
Annual Property Plan 2022-23

Reason for the Report

1. To provide the Committee with an opportunity for pre-decision scrutiny of the Council's Annual Property Plan 2022-23

Structure of the Papers

2. To assist Members' preparation for the scrutiny, attached to this cover report are the papers to be considered by Cabinet on 28 September 2022.

Appendix A: Cabinet report – ANNUAL PROPERTY PLAN 2022/23

Appendix 1: Annual Property Plan 2022/23

Appendix 2: Corporate Property Strategy 2021-26 (Background paper)

Background

3. The Committee's Terms of Reference confer responsibility for scrutiny of the Council's property estate. This is comprised of 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 fall within the Investment and Development Cabinet Portfolio and the Economic Development Directorate.
4. In December 2021, the Council approved its Corporate Property Strategy 2021-26, attached at **Appendix 2**. The Strategy provides the framework within which the corporate property function manages the Council's estate, both operational and non-operational. The Strategy establishes a series of targets over the five-year period

designed to support core corporate objectives relating to service delivery, regeneration, and the Council's budget.

5. Changes to the way in which the Council delivers its services are inextricably linked to the management of its operational property estate and therefore strategic estate management offers an opportunity to support improved efficiency and service delivery. This is particularly relevant in the post COVID recovery period as services adapt to working in new ways, and in different environments as hybrid working models are explored.
6. The Annual Property Plan 2022-23 is the implementation plan that will sit behind the Corporate Property Strategy and each year its targets support the five-year targets set out in the Strategy.
7. The policy framework for the Property Strategy is built on five key objectives.
 - **Corporate approach:** continue to develop the governance, business processes and reporting arrangements that ensure property is managed as a corporate asset.
 - **Strategic direction:** Establish the strategic direction of each property portfolio (Operational, Non-operational and Investment) and work with services areas through established governance to ensure accommodation alignment with service requirements.
 - **Modernisation of the retained estate:** Embed the theme of modernisation across the estate, focussing on the improvement of quality and suitability of the Council's property. Establish Hybrid Working and One Planet Cardiff as central to the asset management decision making process
 - **Property Performance Targets:** Measure performance against targets through the Annual Property Plan.
 - **Partnership Working:** Continue to develop strong strategic working arrangements with public sector partners to achieve common and mutually beneficial objectives in support of the Council's well-being priorities.

The Annual Property Plan

8. The key elements of the Annual Property Plan are set out in the Cabinet report at **Appendix A** at *points 6 -17*. Governance of the property estate is core to many central Council challenges. The report addresses Hybrid Working, Regeneration, Housing, the Schools Organisation Plan, the Corporate Estate and Land Assets.
9. The Corporate Property Strategy performance targets that this Annual Plan aims to deliver are as follows:
 - **Carbon reduction** – Maintain the current position
 - **Modernisation- Priority 1 works commissioned** – 100%
 - **Efficiency - Running cost reduction** - £100k
 - **General Fund Capital Receipts** - £5.5million
 - **Investment Estate** – Rental Income
10. The Cabinet report contains detail of the Council's approach to reducing the carbon footprint of the Council's built environment (*points 19-26*), in line with the One Planet Cardiff Strategy. The target in the Property Strategy is 30% reduction by 2026. The aim is to achieve this through modernisation of the estate, behaviour change and rationalisation of property.
11. Modernisation of the estate describes the planned investment, repair, and improvement of the council's corporate and education properties. In 2022/23 this is likely to be more extensive, with a provisional total works value of £54m, split £3.2m corporate and £51m education. Full details of the issues around Modernisation of the estate can be found at *points 27-32*.
12. The Property Strategy identifies a £6m reduction in running costs target over five years, through rationalisation of the Council's operational footprint (*points 33-35*). Cardiff Council is part of a UK wide consortium for the purpose of purchasing power and gas which has protected the Council from the widely publicised energy spikes, with the increases not filtering through until April 2023.
13. Capital receipts from disposal of land and property is critical to support the Council's capital programme, as is the commercial management of the Council's investment estate (*points 36-45*).
14. A review of the non-operational estate has provided a better understanding of the assets within the Council's portfolio and their performance. Key themes emerging from the review were: *backlog maintenance with no allocated budget; Health & Safety compliance*

concerns; Reactive estate management; Inconsistent tenure arrangements in particular within retail parades; and the status, strength, and presence of tenants. These issues are now being addressed through a revised and more proactive management approach.

15. Assets, including four retail parades have been assessed and declared surplus to Council requirements as part of this year's Annual Property Plan. The capital receipts will be ringfenced to the general fund however the majority of the assets are let on commercial terms and disposal gives rise to a permanent loss of income to the Council's budgets.

16. The full Plan is attached at **Appendix 1** and includes the proposed programme of transactions for 2022/23, listed by:

- Operational Property Transactions
- School Organisational Planning
- Land Disposals
- Retail Parade and Non-Operational Disposals
- Investment Estate Transactions

Scope of the Scrutiny

17. The Committee has an opportunity to test the ambition and targets set out in the Annual Property Plan 2022-23 and the contribution they make to the 5-year Corporate Property Strategy 2021-26. Members are invited to test the strength of the links between the Strategy and the Plan.

Way Forward

18. The Cabinet Member for Investment & Development, Councillor Russell Goodway; Director of Economic Development, Neil Hanratty, and Assistant Director County Estates, Donna Jones, will attend to present the Annual Property Plan and to answer Members' questions.

Legal Implications

19. The Scrutiny Committee is empowered to enquire, consider, review, and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters, there are no direct 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

20. 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

21. To consider the Annual Property Plan 2022-23, how effectively it supports the Corporate Property Strategy 2021-26, and agree whether any comments, concerns or observations should be relayed to the Cabinet.

DAVINA FIORE

Director of Governance and Legal Services

20 September 2022