economic Development), Christine Salter (Corporate Director Resources), Tara King (Assistant Director Commercial and Collaboration), and Ian Allwood (Head of Finance) for this item.

The Chairperson reminded Members that only some areas of Economic Development fall under the remit of the Committee, namely Property and Facilities Management.

The Chairperson invited Neil Hanratty to make a statement in which he referenced the relevant Corporate Plan objectives, namely the maintenance backlog in schools, a review of the Council's Estate and the Corporate Landlord Delivery Model. He also highlighted the £2.486m savings to come out of the Directorate.

The Chairperson invited questions and comments from Members;

- Members noted that there are several red-amber risks for achievability in the income generation part of the savings proposals. Officers emphasized that Pest Control and Building Cleaning Services are already over-achieving this year, so they are confident these will make savings. Security Services have been going through several change processes, hence the red-amber risk, but these are near to an end and there are action plans in place to help achieve the savings. Members were pleased with this response.
- Members questioned how confident the Directorate is in knowing exactly what falls under the Council's Estate, giving the example of a recent piece of land that the Authority have only just discovered that they own. Officers explained that a review is being undertaken to help in this area, and that whilst they are confident on the building side of things, there are areas of land that need looking into. Members were also informed that the database is being digitised, and there will be a central repository for this information.
- Members noted the removal of the International Pool subsidy and questioned what impact this might have on the public and the services provided. The Cabinet Member explained that the savings have been delivered, and that the operator (Parkwood Leisure) has assured there will not be a diminution in the service. The Director added that the terms agreed will remain the same, so all of the safeguards are still in place. Members also queried whether, in hindsight, this subsidy could have been reviewed before this point, but were informed that it was a contractual agreement which couldn't be broken.
- Members again expressed concerns that the Corporate Landlord model is reduced to one line in the Plan regarding compliance and asked if cuts to the Directorate will affect the team that deal with this project. In terms of resourcing, Officers explained that there is an organisational development programme in place for Assets and Property which will take 3-5 years to achieve. Officers added that there are no job losses in that area and that there will be an increase in roles in compliance, as this is the first step of the pathway.
- Members sought further clarification on the Corporate Landlord model, highlighting that £40m from asset sales will go into unrelated schemes, and questioned if there is enough money to address the maintenance backlog for the operational estate. The Cabinet Member explained that of the £40m, £25m will go towards improving the schools estate. The Council should continue to receive a capital amount from the WG on an annual basis, which historically has been invested in maintenance. However, the extent of the capital allocation is not sufficient to address the backlog of repairs and the immediate concern is to ensure buildings are compliant. Members also asked what the time-frame is to deal with this backlog. Officers explained that condition surveys are being undertaken on buildings which will give a better idea of the total figure. Work will be undertaken to identify the next set of critical buildings and the whole process will take 5-10 years. The Director added that there are

various priorities within this backlog, with approximately £15m needed for the highest priority concerns.

- Members requested an update on buildings that house cultural venues and continue to require subsidies, and asked if there are strategies in place for these. Members were reminded that a few years ago a process took place to see if external operators could be found to run the New Theatre and St David's Hall, but at the time it was felt that the bids weren't sufficient, and that the Council could continue to run them just as well. Subsidies are still needed if these venues are to continue operating.

### **Governance and Legal Services Directorate budget proposals**

The Chairperson welcomed Councillor Huw Thomas (Leader of Cardiff Council), Chris Weaver (Cabinet Member for Finance, Modernisation and Performance), Davina Fiore (Director Governance and Legal), Christine Salter (Corporate Director Resources) and Ian Allwood (Head of Finance) for this item.

The Chairperson invited Davina Fiore to make a statement in which she highlighted that the savings proposals for the Directorate fall into two groups. Firstly there will be additional income, including through the Cardiff Capital Region City Deal and Capital Receipts. Secondly there will be some reduction in areas such as the scrutiny function and a reduction in external legal fees.

The Chairperson invited questions and comments from Members;

- Members noted that the reduction in the scrutiny function was described as straightforward, and queried why it is down as a red-amber risk for achievability. Members were informed that the risk reflects that it is a politically sensitive matter and that scrutiny is an important function. She added that the workload should be achievable if the department sticks to the forward plan. The Leader also explained that whilst it is good that scrutiny will remain at five Committees, there is a limitation to the amount of support that the Council's scrutiny function can provide, and it may be useful to utilise external partners.
- Members asked if ties already exist with external partners, such as Universities, to assist with scrutiny work. The Leader explained that it depends on what is being scrutinised, so it could involve working with Universities but also with other external partners such as Charities, and that relations still need to be built. Members proposed that University students could do research for the Scrutiny Committees.
- Members noted the reduction in external legal work and asked if the balance is now right between the use of in-house and external legal services. Members were informed that whilst no new posts are being created, it is always more cost-effective to have a well-run in-house legal service. However, it is not possible to cover all areas of expertise, so external services will be used when necessary. There is a possibility of using shared services with other Local Authorities, but this would require a significant amount of work and the costs would likely outweigh the savings.

- Members asked if the Directorate are retaining the Solicitors that they are recruiting and were informed that on the whole they are, and that the department have been able to fill all advertised posts so far.
- Members noted that there is likely to be an increase in the number and complexity of child care cases and asked if the department are recruiting people with the expertise to deal with these. The Director explained that good quality solicitors with good experience have been recruited, as well as two trainee solicitor posts, but some work will still have to go out externally.

RESOLVED – That the Chairperson, on behalf of the Committee, writes to the Cabinet Members to convey their comments and observations.

#### 118 : DATE OF NEXT MEETING

As the meeting of the of the 14 March 2018 has been cancelled, the next meeting of the Policy Review and Performance Scrutiny Committee is 18 April 2018 at 4:30pm.



**CYNGOR CAERDYDD**  
**CARDIFF COUNCIL**

**POLICY REVIEW & PERFORMANCE**  
**SCRUTINY COMMITTEE**

**18 APRIL 2018**

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**Corporate Land & Property Management Plan 2018-19**

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**Reason for the Report**

1. To provide the Committee with an opportunity to consider the Council's Corporate Land and Property Management Plan 2018/19 (CLPMP) within the context of the Council's five year Corporate Property Strategy (2015-2020).
2. For clarity, the papers attached to this covering report are:
  - Appendix A:** Cabinet Report – 15 February 2018.
  - Appendix B:** Corporate Land & Property Management Plan 2018/19.
  - Appendix C:** Corporate Property Strategy 2015/20.
  - Appendix D:** Property governance chart

**Background**

3. The Committee has responsibility within its Terms of Reference for scrutiny of the Council's property estate, which comprises both 'operational' property (from which the Council operates and delivers its 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 and non-operational estates both fall within the Cabinet's Investment and Development Portfolio.
4. In 2015 the Council published its five year Corporate Property Strategy (2015-20), attached for background information at **Appendix C**, establishing clear targets to deliver the three strategic objectives of modernisation, rationalisation and

collaboration. Delivery of the Strategy is set out in an annual implementation plan, the CLPMP attached at **Appendix B**, which was considered and approved by Cabinet in February 2018 (report attached at **Appendix A**). The Plan has annual targets contributing to the five-year targets in the Property Strategy, outlines plans for the year ahead, and provides explicit targets relating to the reduction in the size and cost of the Council's estate. The cost of running the Council's estate is second only to staff costs and as such, the way the Council delivers its services and the operational estate both offer on-going opportunity for review.

5. The Council's draft Corporate Plan 2018-21 refers to Assets and Property within the Capital Ambition Working for Public Services Priority as follows:

*Modernise the management and operation of the Council's estate to achieve fewer but better buildings by:*

- *Completing the comprehensive review of the Council's estate by the end of 2018*
- *Fully establishing the new Corporate Landlord delivery model to ensure all of the Council's estate is compliant by the end of 2018.*

Key Performance Measures/targets to monitor progress are:

- *Reduce the gross internal area (GIA) of buildings in operational use* 4%
- *Reduce the total running cost of occupied operational buildings* 3.1%
- *Reduce the maintenance backlog* 5.4%
- *Capital income generated* £15,190,000

## **Governance Arrangements**

6. For clarification, a diagram of governance arrangements in respect of property matters is attached to these papers at **Appendix D**.
7. The Asset Management Board oversees implementation of the CLPMP, where the Chief Executive and Cabinet Member for Investment & Development ensure corporate oversight of the administration's objectives and strong links to the Asset Management

Programme Board of Cardiff's Public Service Board, providing opportunities to work closely with other public sector partners.

8. The Investment Estate Board governs the Council's investment estate. The intention is that capital receipts generated from the sale of investment estate assets are reinvested to improve the yield of existing properties within the estate, or used to purchase better quality and better yielding assets. For governance purposes the Investment Estate Board reports to the Asset Management Board

### **Corporate Land & Property Management Plan**

9. The CLPMP Cabinet report at **Appendix A** highlights that the optimisation of property assets to support the Council's objectives requires an effective corporate approach to land and property management. Such an approach is the basis of the Corporate Landlord Model, progress on which will be reported to Cabinet in May 2018.
10. The Cabinet has stated it will embark on an enhanced land and property disposal programme to generate £40million over the next five years, the first £25million of which will fund the Council's contribution to the Band B Schools Organisation Change Programme.
11. The CLPMP 2018/19 at **Appendix B** sets out the properties in scope for 2018/19, and will be delivered by the Strategic Estates Department (SED). It introduces two new work streams: implementation of **the Corporate Landlord**; and a **Medium Term Disposal Programme** 2018/19 to 2022/23 to deliver capital receipts of £40million over the next five years.
12. The four key CLPMP targets are revenue reduction, maintenance reduction, floor space reduction and capital receipts. The document provides an update as to progress on the 2017/18 property programme, the proposed programme for 2018/19, an up-date on non-operational completed transactions for 2015/16, 2016/17 and 2017/18, an update on office rationalisation, and an outline of the four-phase, twelve year 21<sup>st</sup> century schools programme.

13. The CLPMP report re-enforces the Corporate Strategy of treating property as a corporate resource and this approach forms the basis of the new Corporate Landlord Programme established early in 2017. The Corporate Landlord programme aims to create one cohesive operating model for the organisation leading on all non-domestic property matters. The programme will ensure that

- i. Operational buildings are safe and legally compliant in relation to health and safety
- ii. Strategic direction of the estate is aligned with property management, maintenance and design services
- iii. The programme is supported by suitable IT and data systems
- iv. Service areas are aware of landlord and tenant responsibilities through effective communication and corporate understanding
- v. Assess and mitigate compliance risk within the operational estate
- vi. There is a clear focus on building relationships to support stakeholders and customers.

14. The Medium Term Disposal Programme for 2018/19 to 2022/23 will aim to deliver £40million additional capital receipts over the next five years. However, the first £25million will fund the Council's contribution to the Band B Schools Organisational Change Programme.

15. The CLPMP includes a new review to identify the properties that could be sold to generate the capital receipts required. This will be concluded in autumn 2018, at which point there will be a report to Cabinet with a New Disposal Strategy and list of assets designed to deliver the required receipts over the five-year period and a report will be tabled for consideration by the Cabinet in Autumn 2018.

16. Members are reminded that this Committee agreed an ongoing task and finish inquiry, on its 2017/18 work programme, titled *Managing the Estate under a Corporate Landlord Model*. The task group has completed its evidence gathering and will report its findings and recommendations to the May meeting of this Committee for approval, prior to submission for consideration by the Cabinet.

## Previous Scrutiny

17. The Committee has routinely scrutinised the Council's approach to property matters and management of the Council's estate on previous work programmes, following which letters have been sent to the relevant Cabinet Member. For information, and to inform the scrutiny, Members previous concerns and recommendations have centred around:

- The importance of considering the community and social benefit of Council property, as well as financial considerations;
- Community asset transfers requiring a sound business case and the community capacity to take on the buildings;
- The risk to income of disposing of capital assets;
- Reassurance that disposals are assessed against an ethical and community focussed framework for investment;
- The importance of preserving the quality of the public realm in prominent locations to prevent over development with bland options;
- Acknowledging that the Council would look to capitalise on opportunities that may arise out of redevelopment schemes where it could share in the development value;
- Support for the retention of strategic sites in the city centre as Cardiff is short of hotel space;
- Fully endorsing the retention of some public houses for income purposes, and others for community benefit;
- Requesting clearer performance targets to measure IEB progress, to enable Cabinet and Scrutiny to evaluate the success of the Corporate Property Strategy over the next 5 years;
- Continuing to regularly consider progress;
- Engaging Members in property deals that are planned within their wards.

18. Following scrutiny of the draft Corporate Plan in February 2018 the Committee wrote to the Leader in respect of the Council's aspiration to deal with the asset maintenance backlog via the Corporate Landlord Model. Members commented "*we are reassured that asset management governance has been strengthened, care will be taken to*

*achieve the best value for Council assets disposed of, and also not to release assets that could weaken the Council's position. We are however concerned as to whether receipts from the disposal of surplus property will be great enough to support a £40m maintenance backlog".*

19. The Committee has previously stated it recognised that accountability for decisions taken by the Investment Estate Board would sit with professional officers advised by commercial advisers, reporting to the Leader, with an annual report of its activities included in the Council's Asset Management Plan for Cabinet consideration. Therefore, its interest would be in the performance of the Board in maximising income from the Council's estate.
20. The Committee has requested an annual report to the Policy Review & Performance Scrutiny Committee on the performance of the Investment Estate Board; supported by a cash flow statement outlining all sources of income and allocation of funding. The Cabinet response to this request indicated that the investment board would be pleased to provide an annual report to the Committee together with a cash flow statement.

## **Way Forward**

21. The Cabinet Member for Investment and Development, Councillor Russell Goodway, has been invited to attend the meeting and may wish to make a statement. Neil Hanratty, Director for Economic Development, Tara King, Assistant Director Commercial and Collaboration, and Helen Jones, Strategic Estates Manager, will be in attendance to answer Members' questions.

## **Legal Implications**

22. 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**

23. 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.

### **RECOMMENDATION**

The Committee is recommended to consider the information presented in this report and at the meeting; and whether it wishes to make any comments or recommendations to inform the Cabinets approach to estate management.

**Davina Fiore**  
**Director of Governance & Legal Services**  
**12 April 2018**

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**CARDIFF COUNCIL  
CYNGOR CAERDYDD**



**CABINET MEETING: 15 FEBRUARY 2018**

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**CORPORATE LAND & PROPERTY MANAGEMENT PLAN  
2018/19**

**INVESTMENT & DEVELOPMENT (COUNCILLOR RUSSELL  
GOODWAY)**

**AGENDA ITEM: 8**

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**REPORT OF DIRECTOR OF ECONOMIC DEVELOPMENT**

**Reason for this Report**

1. To enable Cabinet to consider and approve the 2018/19 Corporate Land and Property Management Plan (CLPMP).

**Background**

2. The Council has previously adopted a five year Corporate Property Strategy (2015-2020), which sets out a framework within which all Council property related issues can be addressed in a structured manner. The Strategy established clear five year targets designed to deliver the objectives relating to modernisation, rationalisation and collaboration.
3. The CLPMP is an annual document which serves as the implementation plan for the Strategy. The annual targets within the CLPMP contribute towards the five year targets in the Property Strategy and sets out objectives for the operational estate. It sets out key data, reinforces overarching principles for the strategy of the estate, outlines what is planned for the year ahead, and provides explicit targets relating to the reduction in the size and cost of the estate.
4. The Council's estate is vast and the cost of operating the estate represents the second largest call on the Council's budget after staff costs. The ongoing changes to the way in which the Council delivers its services is inextricably linked to its operational property estate and therefore offers an on-going opportunity for review.

**Issues**

5. Land and Property management is a key strategic activity which aligns service strategies with the property estate. It ensures optimisation of property assets in a way which best supports the organisation's business

goals and objectives. The requirement for effective land and property management is based on treating property as a corporate resource which forms the basis of the new Corporate Landlord function. The importance of the corporate approach is due to the significant costs and value of the Council estate and its importance in assisting with the delivery of effective Council services.

6. An update on the implementation of a new Corporate Landlord model will be presented to Cabinet in March 2018. This will align with the CLPMP but will cover the wider matters relating to the management of the estate including maintenance and statutory compliance. The targets set out in the CLPMP relate to strategic management of the estate including reducing the maintenance backlog, reducing running costs and generating capital receipts.
7. Cabinet has also indicated that it intends to embark on an enhanced land and property disposal programme intended to generate circa £40 million over the next five years. The first £25 million will fund the Council's contribution to the Band B Schools Organisational Change Programme, with the balance funding the agreed capital programme. The CLPMP will include a new review designed to deliver the required receipts over the period and a report will be tabled for consideration by Cabinet in autumn 2018.
8. The implementation of the CLPMP will be overseen by the Asset Management Board (AMB), chaired by the Chief Executive in consultation with the Cabinet Member Investment & Development. This will enable a strategic and corporate oversight across the administration's objectives.
9. In addition to the internal Council review of the estate, opportunities to work closer with other public sector partners will be considered following quarterly meetings of relevant Chief Executives with support from property managers. Any ideas generated by this activity will be implemented in consultation with the Cabinet Member Investment & Development.

#### **Local Member consultation**

10. Member engagement will take place through the implementation of the plan.

#### **Reason for Recommendation**

11. To enable Cabinet to consider the 2018/19 Corporate Land & Property Management Plan.

#### **Financial Implications**

12. This report highlights a range of property initiatives. These initiatives potentially have a range of differing financial implications which will need to be considered in conjunction in Financial Services, as the strategy is

implemented. These could include, timing and value of disposal, options appraisal for sites, new acquisitions, liabilities on transfer of properties, valuation for accounting purposes and ongoing holding costs of property. The financial implications of such initiatives will be reported as part of the Governance arrangements identified in the report.

13. 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. Council budget reports have highlighted the requirement for the Council to undertake additional borrowing in order to support the Council's Capital Programme.
14. The budget proposals report for 2018/19 indicates that within the financial climate of reducing revenue resources it is clear that all necessary actions must be taken to reduce both initial capital expenditure by accelerating a reduction in the Council's asset base within a limited timeframe and also the subsequent need to borrow.
15. Properties identified for disposal should be done so promptly in order to minimise revenue costs associated with holding onto surplus property. The proposed capital programme for 2018/19 – 2022/23 assumes £40 million of non-earmarked capital receipts to support capital expenditure commitments. The report highlights the need for a detailed disposal strategy to support these commitments and this is to be the subject of a separate Cabinet report.

### **Legal Implications**

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

### **RECOMMENDATION**

Cabinet is recommended to approve the 2018/19 Corporate Land & Property Management Plan attached at Appendix 1.

**NEIL HANRATTY**

**Director of Economic Development**

9 February 2018

*The following appendix is attached:*

Appendix 1: Corporate Land & Property Management Plan 2018/19

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# CORPORATE LAND AND PROPERTY MANAGEMENT PLAN 2018/19



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# 1 EXECUTIVE SUMMARY

- The Property Strategy from 2015 sets out specific targets designed to deliver the agreed aims and objectives and these targets feed directly into the Council's Corporate Plan 2017-2019.
- The targets focus on reduction in Gross Internal Floor Area, Running Cost, Maintenance backlog and delivering Capital Receipts.

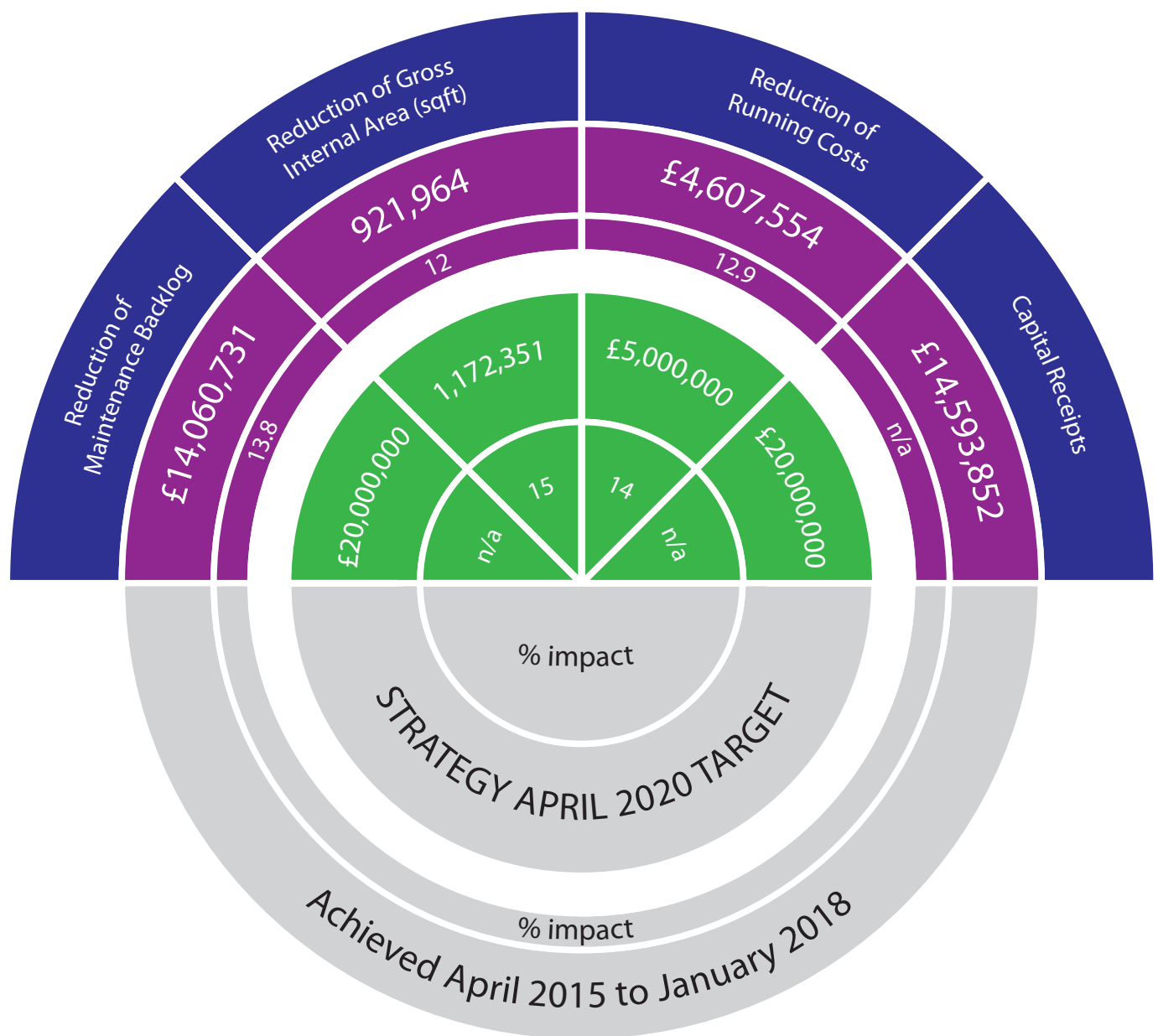


Fig 1. Shows the Property Strategy Targets and total achievements to date as of January 2018



The 2018/19 Corporate Land and Property Management Plan (CLPMP) identifies targets for the upcoming financial year

	Reduction of Gross Internal Area (sqft)	Reduction of Maintenance Backlog	Reduction of Running Costs	Capital Receipts
2018/19 Target	312,627	£5,616,000	£1,116,000	£15,190,000
% impact	4	5.4	3.1	n/a

Fig 2. shows the 2018/19 Corporate Land and Property Management Plan targets

#### Key themes of the Property Strategy are:

- **Modernisation** - To develop a more modern portfolio of assets which supports and assists delivery of front line services, costs less to run and is not in need of costly repair
- **Collaboration** - Cardiff Council will work closely with Public Sector and Community partners to identify opportunities for property and service collaboration
- **Rationalisation** - The disposal or relinquishment of assets is the principal means of achieving the CLPMP targets relating to GIA, Maintenance backlog and Running Cost reduction, as well as delivering Capital Receipts

#### Ongoing work streams contributing to the Strategy include;

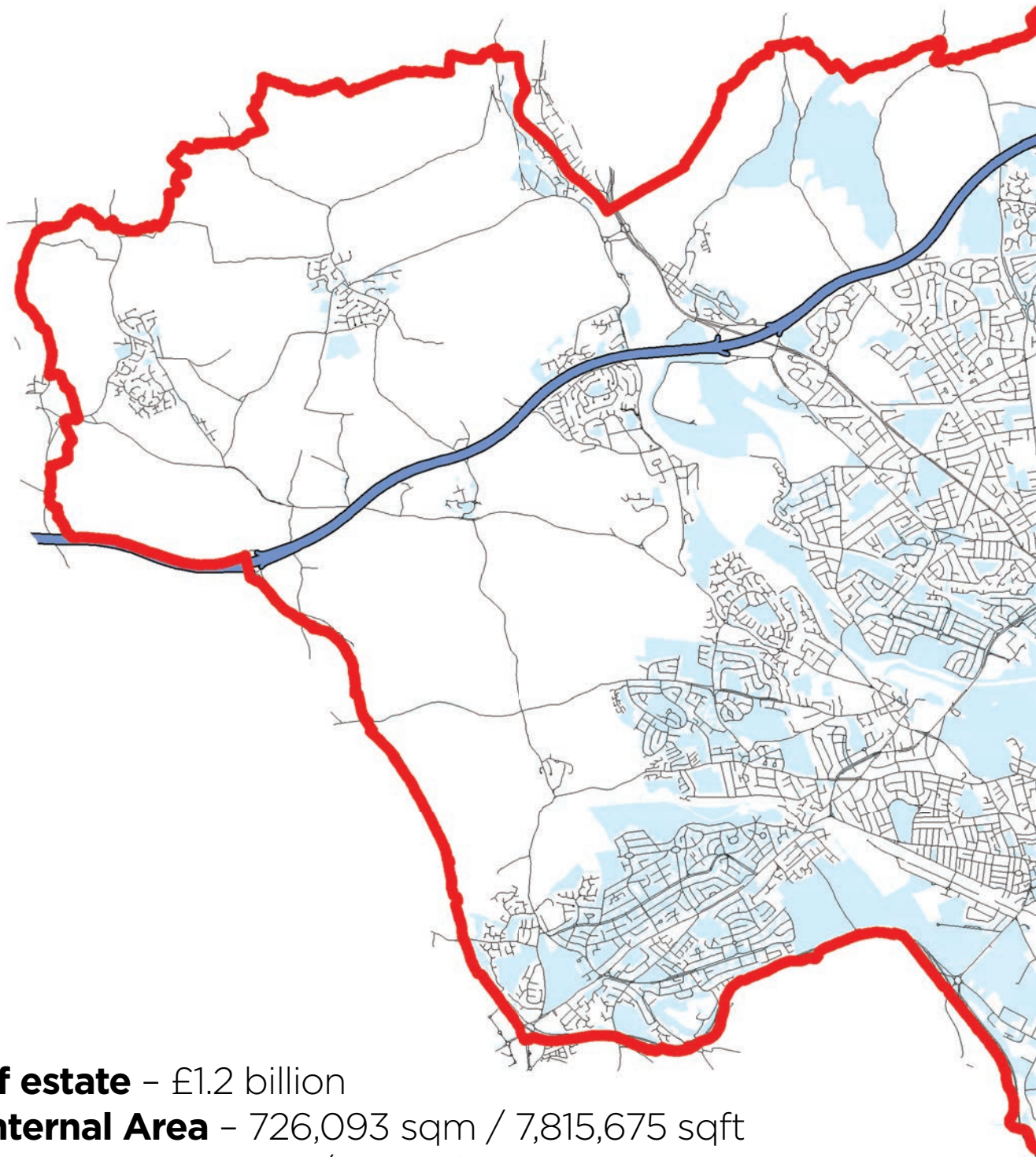
- Schools Organisational Programme** - Implementation of Band A and Band B programmes
- Office Rationalisation** - Disposal and Relinquishment of surplus office buildings
- Non-operational Estate** - Relinquishment of non-operational Assets in collaboration with local and other third party groups

#### New work streams introduced in 2018/19;

- Implementation of Corporate Landlord** - Improved knowledge of estate via condition surveys, utilisation analysis and service area plans. This will facilitate a Professional, Commercial and Proactive approach to estate management
- Medium Term Disposal Programme 2018/19 to 2022/23** - deliver additional capital receipts following comprehensive review of all land and property assets

**Key outputs = Efficiencies, Savings and Capital Receipts**

# CARDIFF COUNCIL LAND AND PROPERTY ESTATE



**Value of estate** – £1.2 billion

**Gross Internal Area** – 726,093 sqm / 7,815,675 sqft

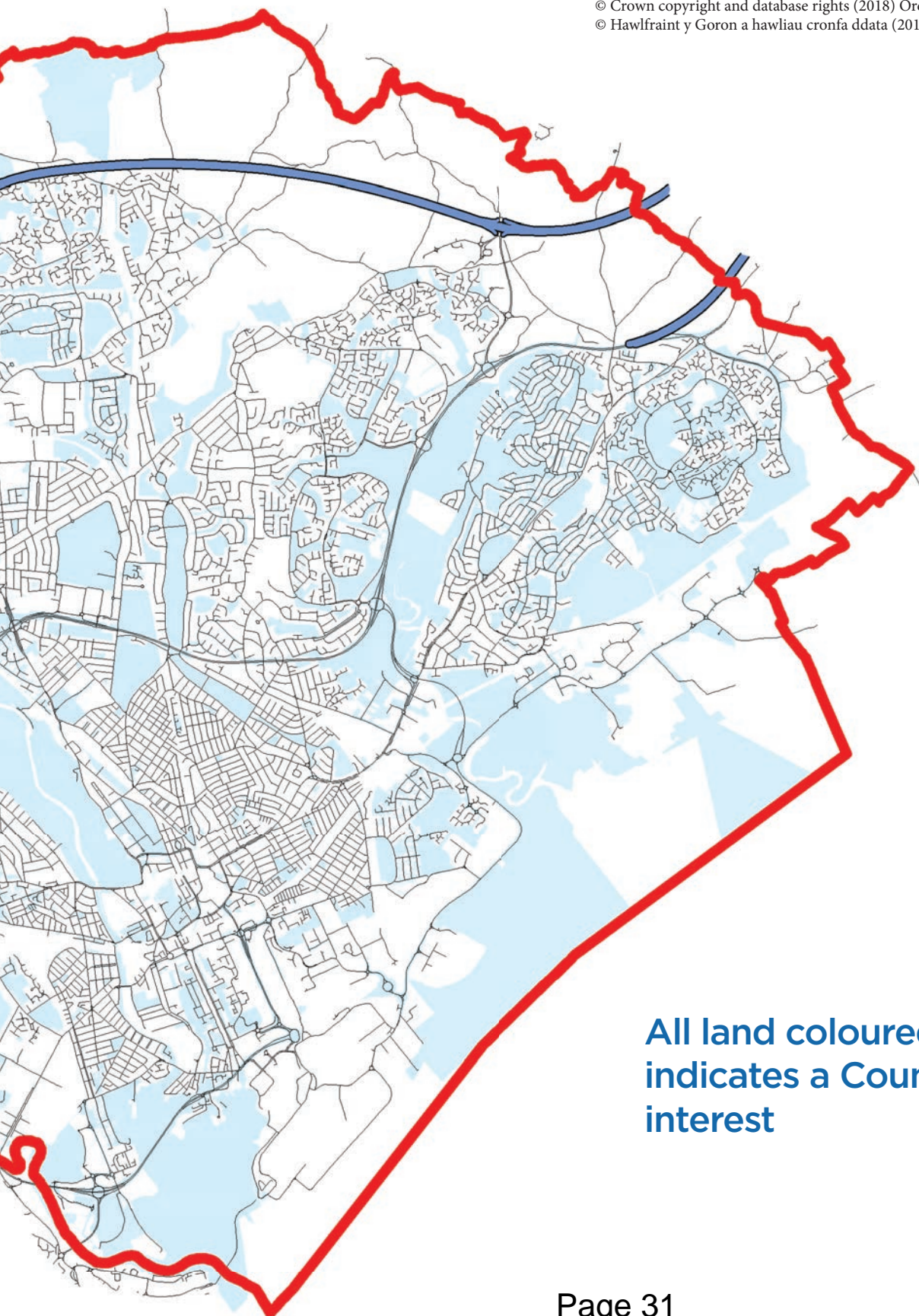
**Land Area** – 10,042 acres / 4,064 hectares

**Running cost** - circa £63m pa (including staff)

**Maintenance backlog as per 2012** - £102m

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**All land coloured blue  
indicates a Council  
interest**

## 2 INTRODUCTION

### What?

This Corporate Land and Property Management Plan (CLPMP) is an annual report that sets out the properties in scope for the forthcoming year.

### Why?

The CLPMP primarily applies to the operational estate which comprises land and property used to deliver or support Council services.

### Who?

The CLPMP is delivered by the Strategic Estates Department (SED) who sit within the Economic Development Directorate.

### How?

SED lead on the implementation of the plan under the guidance of the Asset Management Board and the Cabinet Member for Economic Development.

	CORPORATE LAND AND PROPERTY MANAGEMENT PLAN TARGETS						
	2015/16		2016/17		2017/18		
	TARGET	ACHIEVED	TARGET	ACHIEVED	TARGET	PROJECTED	
Capital Receipts	£6,200,000	£6,894,352	£7,300,000	£6,019,500	£7,300,000	£9,235,000	
GIA	3.5% <small>REDUCTION</small> ▼ 273,549 sqft	3.5% <small>REDUCTION</small> ▼ 274,038 sqft	4.2% <small>REDUCTION</small> ▼ 325,651 sqft	7.8% <small>REDUCTION</small> ▼ 608,582 sqft	1% <small>REDUCTION</small> ▼ 78,157 sqft	1.1% <small>REDUCTION</small> ▼ 87,044 sqft	
Running Costs	4.5% <small>REDUCTION</small> ▼ £1,620,000	2.7% <small>REDUCTION</small> ▼ £987,867	4.4% <small>REDUCTION</small> ▼ £1,600,000	9.1% <small>REDUCTION</small> ▼ £3,289,371	2.8% <small>REDUCTION</small> ▼ £1,008,000	1.3% <small>REDUCTION</small> ▼ £479,107	
Maintenance Backlog	4.2% <small>REDUCTION</small> ▼ £4,300,000	4.3% <small>REDUCTION</small> ▼ £4,440,123	4.3% <small>REDUCTION</small> ▼ £4,500,000	9.1% <small>REDUCTION</small> ▼ £8,831,151	1.3% <small>REDUCTION</small> ▼ £1,300,000	1.7% <small>REDUCTION</small> ▼ £1,300,000	

The four key CLPMP targets are;

- Revenue reduction: to reduce the annual running cost of the estate
- Maintenance reduction: decrease the maintenance backlog of the estate
- Floor Space reduction: reduce the size (Gross Internal Area) of the estate; and
- Capital Receipts: deliver capital receipts via disposal

These targets are established best practice in accordance with CIPFA (Chartered Institute of Public Finance and Accountancy), RICS (Royal Institution of Chartered Surveyors), The Welsh Audit Office and Welsh Government.

The Council property estate is reviewed throughout the year and assessed in line with changing Service Area requirements to help support informed decision making over the short, medium and long-term. The annual CLPMP schedule of agreed property transaction will be subject to regular change due to a range of factors throughout the year.

The Council's established asset management process is designed to continually review and challenge the estate in order to provide a better, more efficient operational base that aligns with the Council's vision and changing service needs, and deliver the aims and objectives of the Property Strategy 2015.

The CLPMP targets and achievements following establishment of the Property Strategy are shown below.

Proposed 2018/19 TARGET	Total achieved by January 2018	PROPERTY STRATEGY TARGETS	
		2018	2020
<b>£15,190,000</b>	<b>£14,593,852</b>	<b>£10,000,000</b> (Target achieved)	<b>£20,000,000</b>
		n/a	n/a
4% <small>REDUCTION</small> ▼ 312,627 sqft	12% <small>REDUCTION</small> ▼ 921,964 sqft	10% (Target achieved)	15%
		781,568 sqft (Target achieved)	1,172,351 sqft
3.1% <small>REDUCTION</small> ▼ £1,116,000	12.9% <small>REDUCTION</small> ▼ £4,607,554	5.6% (Target achieved)	13.9%
		£2,000,000 (Target achieved)	£5,000,000
5.4% <small>REDUCTION</small> ▼ £5,616,000	13.8% <small>REDUCTION</small> ▼ £14,060,731	n/a	19.2%
		n/a	£20,000,000

# 3 2017/18 UPDATE

**Green =** Completed

**Black =** Due to complete this financial year

**Red =** Risk of deferral to 2018/19

The table below shows progress on the property programme for 2017/18

DISPOSALS			
Property	Ward	Type	Action / Status
Former Caerau / Trelai Library and Community Centre	Caerau	NON-OPERATIONAL	SOLD
The Rise Penhill	Llandaff	OFFICES & OPERATIONS	SOLD
Howard Gardens Pavilion and Green	Adamsdown	OFFICES & OPERATIONS	SELL
Wedal Road, parks DSO Office/Depot	Cathays	OFFICES & OPERATIONS	SELL
Wedal Road HWRC	Cathays	OFFICES & OPERATIONS	SELL
200 Fairwater Road	Fairwater	OFFICES & OPERATIONS	SELL
Hawthorn Primary School	Llandaff North	SCHOOLS	PAYMENT
Site 3, Land at Willowbrook Drive	St Mellons	Land	SELL
Site 4, Land at Willowbrook Drive	St Mellons	Land	SELL
Bayscape phase 2 plot 1	Grangetown	Land	SELL
Bayscape phase 2 Plot 2	Grangetown	Land	SELL
Marine Village land plot 1	Grangetown	Land	SELL

The table below shows the anticipated end of financial year position for 2017/18 assuming completion of all transactions

	Reduction of Gross Internal Area (sqft)	Reduction of Maintenance Backlog	Reduction of Running Costs	Capital Receipts
2017/18 Projection / target	87,044	£1,736,739	£479,107	£9,235,000
2017/18 Projection / target %	1.1	1.7	1.3	n/a

## LEASE RELINQUISHMENTS

Property	Ward	Type	Action / Status
Mental Health Team, 32 Cowbridge Road East	Riverside	OFFICES & OPERATIONS	RELINQUISHED
Argyle Way Store	Caerau	OFFICES & OPERATIONS	RELINQUISHED
Llanishen Library	Llanishen	NON-OPERATIONAL	RELINQUISHED

## NON-OPERATIONAL ESTATE

Property	Ward	Type	Action / Status
Dalton St Day Centre	Cathays	NON-OPERATIONAL	LEASE
Victoria Park Bowls Pavilion	Canton	NON-OPERATIONAL	LEASE
Waterhall Park Changing Rooms	Fairwater	NON-OPERATIONAL	LEASE
John Reynolds Centre	Llanrumney	NON-OPERATIONAL	LEASE
Grange Gardens Bowls Green & Pavilion	Grangetown	NON-OPERATIONAL	LEASE
Moorland Road Day Centre	Splott	NON-OPERATIONAL	LEASE
Llandaff PC's at Old Bishops Palace	Llandaff	NON-OPERATIONAL	LEASE

## OTHER

Property	Ward	Type	Action / Status
Llanrumney Youth Centre	Llanrumney	NON-OPERATIONAL	DEMOLISHED
Maindy Bowls Pavilion	Cathays	NON-OPERATIONAL	DEMOLISH

The annual Corporate Land and Property Management Programme is a dynamic process and subject to change throughout the year. A variety of factors will influence the timescales and progress of property projects such as market forces, changing operational requirements and external factors / decisions, sometimes outside of the Council's control. Transactional delays and revised project timescales may result in affected properties being moved from the 2017/18 programme to 2018/19. The proposed property targets will still be met, however, they will be realised at a later date than first anticipated.

## 4 2018/19 PROGRAMME

The table below shows programme proposed for 2018/19

DISPOSALS			
Property	Ward	Type	Status
28 The Parade	Plasnewydd	OFFICES & OPERATIONS	SELL
Former Waungron HWRC (part)	Llandaff	OFFICES & OPERATIONS	SELL
Llanedeyrn Family Centre	Pentwyn	OFFICES & OPERATIONS	SELL
St Mellons Youth Centre/Community Centre	Trowbridge	NON-OPERATIONAL	SELL
St Mellons Enterprise Centre	Trowbridge	NON-OPERATIONAL	SELL
Llanrumney High School Site	Llanrumney	SCHOOLS	SELL
Eastern High (old Rumney High School)	Rumney	SCHOOLS	SELL
The Howardian Centre	Penylan	SCHOOLS	SELL
Marine Village land plot 2	Grangetown	LAND	SELL

**All capital receipts anticipated in the 2018/19 programme have been ring-fenced to existing projects**

LEASE RELINQUISHMENTS			
Property	Ward	Type	Action / Status
Friary Centre, City Centre	Cathays	OFFICES & OPERATIONS	RELINQUISH
Grangetown Buzz Caffi	Grangetown	NON-OPERATIONAL	RELINQUISH

The table below shows the CLPMP targets for 2018/19

	Reduction of Gross Internal Area (sqft)	Reduction of Maintenance Backlog	Reduction of Running Costs	Capital Receipts
2018/19 Target	312,627	£5,616,000	£1,116,000	£15,190,000
% impact	4	5.4	3.1	n/a



## NON-OPERATIONAL ESTATE

Property	Ward	Type	Action / Status
Roath Library	Adamsdown	NON-OPERATIONAL	LEASE
Trelai Bowls Pavilion	Caerau	NON-OPERATIONAL	LEASE
Blackweir Changing Rooms (part)	Cathays	NON-OPERATIONAL	LEASE
Jubilee Park Changing Rooms	Canton	NON-OPERATIONAL	LEASE
Prince of Wales Boxing Club at Grantgetown Nursery School	Grangetown	NON-OPERATIONAL	LEASE
Lydstep Changing Rooms	Llandaff North	NON-OPERATIONAL	LEASE
Rumney Hill Gardens Bowls Pavilion	Rumney	NON-OPERATIONAL	LEASE
Splott Play Centre	Splott	NON-OPERATIONAL	LICENCE
Splott Bowls Pavilion	Splott	NON-OPERATIONAL	LICENCE
Thornhill Changing Rooms	Thornhill	NON-OPERATIONAL	LEASE
Llandaff Fields Bowls Pavilion	Riverside	NON-OPERATIONAL	LEASE

## OTHER

Property	Ward	Type	Action / Status
Adamsdown Play Centre	Adamsdown	NON-OPERATIONAL	REDEVELOP

# 5 NON-OPERATIONAL - UPDATE

Completed transactions through financial years 2015/16, 2016/17 & 2017/18

Property	Ward	Leasee	Type	Term	Condition Backlog	Total Running Cost
<b>2015/2016</b>						
Pentrebane NL/ Community Centre	Fairwater	Pentrebane Zone	Community Use	25 Years FRI	£103,915	£8,292
Plasnewydd Community Centre	Plasnewydd	YMCA	Community Use	99 Years FRI	£95,000	£19,782
<b>2016/2017</b>						
Cardiff International Athletics Stadium	Canton	CAVC	Sporting Activity	30 Years FRI	£27,000	£331,290
Insole Court	Llandaff	Insole Court 50+ Group	Heritage	125 years	£3,000,000	£45,453
Dusty Forge Youth Centre	Ely	ACE (Action In Caerau & Ely)	Community Use	99 Years FRI	£127,000	£21,891
Llwynfedw Gardens Pavilion	Heath	Friends of Llwynfedw	Community Use	20 Years FRI	£49,975	£8,000
Maes-y-coed Community Hall	Heath	Jubilee Trust	Community Use	25 Years FRI	£2,000	£20,390
Highfields and Oaks Garden Nursery	Heath	Vision 21	Horticultural	50 years FRI	£5,000	£500
Llanedeyrn Play Centre	Pentwyn	1st Pentwyn Scouts	Scout Guide	99 Years FRI	£9,200	£4,130
Highfields ABC, Plymouthwood Road	Ely	Highfields ABC	Sporting Activity	25 Years FRI	-	-
Pontcanna Caravan Park	Riverside	Friends of Pedal Power Project	Sports facility	25 Years	-	-
Whitchurch Community Centre	Whitchurch	Whitchurch Community Association	Community Use	25 Years FRI	-	-
<b>2017/2018</b>						
Dalton Street Day Centre	Cathays	Trustees of Highfields Church	Community Use	20 Years FRI	£100,025	£3,618
John Reynolds Centre	Llanrumney	Llanrumney Phoenix ABC	Sporting/ Community Activity	99 Years FRI	£86,500	£25,000
Victoria Park Bowls Pavilion	Canton	Cardif Beach Volleyball	Sporting Activity	25 Years FRI	£45,000	£10,000
Waterhall Changing Rooms and Pitch	Fairwater	Fairwater RFC	Sporting Activity	10 years FRI	£49,300	£6,000
<b>TOTAL</b>					<b>£3,699,915</b>	<b>£504,347</b>



The John Reynolds Centre, Llanrumney

- **What's next?** Continue to review how to best manage the non-operational estate in line with the Property Strategy 2015 and Council service area objectives.
  - Undertake a detailed review of the non-operational estate portfolio.
  - Better understand community provision within all wards.
  - Obtain up to date knowledge of condition maintenance backlog relating to non-operational buildings subject to rationalisation proposals.
  - Implement proactive and professional approach to the management of the non-operational estate and better understand how the properties are being utilised.
  - Better understand the link between the non-operational estate and Council service provision.



Cardiff International Athletics Stadium, Grangetown



Maes-y-Coed Community Centre, Heath



Dalton Street Day Centre, Cathays



Plasnewydd Community Centre



Insole Court, Llandaff

*Some recent examples of non-operational estate rationalisation*

# 6 OFFICE RATIONALISATION - UPDATE

## Office Rationalisation

- Office rationalisation relinquishments and disposals through financial years 2015/16, 2016/17 & 2017/18

Property	Ward	Reduction of Gross Internal Area (sqft)	Reduction of Maintenance Backlog	Reduction of Running Costs	Capital Receipts	Teams Relocated to
<b>2015/2016</b>						
Highways Depot - Brindley Rd	Grangetown	20,000	£50,000	£100,000	£165,250	County Hall / CTS
71 Bridge St	Cathays	5,608	£38,500	£23,440	£720,500	County Hall
Alexander House	Gabalfa	3,714	£29,000	£75,593	n/a	County Hall
Charles Street	Cathays	8,073	£60,000	£165,000	n/a	County Hall
St David's House	Cathays	1,841	£1,000	£6,031	n/a	Radyr Court
Howardian Centre	Penylan	n/a	n/a	£201,582	n/a	County Hall
Bessemer Close - associated buildings	Grangetown	79,664	£239,400	£209,638	£2,010,000	
<b>2016/2017</b>						
Global Link	Grangetown	36,221	15,500	£737,392	n/a	County Hall
Llanedeyrn Family Centre	Pentwyn	9,011	£91,800	£32,638	n/a	County Hall
32 Cowbridge Rd	Riverside	5,102	£40,000	£53,246	n/a	County Hall
Suffolk House	Canton	8,762	£215,600	£54,571	£800,000	Hafan Gobaith
Ely Family Centre	Ely	12,304	£90,300	£46,626	n/a	Hafan Gobaith
Cardiff Motorpoint Events Office	Cathays	861	n/a	£30,000	n/a	County Hall
<b>2017/2018</b>						
The Rise , Penhill	Llandaff	12,034	£471,932	£66,630	£1,600,000	Gabalfa House
Mynachdy Centre	Llandaff North	n/a	n/a	£125,000	n/a	County Hall
<b>TOTAL</b>		<b>203,195</b>	<b>£1,251,324</b>	<b>£1,642,441</b>	<b>£5,295,750</b>	





DISPOSED - The Rise, Llandaff



County Hall, Cardiff Bay



City Hall, Civic Centre



Willcox House, Dunleavy Drive

*The Council's 3 core office buildings – County Hall, City Hall and Willcox House*



# 7 SCHOOLS ORGANISATIONAL PLANNING - UPDATE

The 21<sup>st</sup> Century schools programme was established by Welsh Government as a four-phase investment project initially over a twelve year period, focussing on school priorities.

- **Band A update**

- New High School in the East - completed December 2017.
- New High School in the West - building work commenced. Completion planned for Feb 2019.
- New Primary School builds at Hamadryad, Howardian, Glan Morfa (Maltings), Gabalfa and Glan Ceubal are all on site.
- Adamsdown Primary - Identified investment works complete.
- Ninian Primary - Work has commenced on site to complete the agreed investment.

- **Band B update**

The Band B 21<sup>st</sup> Century School Strategy commits to deliver: "Inspiring, sustainable, community-focused schools in which children and young people can achieve their potential"

The value of the programme submitted by Cardiff Council was £284 million, of which half is proposed to be funded by Welsh Government, and half by the Council.

## Secondary Schools

- Cantonian High School - It is proposed that Cantonian High School is rebuilt and expanded to provide a new 11-18 high school, with eight forms of entry (8FE).
- Fitzalan High School - It is proposed that Fitzalan High School is rebuilt as a new 11-18 high school, with ten forms of entry (10FE).
- Willows High School - It is proposed that Willows High School is rebuilt and expanded to provide a new 11-16 high school, with eight forms of entry (8FE).
- Cathays High School - It is proposed that Cathays High School is rebuilt and expanded to provide a new 11-18 high school, with eight forms of entry (8FE).
- Cardiff High School - It is proposed that Cardiff High School is expanded and remodelled to provide an 11-18 high school, with ten forms of entry (10FE).

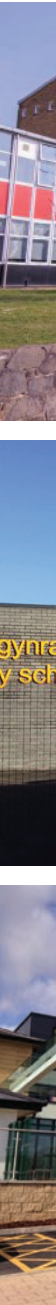
## Primary Schools

- St Mary the Virgin Primary School - It is proposed that St Mary the Virgin Primary School is replaced with a new school and its capacity increased by 30 places per year to a two form of entry school (2FE).
- Fairwater Primary School - It is proposed that Fairwater Primary School is enlarged and its capacity increased by 30 places per year to establish a two form of entry school (2FE).
- Ysgol Pen y Pil - It is proposed that Ysgol Pen y Pil is enlarged and its capacity increased by 30 places per year to a two form of entry school (2FE).
- Ysgol Gymraeg Nant Caerau - It is proposed that Ysgol Gymraeg Nant Caerau is enlarged and its capacity increased by 30 places per year to a two form of entry school (2FE).

## Special Schools

Four special schools have been 'D' rated for suitability and are in need of replacement:

- Riverbank School - for children aged 4-11 with severe and complex learning disabilities.
- Woodlands School - for pupils aged 11-19 with severe and complex learning disabilities.
- The Court School - for children aged 4-11 with emotional health and wellbeing needs also commonly referred to as 'behaviour emotional and social needs.
- Greenhill School - for pupils aged 11-16 with emotional health and wellbeing needs.





Cardiff High



Adamsdown Primary School



Pontprennau Primary School



Eastern Community Campus



Cantonian High School



Fitzalan High School

# 8 CORPORATE LANDLORD - UPDATE

## **Corporate Landlord Programme**

In early 2017 Cardiff Council established the Corporate Landlord Programme. Its goal is “to create one cohesive operating model in the organisation leading on all non-domestic property matters”.

The key area will involve ensuring the strategic direction of the estate aligns with the management of all information relating to non-domestic assets, ensuring statutory compliance and effective management of other property managing functions. Suitable business processes, governance and resource will be implemented to achieve this.

The programme will ensure that:

- Operational buildings are safe and legally compliant in relation to health and safety
- Strategic direction of the estate is aligned with property management, maintenance and design services
- The programme is supported by suitable IT and data systems
- Service areas are aware of landlord and tenant responsibilities through effective communication and corporate understanding
- Assess and mitigate compliance risk within the operational estate
- There is a clear focus on building relationships to support stakeholders and customers

Strategic Estates Department (SED) are integral to the delivery of Corporate Landlord and will progress projects that will capture new information, facilitating a more detailed analysis of property performance to inform strategic decision making.

Specific property projects managed within SED include:

- **Property Condition Surveys**

A full programme of property condition surveys across the operational estate. This will inform strategic decision making on retention, investment, suitability and provide an up to date account of the Council's current maintenance backlog. Completion anticipated end 2018.

- **Property Utilisation and Suitability Audit**

Each operational property will be analysed to record how space is used, by which teams, for what purpose etc. Opportunities to review existing use, realise efficiencies or potentially lease space for income will be identified.

- **Service Property Plans**

Service Areas and SED will work together to identify the short, medium and long term service property requirements. This will be combined with condition surveys and the utilisation audit to support strategic decision making.

- **Property Management Principles**

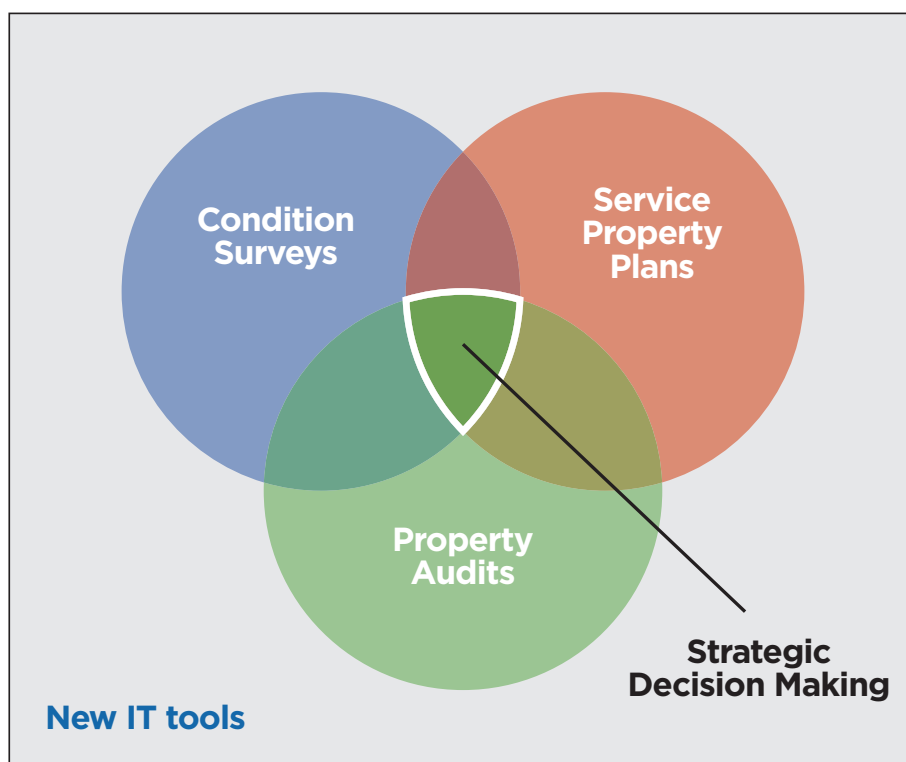
Clear management principles will be established defining the responsibilities of building users and the central Corporate Landlord.

- **Real Estate IT**

New IT tools will be implemented to better link the Council's property data and improve capacity to analyse and report on performance. This will realise efficiencies and identify new property opportunities.



The diagram below shows how the new information gathered through Corporate Landlord will be used to make strategic decisions relating to the Council's property estate.



**To effectively plan over the short, medium and long term in regards to the Council's operational estate, new information is required.**

Condition surveys will provide an up-to-date assessment of the maintenance backlog and priority works within our buildings. This will help us understand how to prioritise investment and profile maintenance spend over time.

Property utilisation audits will assess how our properties are used. This information will allow us to analyse whether there are opportunities to use space more efficiently operationally, or identify alternative purposes/uses.

Service property plans will provide the service area property requirements over the short, medium and long term. This will help us understand how service need aligns with the existing asset base and what solutions are needed in the future to better deliver services.

New IT systems will hold all of the above information in one place. This information supported by new, detailed reporting and analytical tools will provide the basis to support strategic decision making across the Council's property estate which will inform future Corporate Land and Property Management Plans.

# 9 CARDIFF CENTRAL MARKET - UPDATE

Cardiff Market (also known as Central Market) offers a unique shopping experience in the heart of Cardiff. Cardiff Market has been trading in one form or the other since the 1700s and under one roof we will find a range of products from pots and pans to nuts and bolts, clothes and unique food stalls.

## **Market Summary**

- 242 Stalls
- 66 leaseholders
- All leases are coterminus and have a new lease from 01 May 2017 for a 5 year period.

## **Plans moving forward**

- £300k secured for roof repairs
- First Heritage Lottery bid to be submitted in June 2018 to enable the market to operate in line with European Markets
- Continue to build strong relationships with Tenants and Cardiff Central Market Tenants Association
- Scrutinise new stall application to ensure diversity of products and services
- Explore option to install footfall counters to assist with current visitor figures vs post redevelopment visitor figures

## **Achievements to Date**

- Social media campaign undertaken to help increase awareness and visitor figures. Twitter and Facebook pages launched - each has in excess of 2,000 followers
- Following an independent surveyors report, rents and service charge has been successfully reviewed and implemented
- Reduced service charge over a four year period from £427k p.a. to £227k in 2017/18 resulting in positive feedback from tenants
- Agreement reached with Tenants for roller shutter doors to become tenants liability resulting in cost saving to Cardiff Council
- Quarterly Cardiff Central Market Tenants Association meetings agreed to help build relationships with Tenants and ensure good communications maintained







# 10 MEDIUM TERM DISPOSAL PROGRAMME – 2018/19 TO 2022/23

## Medium Term Disposal Programme – 2018/19 to 2022/23

The Strategic Estates Department (SED) is developing a medium term disposal programme to deliver £40m additional capital receipts over 5 years for the general fund and Band B, SOP.

### Schools Operational Planning (SOP):

£25m capital receipts is necessary to support the Band B SOP programme. These receipts will be delivered through the disposal of surplus school sites that will become available through the development of new schools.

The review work to identify the properties that could be sold to generate the capital receipts will be concluded in Autumn 2018, at which point it is intended a report will be taken to Cabinet with a New Disposal Strategy and list of assets.

### General Fund:

£15m is required in capital receipts for the general fund from 2018/19 – 2022/ 23 and a review is underway in order to identify the list of assets to be sold. The review is covering a range of Council assets as follows:

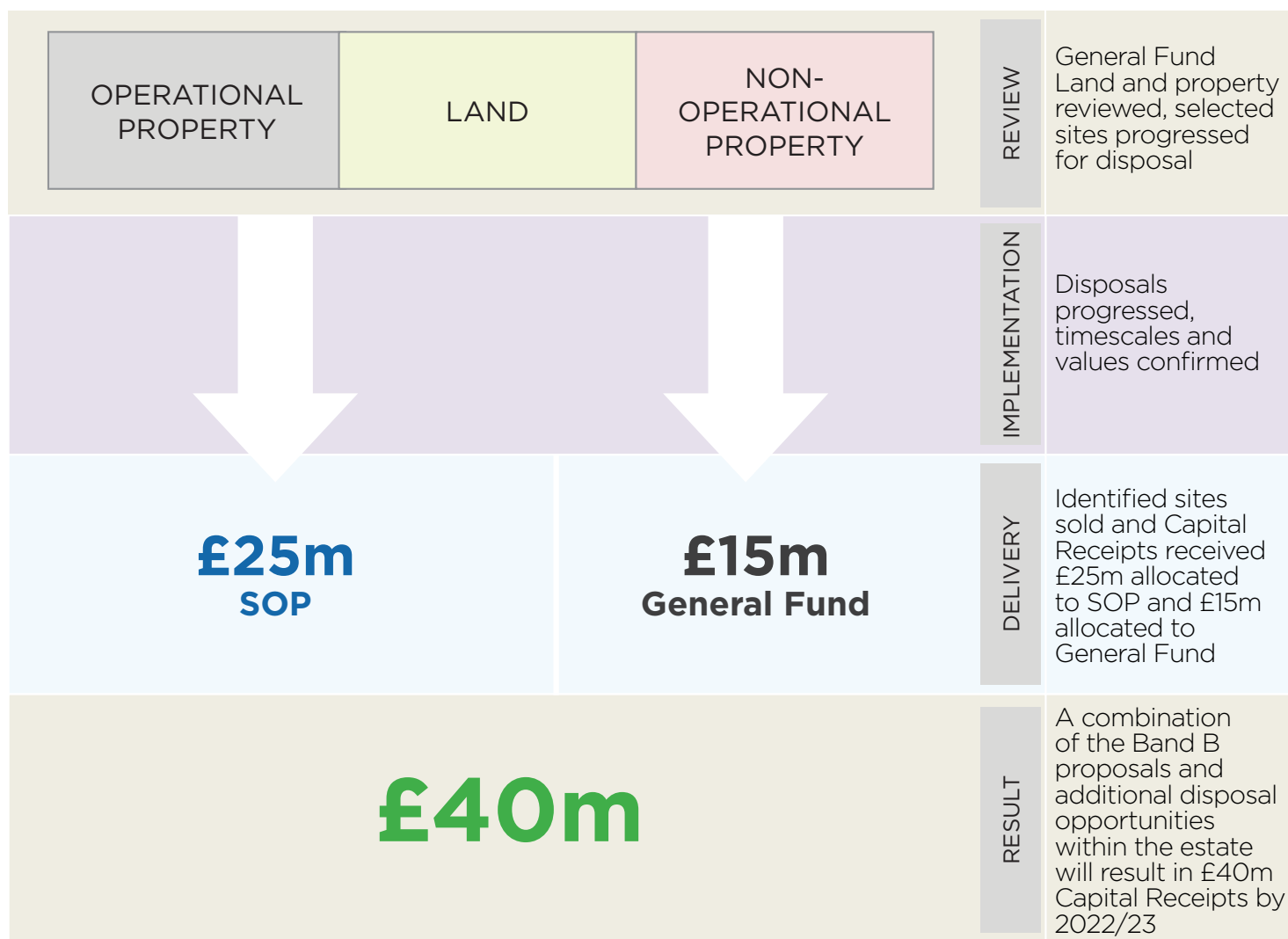
- Operational Buildings – in line with the way in which disposals have been identified for the Property Strategy an ongoing review of Council's assets occupied and used to deliver and support Council services is taking place. The work ongoing as part of Corporate Landlord is assisting to better inform this process, the knowledge that will be gained of the estate through the condition surveys and utilisation audit will identify further opportunities for rationalising the estate which in turn will result in properties to be sold.
- Non investment/ leased Estate – a new strategy is being developed to review the Council's vast and varied portfolio of leased assets. These are assets that do not sit within the investment estate but are leased or occupied by third parties. It is envisaged that the review and strategy will result in further disposal opportunities.
- Land – an appraisal is being undertaken of all land in Council ownership. The Council owns over 10,000 acres of land which is held by a number of services, some of this land isn't used and presents a potential liability and opportunity for disposal. A comprehensive, ward by ward review has been instigated in order to identify the parcels of land that do not need to be retained and could be sold. Streamlining the Council's ownership of land aligns with the principles of a more efficient estate.

## Benefits of new disposal programme

The disposal of surplus land and buildings provides further benefits to the Council and the city as a whole. These being:

- Delivery of affordable housing
- Delivery of market housing
- Savings from releasing Council's liability of assets
- Regeneration opportunities
- Development impact on Economic Development objectives





The diagram above illustrates the process that will deliver the medium term disposal programme











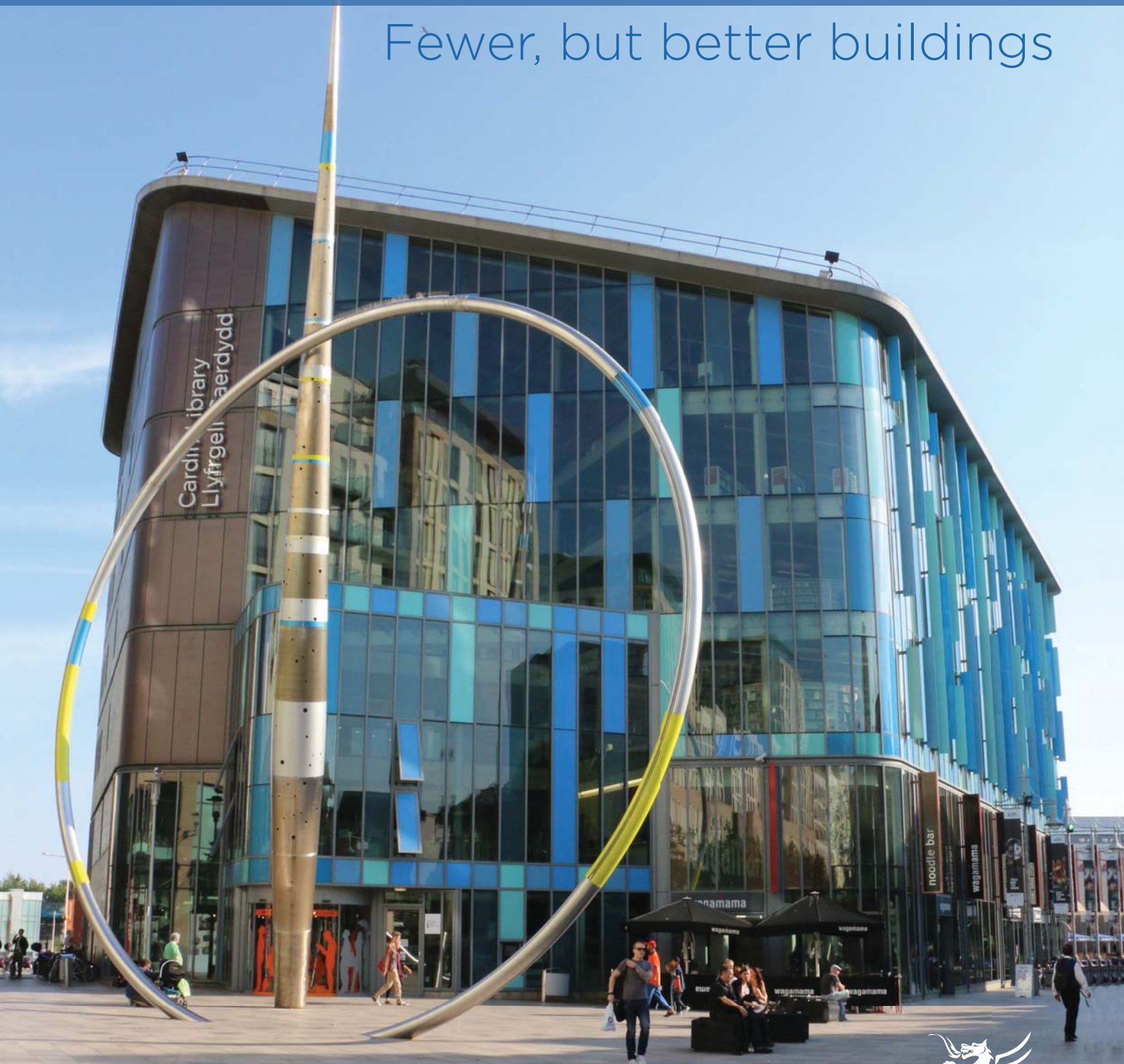


The City of Cardiff Council

# PROPERTY STRATEGY

2015 - 2020

Fewer, but better buildings





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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 £1 billion. 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, and deliver more sustainable public buildings.
- Maximise the potential of the total public estate in Cardiff.

Overall the strategy will make the move from a service area silo approach to a

joined-up corporate that makes it easier for people in Cardiff to access public services in an improved environment, whilst reducing the cost and environmental footprint of the Council's estate. This represents a step change to the way in which the Council manages its estate.

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 to reduce overall running costs and provide a more sustainable public property portfolio with a reduced carbon footprint.
- Ensure a strong rationale for the use and ownership of property, including community benefit 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** – this involves improving the quality of the Council's estate through a programme of investment to provide modern, fit for purpose and sustainable buildings with a low carbon footprint. 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.

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.

The new approach will make the move from a service area silo approach to a joined-up corporate approach that makes it easier for people in Cardiff to access public services in an improved environment, whilst reducing the cost and environmental footprint of the Council's estate. This represents a step change to the way in which the Council manages its estate.









## 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 approved budget for 2014/15 included making significant savings amounting to £48.645 million. 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. The July Budget Strategy report identified a budget gap of £45.5m in respect of 2015/16, and an anticipated shortfall over the three year period within the Medium Term Financial Plan of £124m.

In addition to the above, the demand for Council services seems to grow at an ever

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

Table 1: Population and Population Change 1983-2013

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

Table 2: 2011-based local authority population projections for Cardiff

increasing rate as people continue to live longer lives (see Table 1).

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%.

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

### Co-operative Values: We Are Cardiff



### Our Priorities:



**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 pro-active 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.





# 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	
Schools	122
Offices	49
Community Buildings	97
Other (Parks, Highways etc.)	255
<b>TOTAL</b>	<b>523</b>

### 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









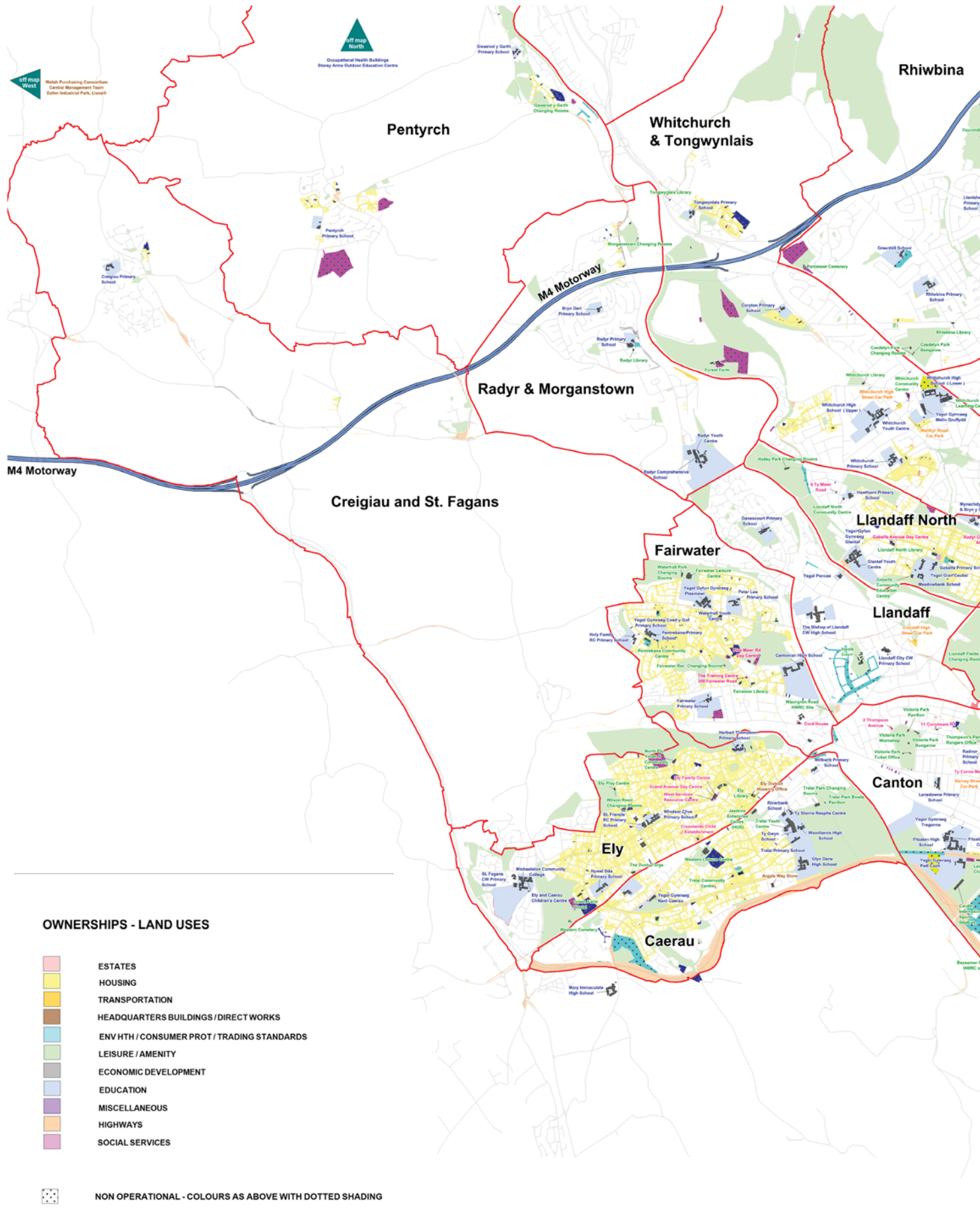


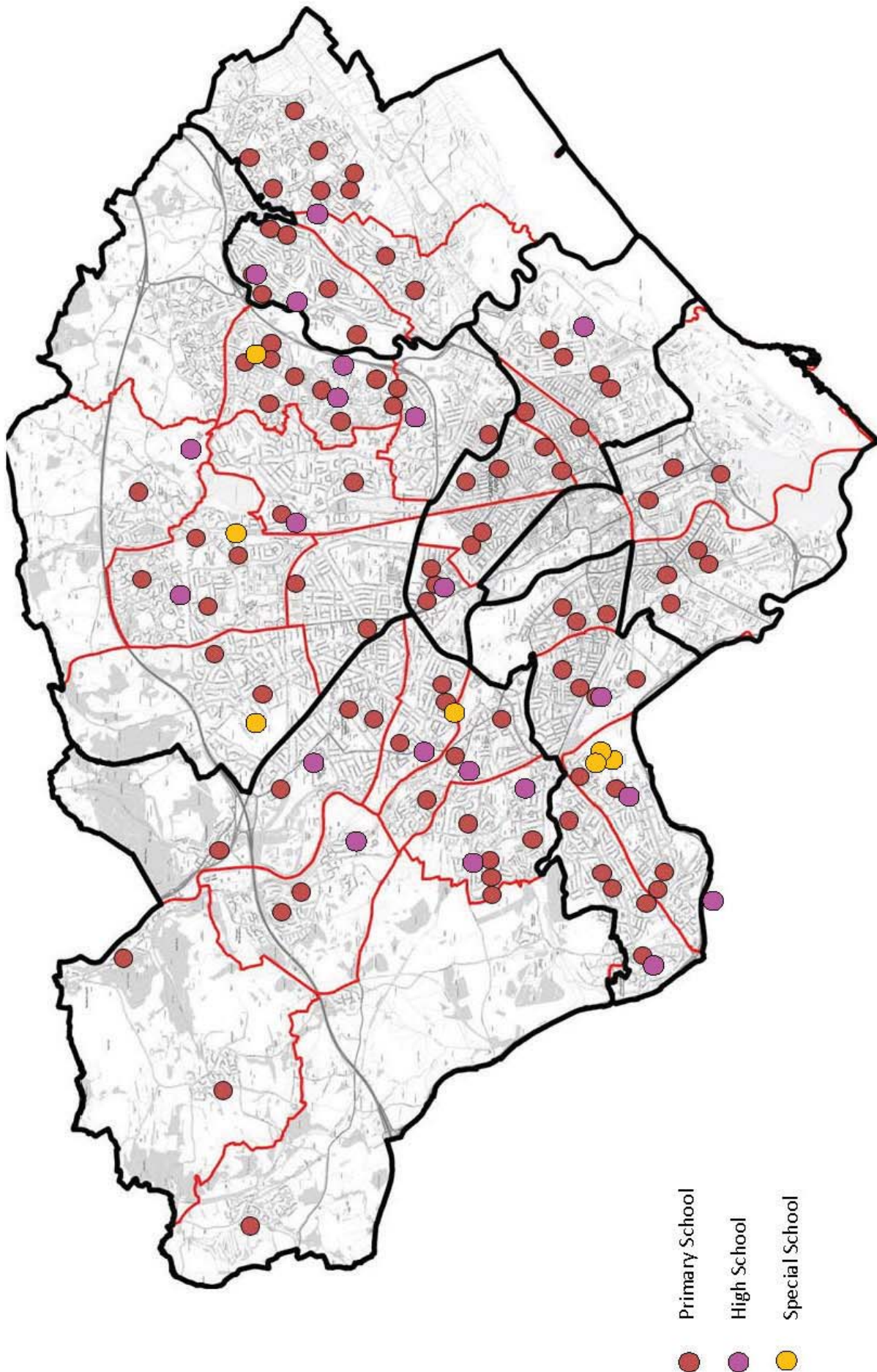
Figure 2: City of Cardiff Council Estate



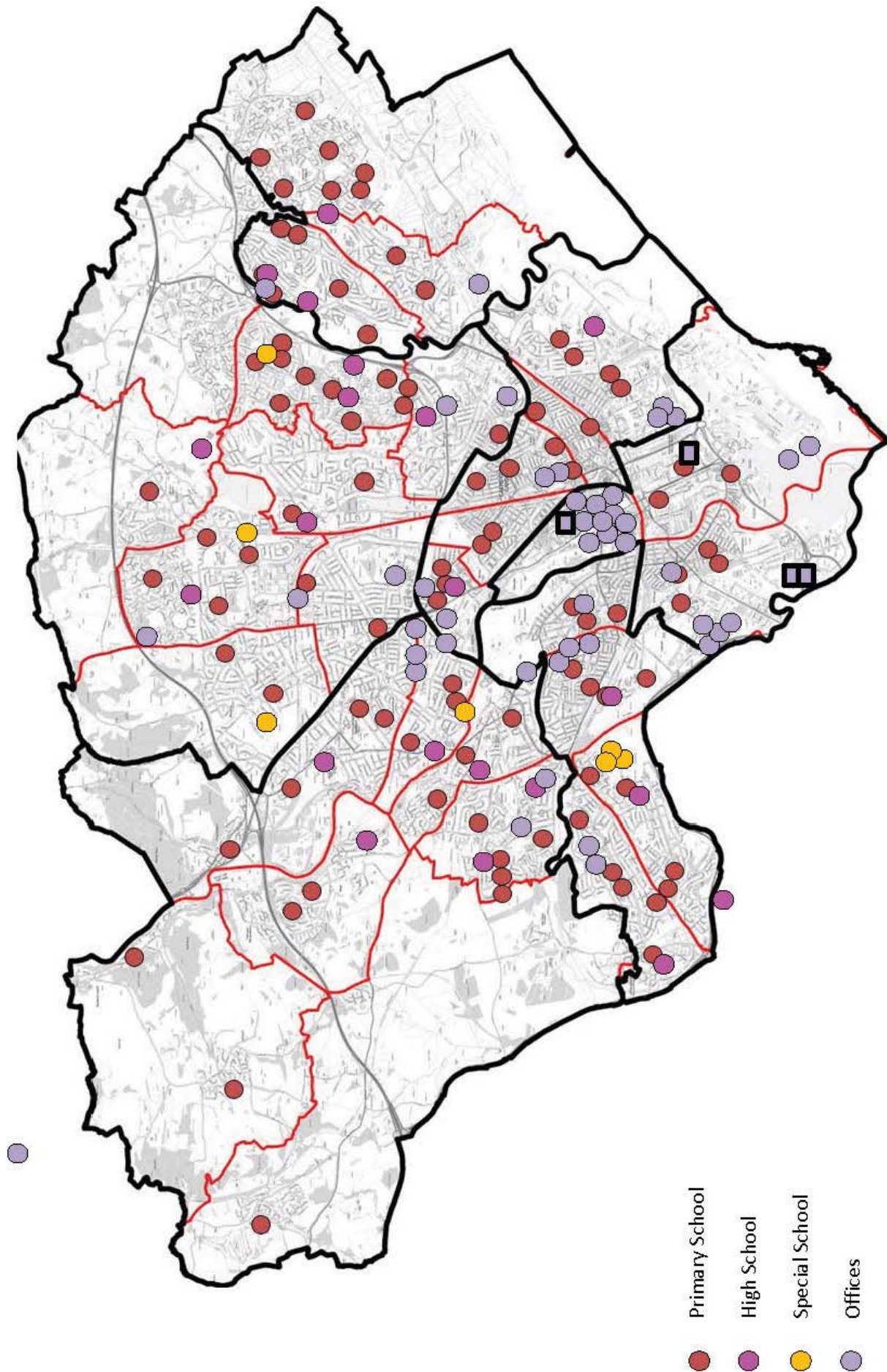




# ALL PRIMARY, SECONDARY AND SPECIAL SCHOOLS

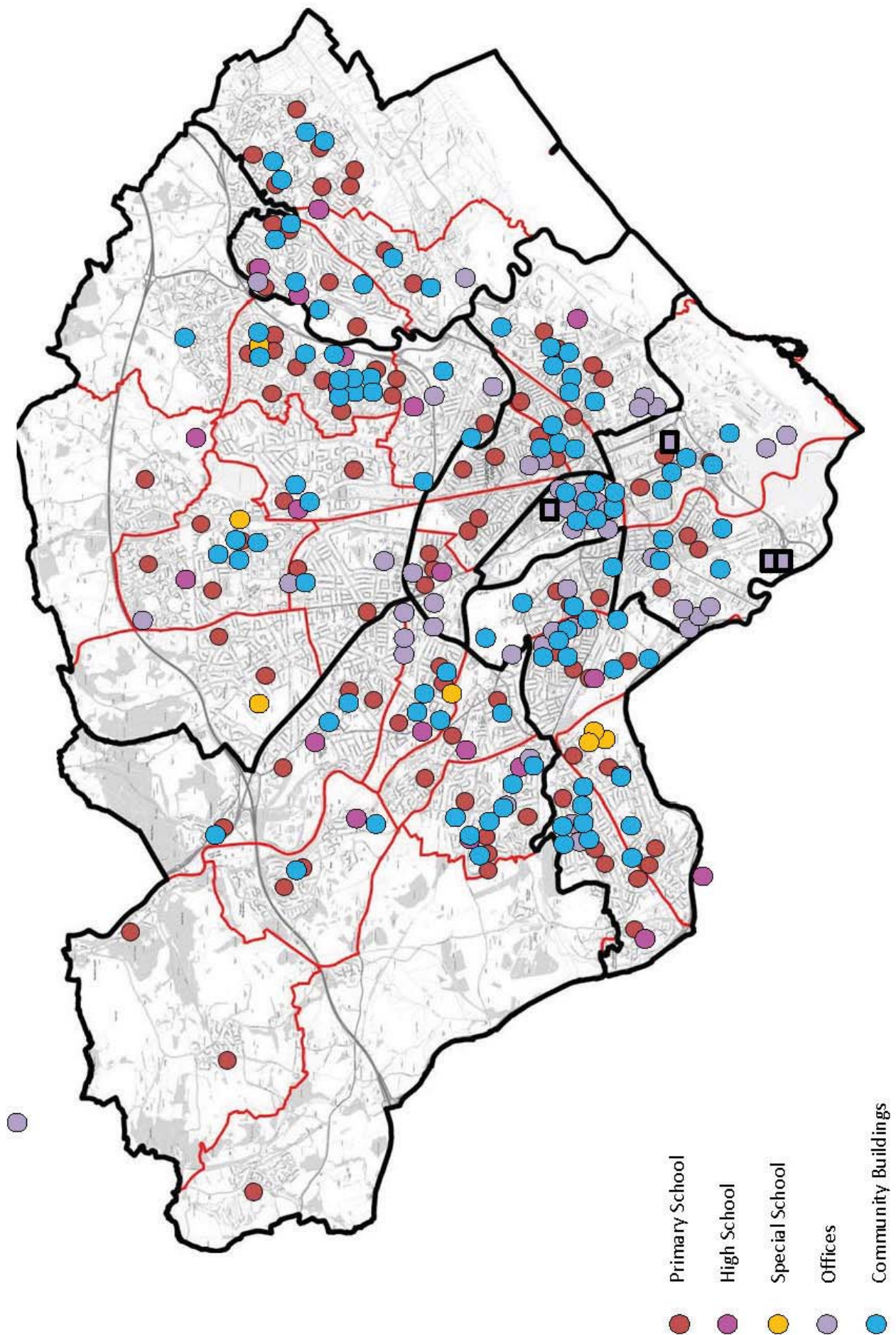


# ALL SCHOOL AND COUNCIL OFFICE PROPERTIES



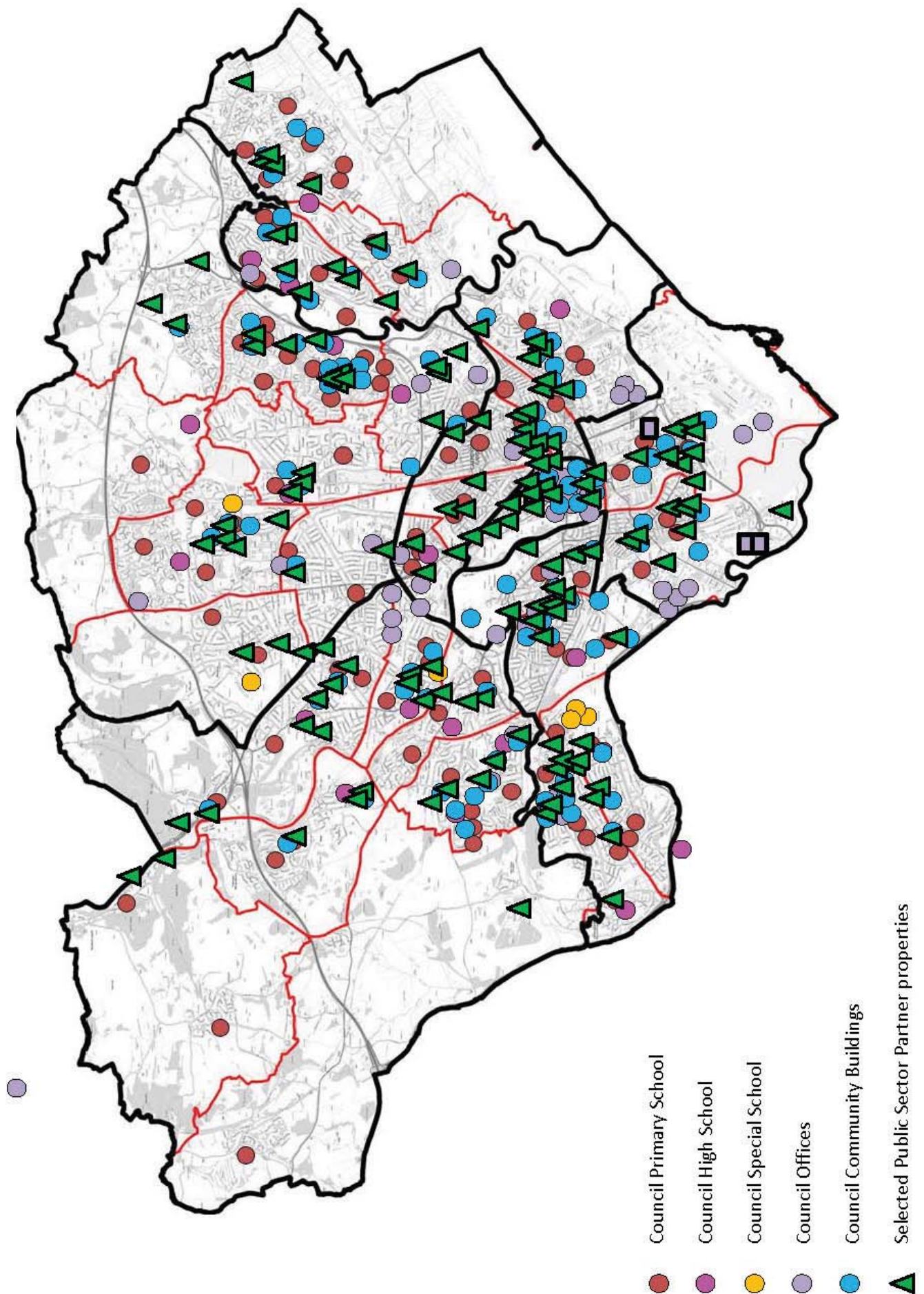


# ALL SCHOOL, OFFICE AND COMMUNITY PROPERTIES





# ALL PUBLIC SECTOR PARTNER PROPERTIES



# STATE OF THE ESTATE: KEY INFORMATION

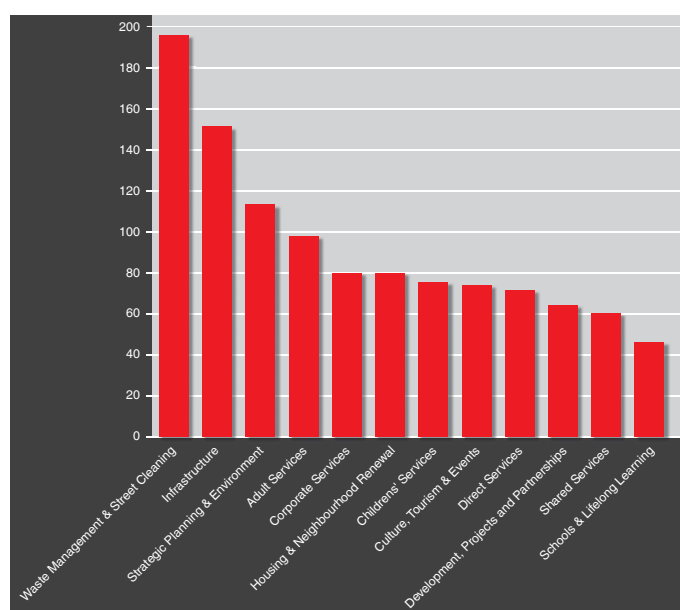
	GIA	% Total
Education	447,043	64%
Community Facilities	75,498	11%
Corporate Services	58,523	8%
City Management	51,160	7%
Adult Services	21,345	3%
Shared Services	14,283	2%
City Development	13,349	2%
City Services	9,795	1%
Children's Services	9,166	1%
Regulatory	4,426	1%

**Table 3:** Operational property Gross Internal Area (GIA) divided by Service Area 2013/14 (Based on previous definition)

Education	180	Primary, Secondary, 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

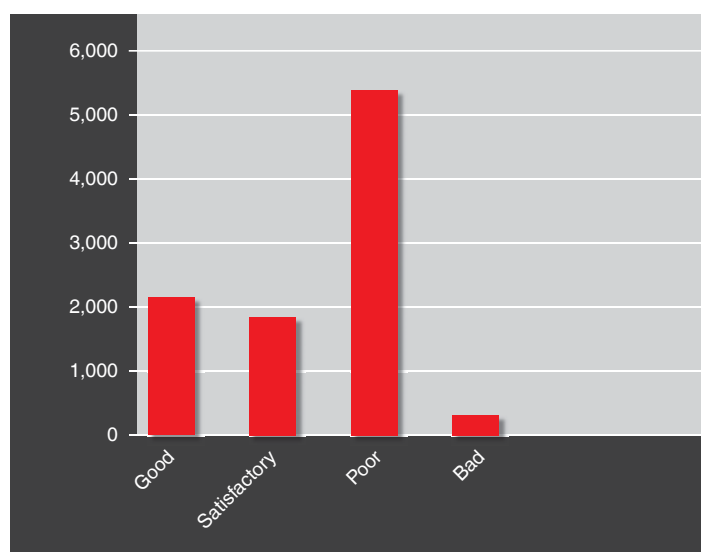
**Table 4:** Operational Property by Service Area 2013/14

## Council Property Footprint by Function (m2)



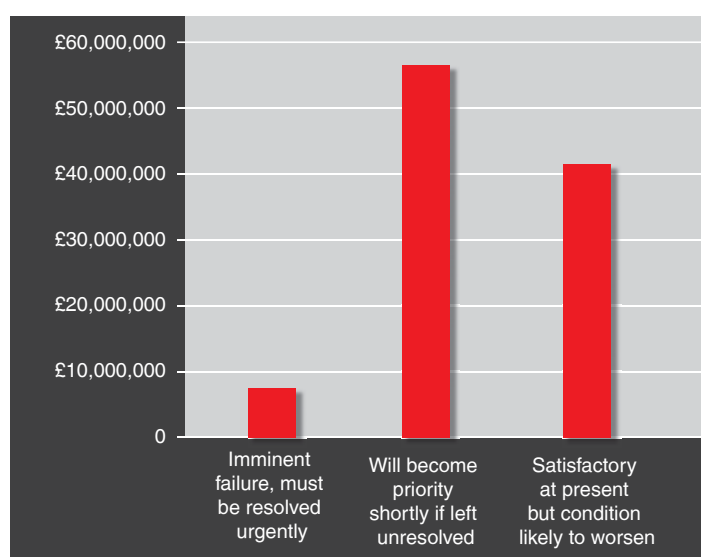
Service 2013/14	Cost per m2
Waste Management & Street Cleaning	196
Infrastructure	152
Strategic Planning & Environment	113
Adult Services	98
Corporate Services	80
Housing & Neighbourhood Renewal	80
Children's Services	76
Culture, Tourism & Events	74
Direct Services	72
Development, Projects and Partnerships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

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



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 1 shortly if left unresolved	£56,045,197
Satisfactory at present but likely to worsen	£41,249,896
<b>TOTAL</b>	<b>£104,839,758</b>

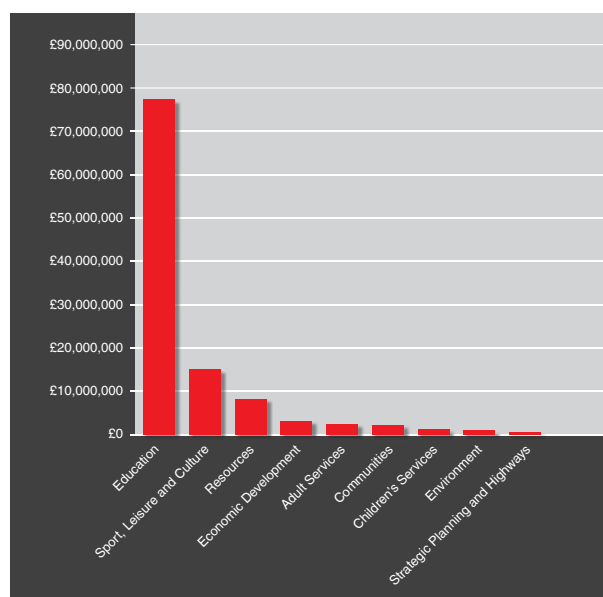
Item	Total 13/14 spend
Total amount spent on Required maintenance	£40,730,688
Total amount spent on Planned maintenance	£22,435,749
Total amount spent on Responsive maintenance	£18,294,939

**Table 5:** The percentage of total expenditure spent on Planned and Responsive maintenance

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

**Table 6:** The cost of energy use in all operational buildings per m2 of gross internal area (GIA)

## Total Priority Works Backlog



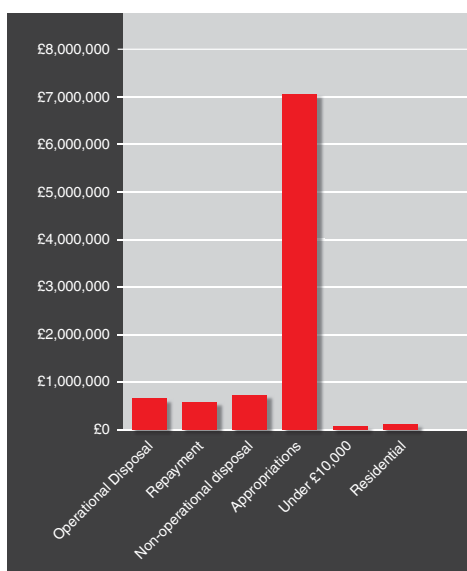
Service Area	Total Backlog
Education	£77,260,065
Sport, Leisure and Culture	£13,431,862
Resources	£7,269,750
Economic Development	£2,217,910
Adult Services	£1,868,351
Communities	£1,771,945
Children's Services	£679,550
Environment	£223,475
Strategic Planning and Highways	£116,850



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

**Table 7:** The amount of energy used (kwh) in all operational buildings per m2 of gross internal area

## All Cardiff Council Receipts 2013/14



	2013/14
Operational Disposal	£779,735
Repayment	£720,000
Non-operational disposal	£849,406
Delaps	£1,190,000
Appropriations	£7,040,000
Under £10,000	£53,678
Residential	£98,454

## 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

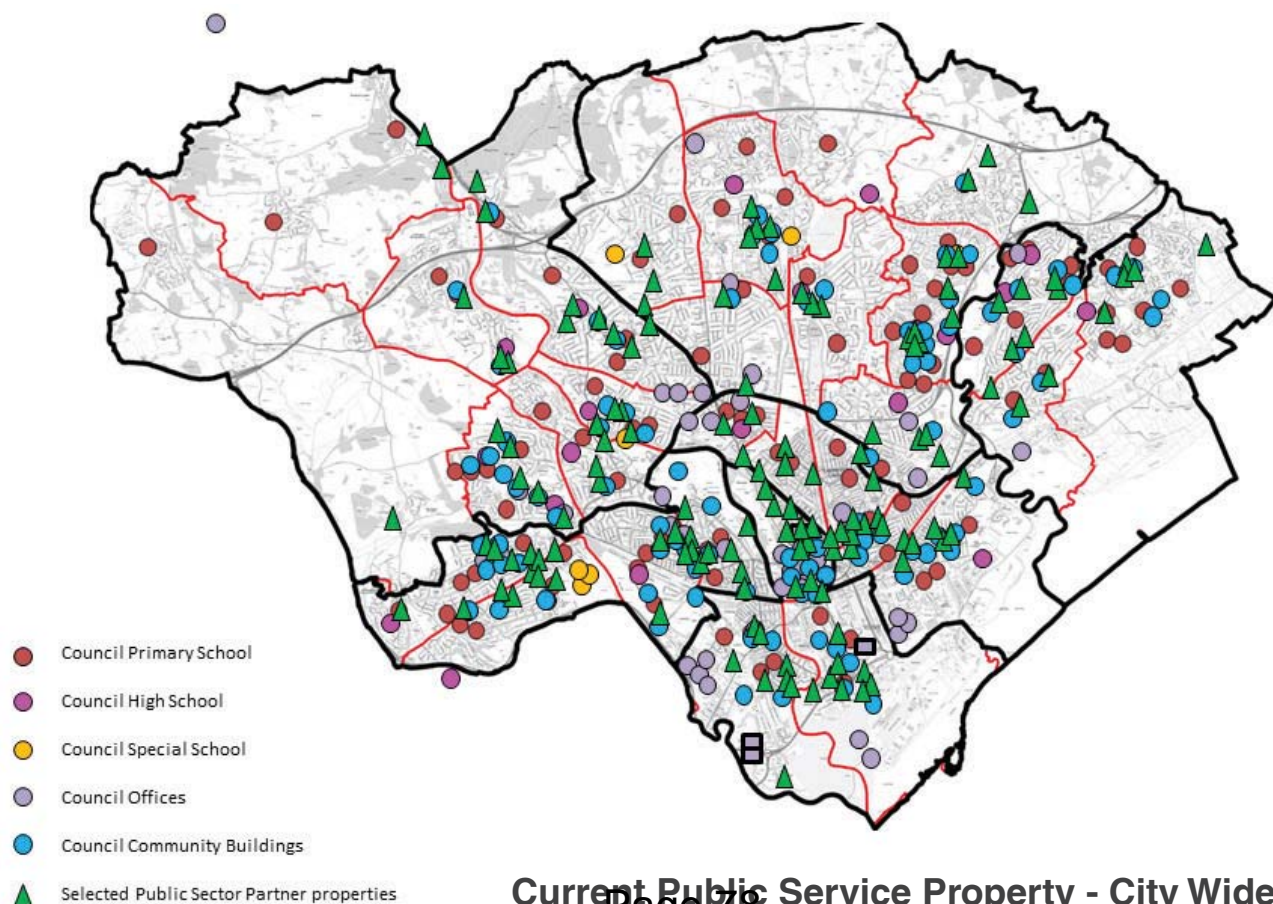
### Vision

“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, and deliver more sustainable public buildings.
- Maximise the potential of the total public estate in Cardiff.

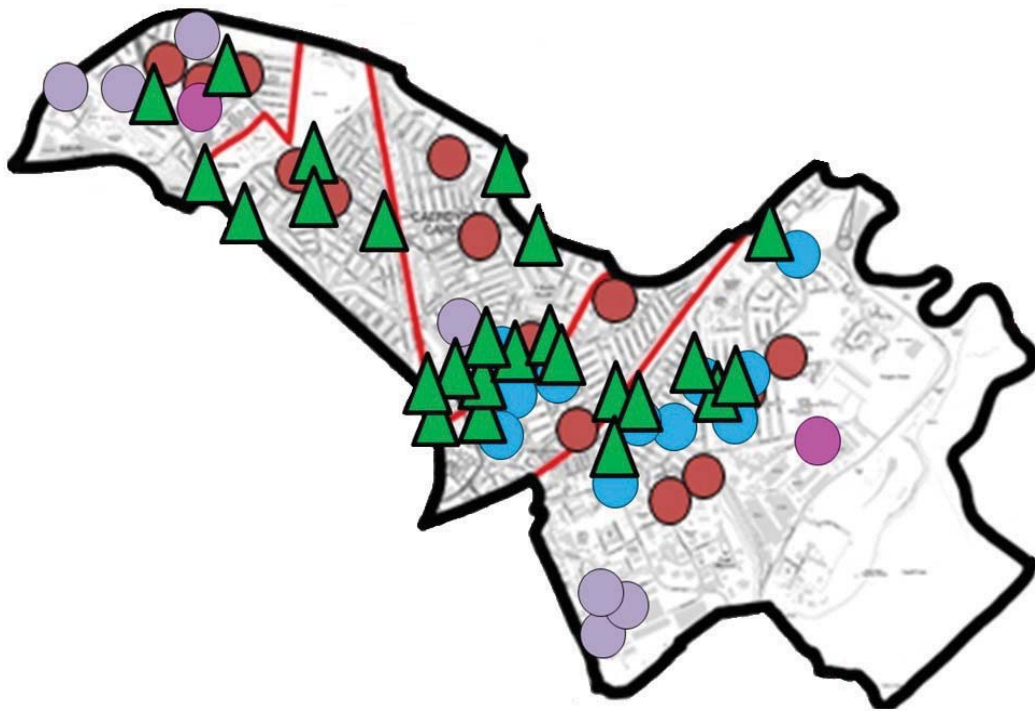
Overall the vision will look to consolidate the current public sector property portfolio to improve service delivery and efficiency. The current wide range and number of public buildings is neither suitable in terms of meeting user needs, nor efficient in terms of cost and environmental impact. Addressing these issues is an essential element of providing modern fit-for-purpose services that supports a more sustainable model of delivering public sector and city priorities.



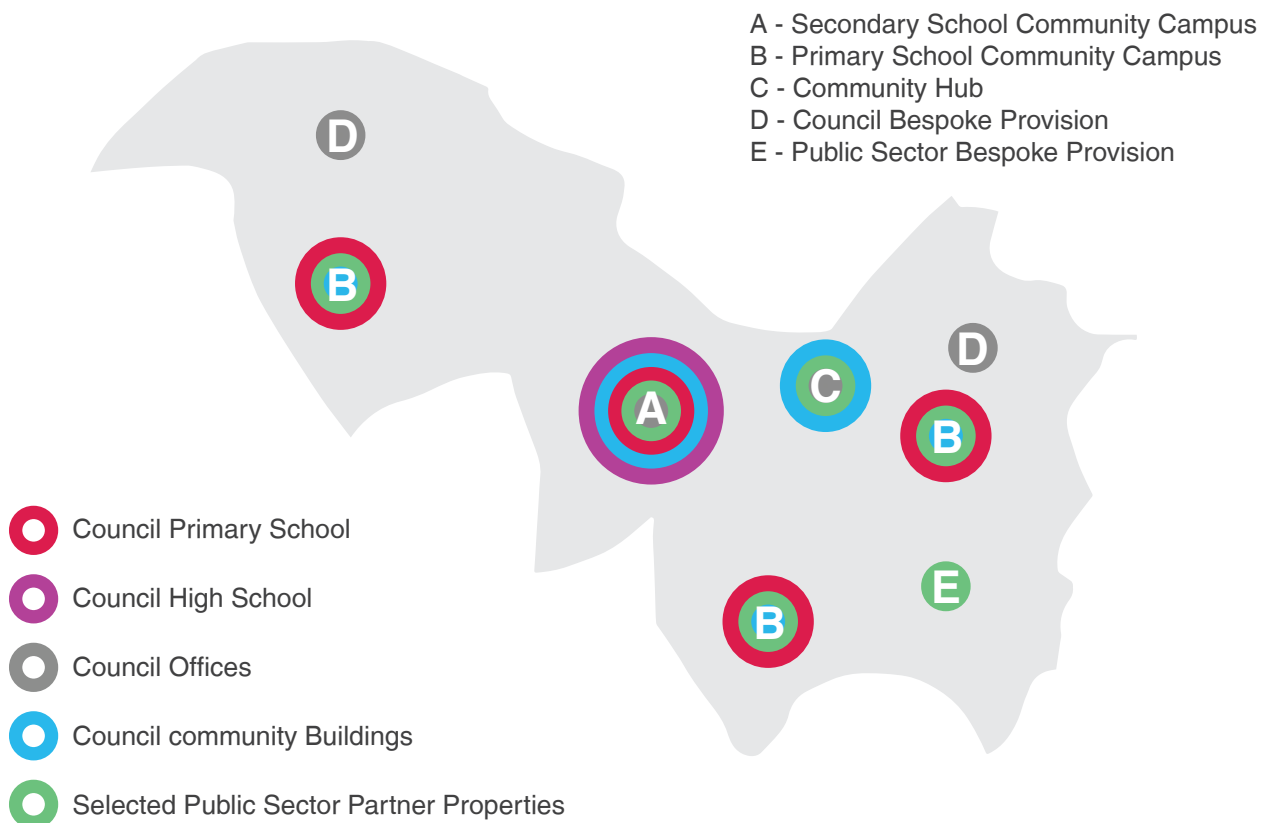
Current Public Service Property - City Wide



## CURRENT PUBLIC SERVICE PROPERTY Neighbourhood Area



## FUTURE PUBLIC SERVICE PROPERTY - CONCEPT Neighbourhood Area Property Strategy Concept Map



## 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 to reduce overall running costs and provide a more sustainable public property portfolio with a reduced carbon footprint:**

### 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, including community benefit 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.

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

**Table 8:** Property Related Corporate Improvement Targets

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.

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.



# 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.

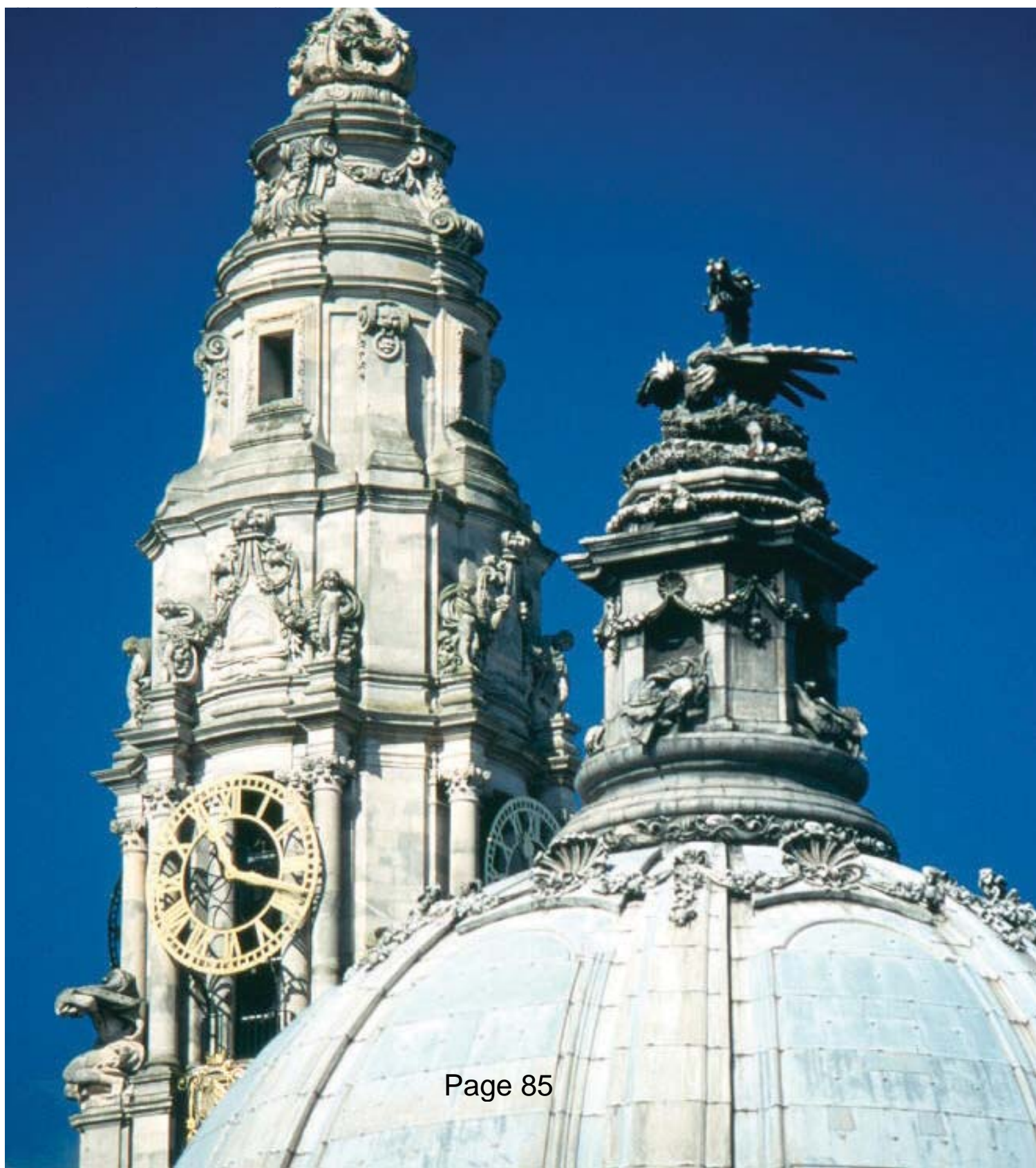
### Key Principles of the Strategy:

**Modernisation** – this involves improving the quality of the Council's estate through a programme of investment to provide modern, fit for purpose and sustainable buildings with a low carbon footprint. 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, ensuring a sustainable future for our buildings, with reduced cost and lower carbon footprint.
- 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

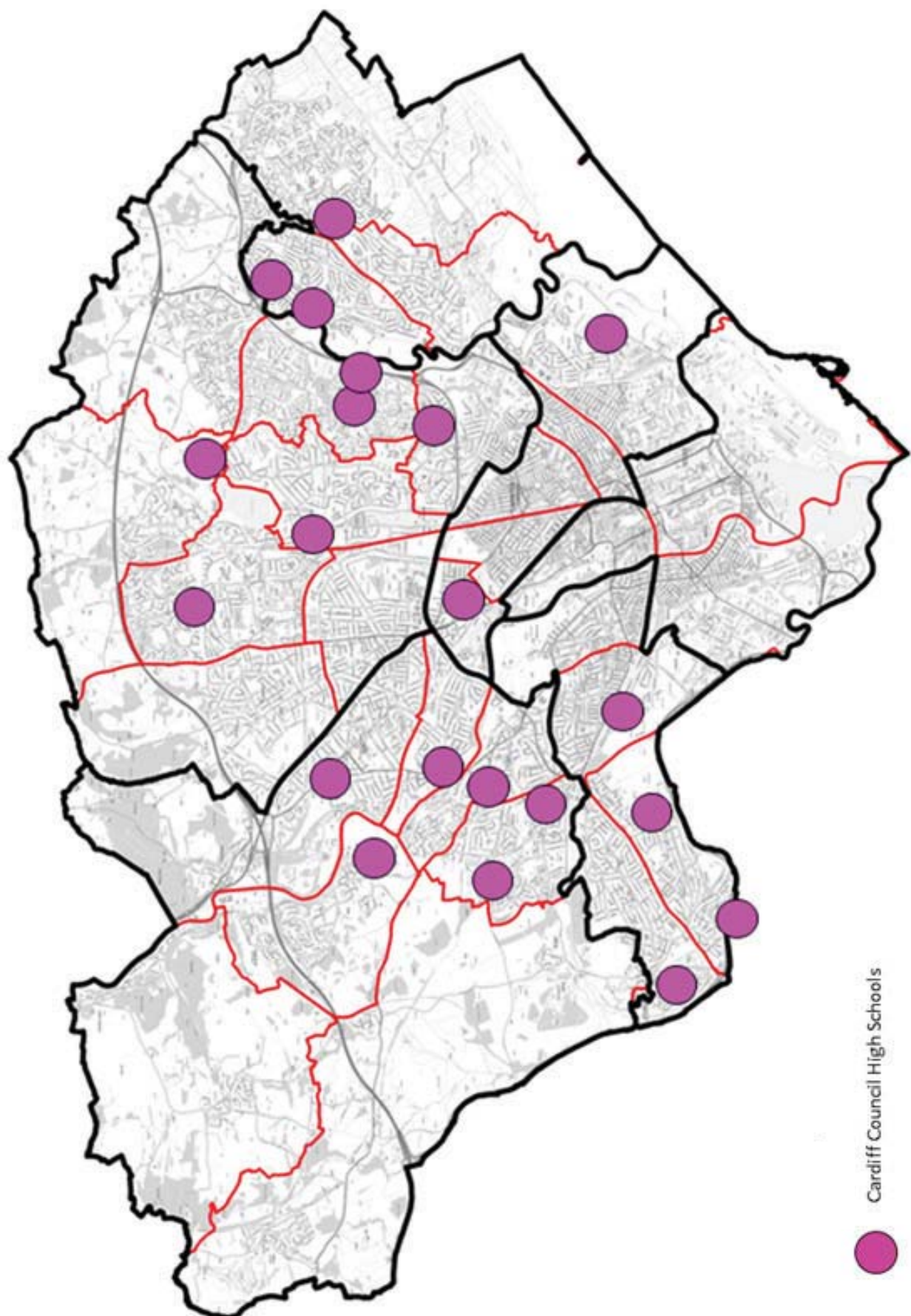
The Strategic Estates team and the Schools Organisational Programme team have initiated a high-level review of the schools estate with a view to refreshing the Schools Organisation Programme. The outcome of this review will need to be agreed with Welsh Government and other stakeholders in due course. 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, also including wider impacts such as the carbon cost.
- 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.

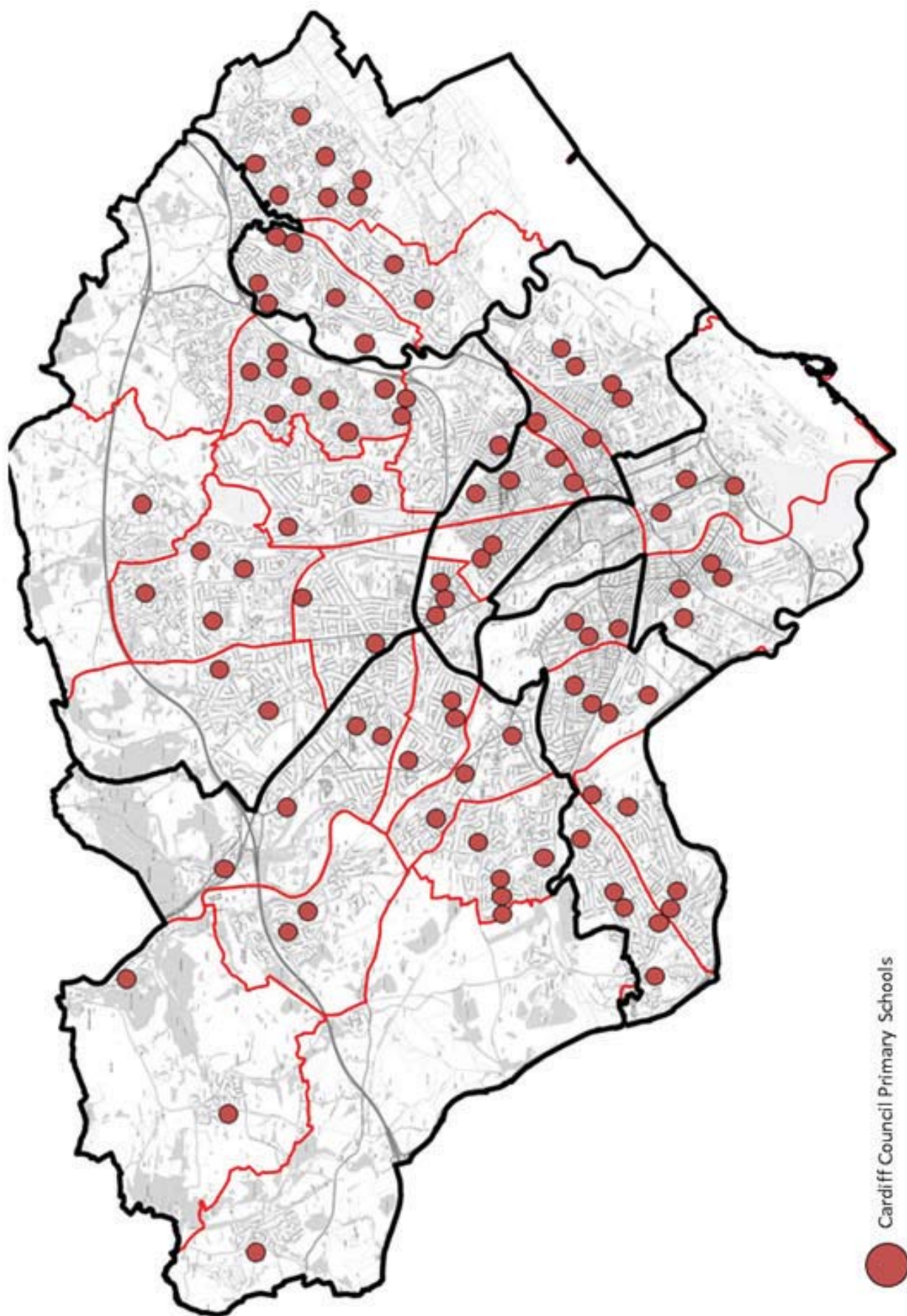








# ALL CARDIFF PRIMARY SCHOOLS



## 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. This also offers significant opportunities to develop a more sustainable property portfolio, with a lower carbon footprint and reduced energy costs.
- 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.

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.

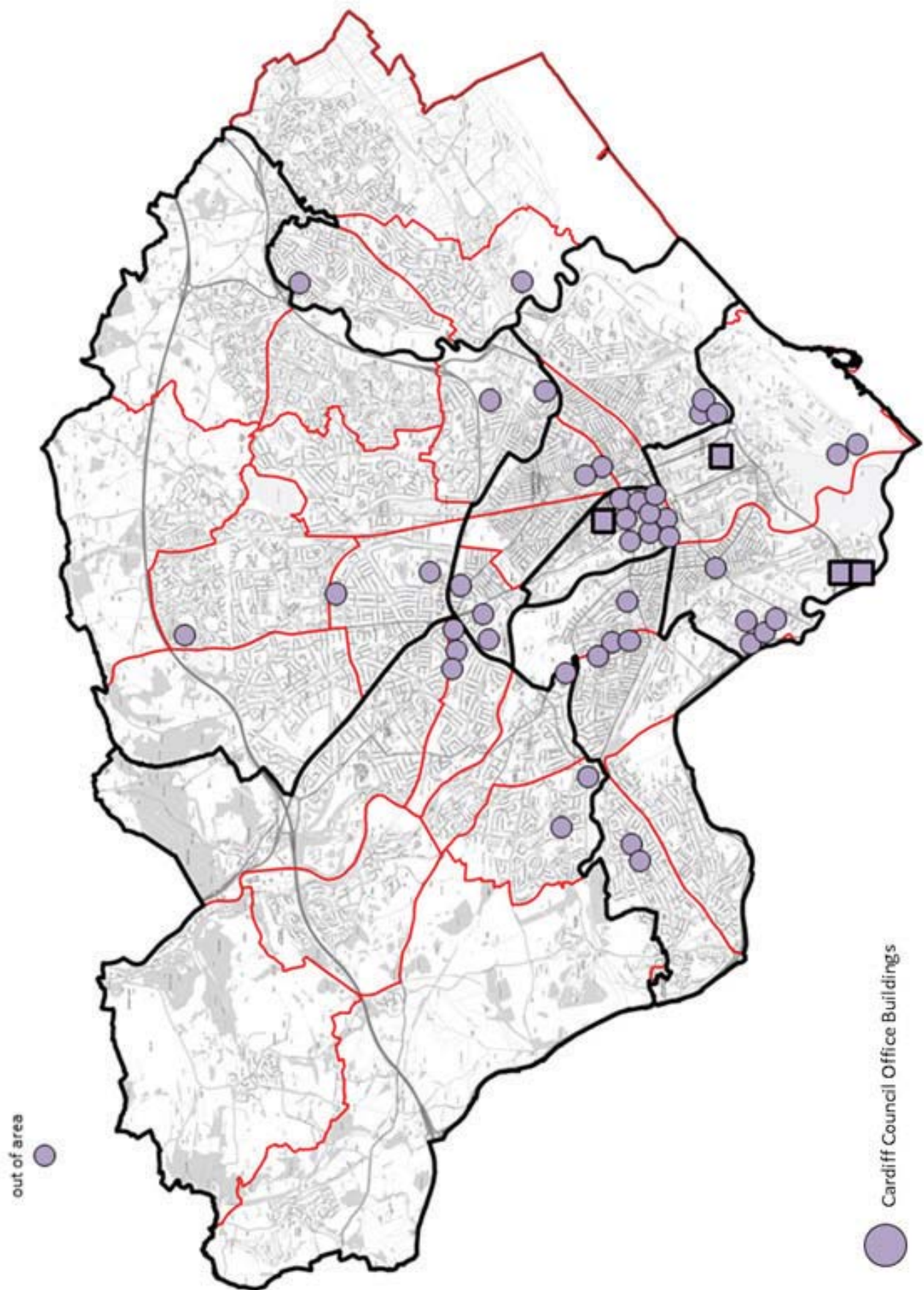
A number of general observations resulting from the recent review of the office estate are provided below:

- 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 significant saving back to the Council. 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



## 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 development, providing a more sustainable footprint with both lower financial and carbon costs.
- 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:

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

**Table 9:** Example Community Buildings

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.

## Community Buildings 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:

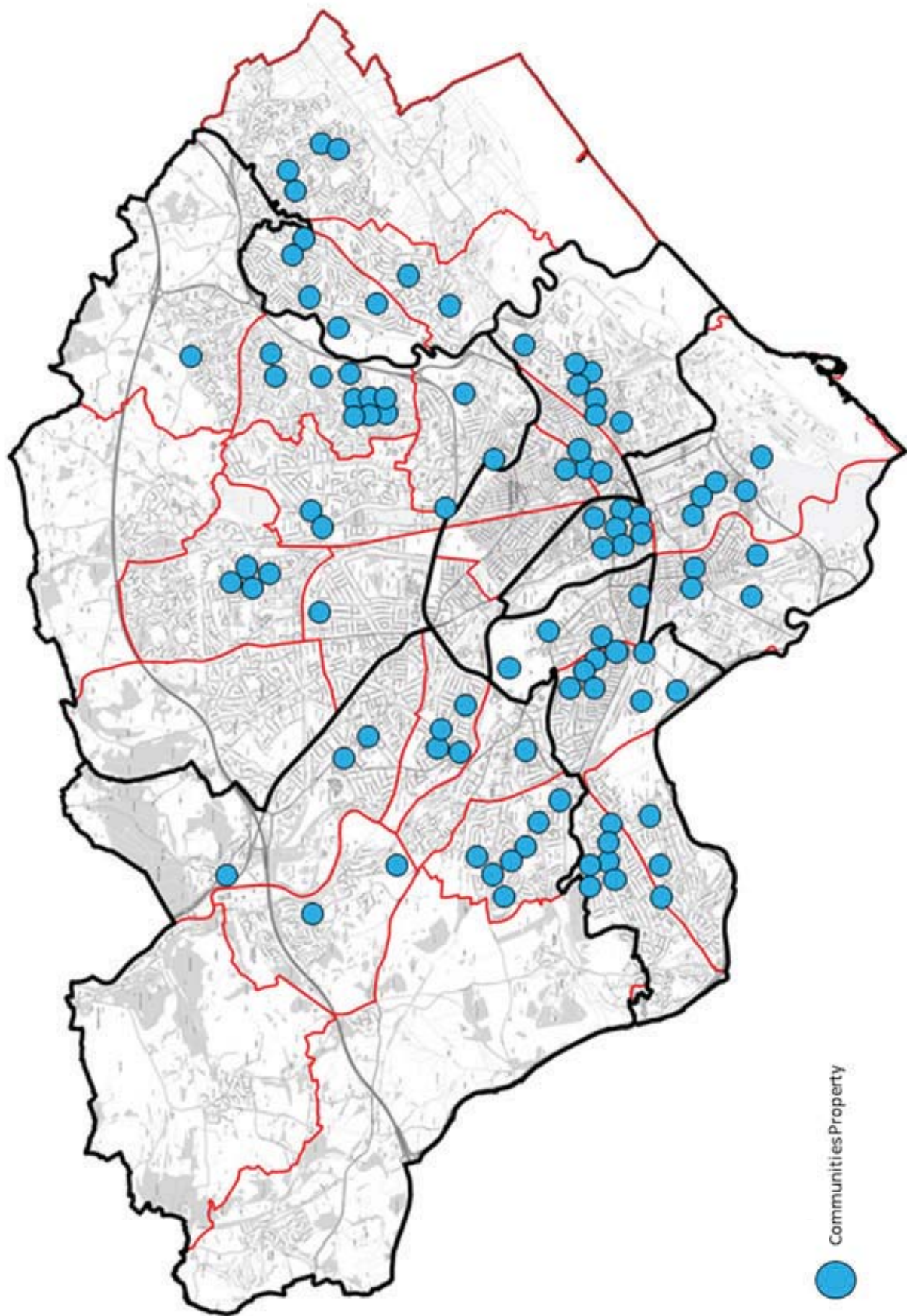
- Rationalisation of the community estate offers a major opportunity to reduce the operational costs of the Council's overall estate.
- There is major potential for further rationalisation over and above the existing proposals, particularly when the wider public estate is taken into account.

• 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.

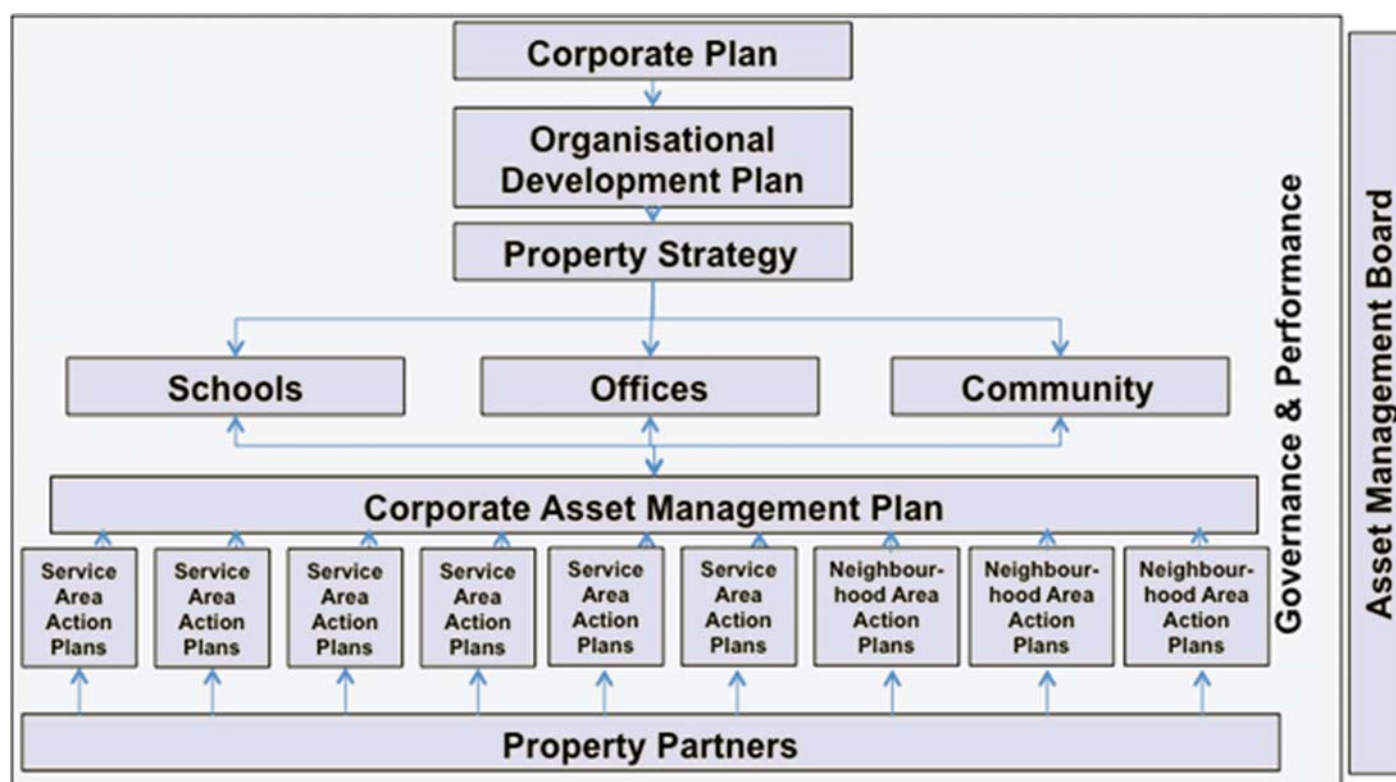


Figure 3: Property Strategy Governance Chart



## 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.

A new mechanism for improved engagement with the cabinet will also be established as part of the delivery of the Corporate Asset Management Plan.

### 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.

**Ward Members** - at a 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.

A specific process for engaging with Ward Members regarding the future use of buildings in communities will be introduced as part of the delivery of the Corporate Asset Management Plan.

## 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 introduce a new system from 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 coordinated by Strategic Estates in conjunction with Service Areas. They will comment on utilisation and current occupancy arrangements. This is a partnership approach. 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.
- Energy performance.
- Accessibility – both in terms of DDA compliance of the building itself, but also proximity to public transport where appropriate.

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 the existing benefit provided to the community
- 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.

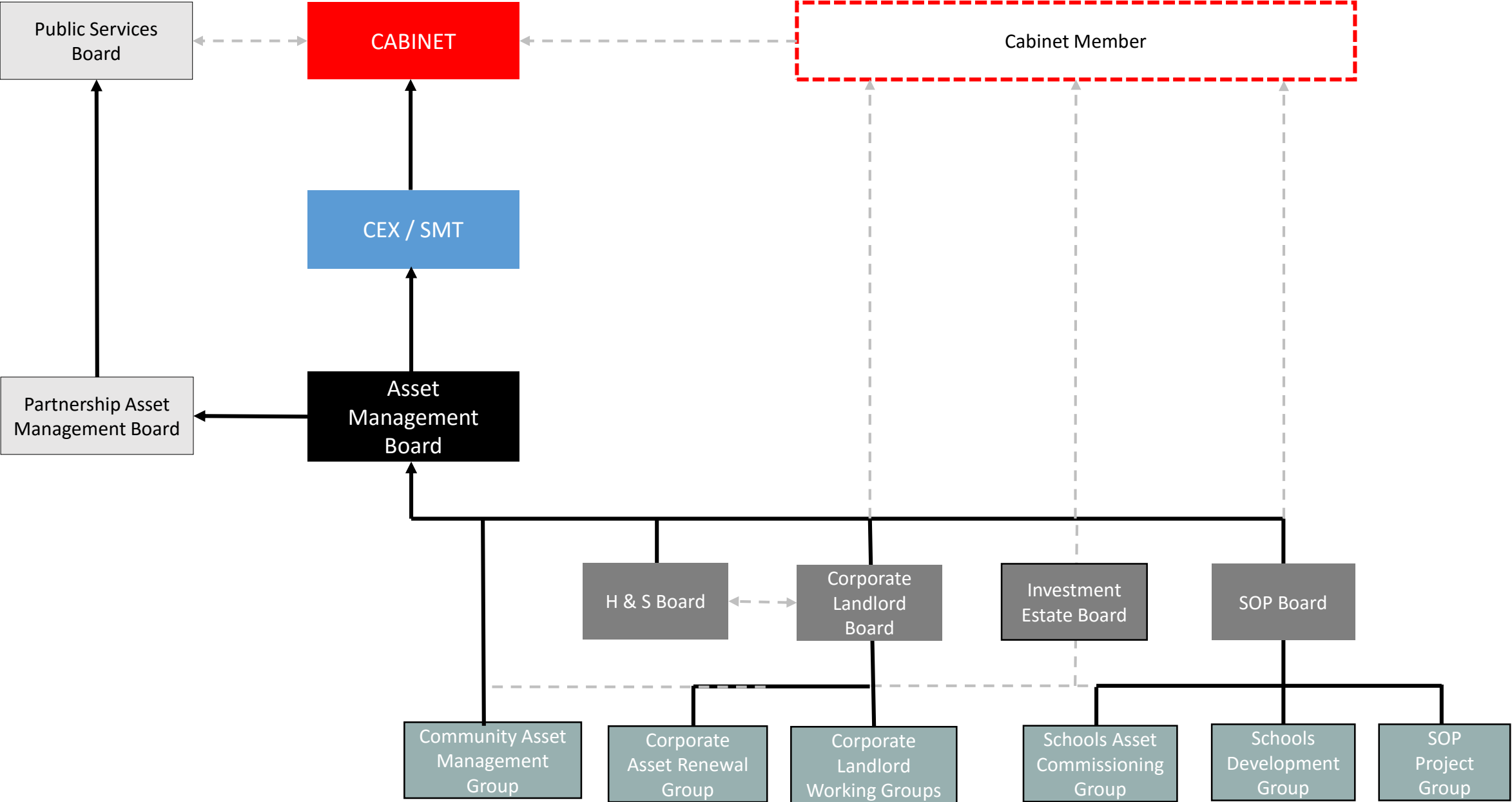
**Amber:** property which may require further consideration and review, or investment

**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.

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