

PROPERTY MANAGEMENT SCRUTINY REVIEW

PROGRAMME AREA RESPONSIBILITY: ECONOMIC DEVELOPMENT, MARKETS AND PROPERTY

CABINET

16TH DECEMBER, 2004

Wards Affected

County-wide

Purpose

To determine how best to take forward the recommendations contained in the Property Management Scrutiny Review which recommendations were considered by the Strategic Monitoring Committee at its meeting on 4th November, 2004.

Key Decision

This is not a Key Decision

Recommendations

- THAT (a) a wider reference group be established to approve the terms of reference of the groups referred to in (b) below and to drive forward the wider review of policies and strategies and management arrangements and to examine targets for performance and finance**
- and**
- (b) the following further groups be formed as detailed in the report below in line with the Audit Commission's publication "Hot Property".**
- (i) Service Property Group**
 - (ii) Administrative Property Group (Accommodation Board)**
 - (iii) Non Operational Property with consideration being given to the potential division of consideration of the smallholdings estate and the balance of non-operational property.**

Financial Implications

There are none arising out of this report but there will be financial implications for the Council arising out of the further work proposed in the report.

Reasons

The Property Management Scrutiny Review reported to Strategic Monitoring Committee on 4th November, 2004. Whilst the Strategic Monitoring Committee accepted the Review

Further information on the subject of this report is available from
N.M. Pringle, Chief Executive on (01432) 260044

report which contained some 27 recommendations, they also recognised that the nature and scope of the review meant that there were a number of areas where further work would be required. Some of that additional work, however, depended on the acceptance of key policy issues by the Executive and it was felt that little would be achieved by asking the Property Review Group to further refine their work.

The Chief Executive was asked to prepare a report for Cabinet to advise how the Executive might best take forward the Executive's consideration of the Property Review.

Considerations

1. A copy of the Property Management Scrutiny Review is attached as a confidential Appendix because it is necessary background information for Cabinet in reaching a conclusion on the recommendations set out in this report and does disclose terms proposed or to be proposed by or to the authority in the course of negotiations for a contract for the acquisition or disposal of property or the supply of goods or services. The extent to which that report reveals commercial information is quite limited and it is felt desirable that the principles to be adopted in further pursuing the Property Review should be open to public scrutiny.
2. The Property Review has made a constructive start on identifying the issues but in very few areas has it been able to gather the evidence to enable it to make final recommendations. For the most part its recommendations are in the form of setting a framework for future work. Its recommendations, particularly in the policy areas, therefore tend to be in terms of urging performance measures and targets be established and/or that more explicit and transparent criteria should be created as a basis for supporting future prioritisation and decision making. Those approaches are perhaps most apparent in relation to the recommendations which relate to underlying policies and strategies, management arrangements and performance and cost.
3. Where the report provides a firmer basis for Executive action, however, is in its adoption from "hot property" of the categorisation of service property (e.g. property which supports service provision such as libraries, highways, depots, older people's accommodation, Info in Herefordshire points, administrative property (broadly speaking office accommodation) and non-operational property (e.g. industrial estates, smallholdings, markets, etc). That categorisation does provide the basis for breaking down the work identified in the Property Review into more manageable blocks of work. It is, therefore, suggested that the work on those blocks be undertaken on the basis of the groupings proposed below. The initial task of each of those groupings would be to establish the terms of reference within which their initial work would be undertaken reporting to the wider reference group described below which will examine issues of policy and strategy and examine the organisation and financial basis for the provision of Property Services.
4. It is proposed the group should be as follows:
 - (a) Service property - there will be a need for service representation on this group although there are also clear financial links and links to the Council's corporate planning process.
 - (b) Administrative property - the work of this group could be taken forward effectively by the existing Accommodation Board which comprises the Leader of the Council, the Cabinet Member (Economic Development, Markets and Property), the Chief Executive, the Director of Environment, the County Secretary and Solicitor and the County Treasurer.

- (c) Non-operational property - this is an important area and there is a need to distinguish between property which is held purely for investment purposes and property, which whilst constituting an investment, also fulfills some aspect of the Council's policy. The most obvious examples of such activity are industrial development property (where that property is held specifically against aspects of the Council's Economic Development Strategy) and the smallholdings estate (where it would be essential to identify criteria against which those investments could be judged). There would be a clear need for involvement from Economic Development and from those managing the smallholdings estate but it is important that that professional experience should be used to test the criteria against which the property is held currently and into the future not simply to endorse existing established policy. Once the general criteria for the working of that group is established, Cabinet may wish to consider whether in view of the specialist nature of the smallholdings estate, the consideration of the smallholdings estate and other non-operational property might more effectively be pursued separately.
5. Alongside the practical work in relation to those different aspects of the property function, there will be a need to establish a wider reference group to drive forward major strategic and policy issues, to establish appropriate performance measures and to consider the organisational arrangements for property. The wider reference group needs to be run in parallel to each of the property based groups and it is suggested that an appropriate membership might be the Leader of the Council, the Cabinet Member (Economic Development, Markets and Property), the Cabinet Member (Rural Regeneration and Smallholdings), the Chief Executive, a Director and the County Treasurer or his representative.
6. Given the difficulties referred to by the Property Review Group in obtaining accurate and consistent financial and management information, it is important that there is a single member of the County Treasurer's staff assigned to support each of the groups in obtaining that information.

Alternative Options

There are a whole series of options ranging from continuing the process as a single exercise as undertaken by the original Property Review Team, or differently grouping the basic groupings of property referred to in the Audit Commission's publication "Hot Property".

Risk Management

Whilst the Council's current Asset Management Plan is well rated, there is a risk that the Council's grasp of the strategic use of its property holdings will not be maintained unless the review is methodically pursued and implemented. There are also financial risks associated with the review.

Consultees

No immediate further consultation is envisaged. The Property Review Team consulted extensively through the many interviews which they undertook.

Background Papers

None identified.