

# Report of the Strategic Director, Corporate Services, to the meeting of Regeneration & Economy Overview & Scrutiny Committee to be held on 23<sup>rd</sup> January 2018

O

---

## Subject:

Estate Management

## Summary statement:

This report provides the committee with an update following the report outlining the functions of Estate Management presented to committee on 24<sup>th</sup> October 2016.

---

Stuart McKinnon-Evans,  
Strategic Director, Corporate  
Services

Report Contact: Ben Middleton  
Phone: (01274) 439607  
E-mail:  
[ben.middleton@bradford.gov.uk](mailto:ben.middleton@bradford.gov.uk)

## Portfolio:

Regeneration, Planning & Transport

## Overview & Scrutiny Area:

Regeneration & Economy

## **1. SUMMARY**

This report provides the committee with an update further to the report outlining the functions of Estate Management presented to committee on 24<sup>th</sup> October 2016.

## **2. BACKGROUND**

### **2.1 Service Update**

- 2.1.1 Following a restructure of service areas within the Regeneration Department in 2016, the Estate Management Service together with Facilities Management, the Built Environment and the Energy Centre now comprise the Estates and Property Service, which has moved under the remit of the Department of Corporate Services.
- 2.1.2 Following a service restructure, the Estates Management service area is now arranged into three teams, these being: Operations; Acquisitions and Disposals and Strategic Asset Management.
- 2.1.3 The Estates teams provide proactive strategic and operational asset management advice and are essential enablers offering corporate support and strategic functions across the Council. This work is split into three broad remits, which is to provide strategic and day to day management of the Council's operational property. The three Services include the Strategic Asset Management Team led by Steph Moore; the Operations Team led by Belinda Gaynor providing day to day management and support in respect of the non-operational and investment estate, rent reviews and lease renewals and annual asset valuations, and the Acquisitions and Disposals team led by Alistair Russell dealing with acquisitions and disposals of Council property assets.
- 2.1.4 Despite some essential vacancies being filled, the overall staff numbers have further decreased across the service from 39 to 32 during the last year. At the same time the workload has increased as the service is increasingly called upon to support other areas of the council to achieve service reconfiguration and budget savings.
- 2.1.5 The Council needs to ensure it is maximising the efficiency and potential of its assets. To provide some context, the Council is the largest land owner in Bradford with holdings in excess of 4,632 hectares, representing 12.64% of the entire district. Given the current unprecedented reductions and financial pressures in public sector funding, it is now more pressing than ever to ensure an effective and holistic use of public assets.

	Square Metres	Hectares	% of District
Freehold Site Area	45,377,648.58	4,537.76	12.38
Leasehold Site Area	948,568.97	94.86	0.26
Freehold & Leasehold	46,326,217.55	4,632.62	12.64
District Area	366,416,180.85	36,641.62	100.00

These changes have resulted in an increased demand upon the Asset and Estate Management services, for example: the number of School Academy conversions; Youth Service review; Children's Early Help Programme; Adult Services Home First Programme; Environment & Sport strategic review e.g. Trust status; The Localism Act – Community Asset Transfers; Self-management; Assets of Community Value; this list is not exhaustive of the changes requiring property related advice and action. For example, the number of legal instructions issued to Legal Services from Estates has trebled over the last 12 months from 350 to 1,100, the service is currently processing and progressing 72 Community Asset Transfer requests and 23 Academy conversions.

## 2.2 2016/17 Activities

2.2.1 A summary of the main work carried out within the service during the last year is set out below.

Activity	Description	Outcomes
Disposals	The sale of surplus land and property	2016/17 £5.3 m capital receipts with ongoing sales worth £3.4m carried forward to 17/18
Property Management	The day to day management of land and property 'held by Estate Management'  The provision of an Estate Management Service to other property holding Service areas  Invoicing	The management of 3,856 leased properties – generated an income of £2.628m in 2016/17 against a target of £2.4m  Letting vacant non-operational property.  The management of a programme to reduce the council's business rates liability.  Public Open Space – maintenance, fly tipping, dealing with anti-social behaviour.

		<p>Negotiating the termination of council tenancies at Kershaw House, Bank House and Future House enabling the council to reduce its property occupational costs to deliver £1.25m of annual revenue savings by 2018/19.</p> <p>Market shops lettings; on-going management of Children's Centre lettings; Parks &amp; Landscape lettings</p> <p>Total income invoiced for Service Areas across the council for 2016/17 £5m</p>
Valuations	Asset Valuations	The completion of a programme of 1,091 valuations for inclusion in the council's 2016/2017 Financial Statements.
Acquisitions and Disposals	<p>The acquisition, management &amp; disposal of properties on behalf of the Empty Homes Team</p> <p>The disposal of properties to recover unpaid council tax</p> <p>Acquisition of commercial investments.</p>	<p>Financial Year 2016-2017</p> <ul style="list-style-type: none"> <li>• 13 properties sold</li> </ul> <p>21 valuations undertaken Supporting the recovery of income owed to the council.</p> <p>Purchase of the NCP Car Park at Hall Ings Road for £4.15m. A city centre strategic site producing a long term and secure income</p>
Academies	Negotiation of property arrangements for the conversion of schools to Academy status	2016/17 38 Academy leases completed
Children's Centres	The negotiation and completion of tenancy agreements for leased in children's centres and third party occupations	The day to day management of tenancy arrangements for 85 Children's Centres

Highway Schemes	Hard Ings Road scheme Harrogate Rd./New Line Scheme	Acting as intelligent client for the Council by liaising with the external surveyor appointed to negotiate land acquisitions.
Housing development	<p>Identification of sites for future development, including: Former Braithwaite Special School, Braithwaite Road, Keighley; Land at Harrogate Rd., Greengates Former Bronte School Site, Keighley Road, Oakworth; Former Flockton House &amp; Car Park, East Bowling Abb Scott Lane, Huddersfield Rd, Low Moor; and, the site of the former Ferniehurst Primary School, Cliffe Lane West, Baildon</p> <p>Disposals</p> <p>Support to council's own housing development programme.</p>	Helping the council to meet the district's requirement for new homes whilst generating capital receipts to support district priorities.
Office Accommodation	Rationalisation of accommodation through consolidation supported by the introduction of flexible working and electronic document management.	<p>Vacation of Kershaw House Vacation of Bank House (on track to complete in March 2018) Reconfiguration of Britannia House, incl CCTV area Relocations within MMT, SHMH and City Hall Closure of First Avenue Children's Home Closure of Holme View special community unit Relocation of approx. 500 staff overall Vacation of Haworth Road Library and creation of Community Library Significant number of departmental city centre services moves to facilitate staff restructures</p>

<p>Estates Strategy</p>	<p>Strategic planning and implementation of capital projects. Acquisition of capital funding on 'invest to save' principle. Project management from inception to delivery. Business Transformation.</p>	<p><b>Depot Strategy</b> – Proposed consolidation of 3 depots onto 1 freehold site with an option appraisal for an alternative fuel provision.</p> <p><b>City Hall</b> – Re-profiling of the building to become a public attraction by the relocation of Council services from the ground, 1<sup>st</sup> and 2<sup>nd</sup> floors, creating a Rugby League Museum and visitor experience restoring the building's interior. Heritage Lottery Funding is being sought to cover some of the costs. Working on solutions for the three operational services on the ground floor, these being: Occupational Health; Pay/Cash Office and Credit Union.</p>
<p>Community Asset Transfers (CATs)</p>	<p>Managing/encouraging applications for the transfer of property on lease to third party/community groups to ensure continued community benefit and reduced Council liability and expenditure. Part of an integrated approach of continued service provision, with reduced funding. Providing management support and information. Negotiation and completion of tenancy agreements. Working with the Third Sector.</p>	<p>110 applications have been received to date for 145 properties. 72 applications are progressing through the transfer process. 17 applications have been completed in the last year, which have concluded the transfer of 33 assets.</p> <p>Priorities include:</p> <ul style="list-style-type: none"> <li>• Public halls and public conveniences whose funding will cease on 1<sup>st</sup> April 2018</li> <li>• Recreational grounds, as part of the Playing Fields Strategy focusing on sports hubs rather than individual playing fields.</li> <li>• Youth service CATs</li> <li>• Libraries CATs</li> </ul> <p>Working with Community Action Bradford and District (CABAD) and localities to facilitate the process.</p>
<p>Allotments</p>	<p>Management and day to day operational provision of the Council's Allotment Service.</p>	<p>6 Community Asset Transfer applications for 8 allotment sites have been received and are being progressed.</p>

		Encouraging CATs/self-management currently profiling a 10% reduction in sites once the above transfers have been completed.
Assets of community Value	The management and administration of applications to register.	Ensuring compliance with current legislation including administrating within strict timescales. 63 Assets of Community Value applications received and dealt with to date.
Children's Early Help restructuring	Early planning for a large-scale restructuring of the Children's Early Help Service.	Preparation for staff relocations from MMT, SHMH, Bank House and other buildings.
Adults restructuring	Property arrangements to support service reconfiguration and commissioning of services.	Working with public sector organisations in a more strategic and structural way: <ul style="list-style-type: none"> <li>• Home First Project Transition</li> <li>• MASH (Multi-Agency Safeguarding Hubs) for Children's and Adults' Services</li> <li>• Neighbourhoods Intelligence Hub with the Police</li> </ul>
Property information management	Control and management of the core property records	Coordination of property data across the authority to ensure consistency of the property records and to inform decision-making.

### 2.3 2017/18 Key Work Priorities/Programme

Key activities that the service is undertaking during the current financial year include;

Activity	Description	Outcomes
Property Management	The day to day management of land and property across the district including tenanted and operational property.	Management of the Investment Estate Maximise income generation Maintenance of open spaces
Investment Estate	Strategic Review	Increase rental income and realise capital receipts through the sale of underperforming assets.
Commercial Investment Acquisitions	Sourcing potential commercial property investments	The acquisition of investments to aid regeneration and generate long term surplus revenue income.
Disposals	The sale of surplus land and property.	On track to deliver circa £4.0m for 2017/18 and circa £3.0m forecast for 2018/19
Children's Services	On-going management of third party occupations of Children's Centres	The support of continued service provision facilitating Children's Services budget savings
Highways Projects	Transport Fund Schemes	Supporting the delivery of Harrogate Road Junction improvements, Hard Ings, Canal Road and Tong Street schemes.
Housing development	Developing a strategy for the identification and release of council land for housing development  The provision of on-going support to the Empty Homes Team	<ul style="list-style-type: none"> <li>• Supporting the achievement of the council's new homes target through either the sale of land suitable for development or the identification of land suitable for the council's own housing building programme.</li> <li>• Continuing the current programme of acquisition and sales to bring empty homes back into use - Financial Year 2017 – 2018 ;</li> <li>• 11 properties sold</li> <li>• 18 valuations carried out on behalf of Empty Homes Team</li> </ul>



Academies	The negotiation of lease terms and property arrangements for the transfer of schools to academy status.	Supporting the completion of statutory transfers meeting deadlines set by the DFE.  2017/18 to date: 5 leases completed 6 leases in negotiation
Adult Services	Property arrangements to support service reconfiguration and commissioning of services	Service transformation
Valuations	Asset Valuation Programme	The annual revaluation of the council's assets for inclusion in the council's annual Financial Statement
Strategic Priorities	Support to priorities led by other services	<ul style="list-style-type: none"> <li>• Refurbishment of St George's Hall</li> <li>• Refurbishment of the former Odeon</li> <li>• Potential re-location of the Oastler Market to Darley St</li> <li>• Masterplanning of Squire Lane site in Girdlington along with mapping all community assets in the area</li> <li>• Transport and HS3 route for the North</li> <li>• Refurbishment and re-use of Mills</li> <li>• Affordable Housing Programme</li> </ul>
	Shared use of space with partners (Police, Health etc.) due to staff changes through rationalisation and consolidation supported by introduction of flexible working and electronic document management.	Continued 'churn' of Council office accommodation recognising organisational change; completion of outer district area reviews to capture opportunities, including: <ul style="list-style-type: none"> <li>• Vacation of Bank House (March 2018)</li> <li>• Strategic options appraisal for: Marlborough St training facility; Full review of Council assets located in Shipley with options for multi-service occupancy.</li> <li>• Phase 1 City Hall relocations solutions.</li> </ul>

Estates Strategy	Strategic planning and implementation of capital projects. Acquisition of capital funding on 'invest to save' principle. Project management from inception to delivery. Business Transformation.	<b>Depot Strategy</b> – On site delivery.
Community Asset Transfers (CATs)	Managing/encouraging applications for transfers of property on lease to third party/community groups to ensure continued community benefit and reduced Council liability and expenditure. Providing management support and information. Negotiation and completion of tenancy agreements.	Continued progress of existing and new applications.  Priorities are expected to remain the same as outlined in 2016-2017 Activities, i.e.:  <ul style="list-style-type: none"> <li>• Public halls and public conveniences whose funding will cease on 1 April 2018</li> <li>• Recreational grounds, which are part of the Playing Fields Strategy focusing on sports hubs rather than individual playing fields.</li> <li>• Youth service CATs</li> <li>• Libraries CATs</li> </ul> Working with Community Action Bradford and District (CABAD) and localities to facilitate the process.
Allotments	Management and day to day operational provision of the Councils Allotment Service.	Progress strategy to promote CAT and self-management.  6 Community Asset Transfer applications for 8 allotment sites have been received and are being progressed.
Assets of community value	The management and administration of applications to register.	Ensuring compliance with current legislation including administrating within statutory timescales.
Children's Early Help restructuring	Supporting the implementation of a large-scale restructuring of the Children's Early Help Service	Staff relocations from MMT, SHMH, Bank House and other buildings with proposed implementation in October 2018.

Adults restructuring	Property arrangements to support service reconfiguration and commissioning of services	Continuing to work with public sector organisations in a more strategic and structural way: <ul style="list-style-type: none"> <li>• Home First Project Transition</li> <li>• MASH (Multi-Agency Safeguarding Hubs) for Children’s and Adults’ Services</li> <li>• Neighbourhoods Intelligence Hub with the Police</li> </ul>
Property information management	Control and management of the core property records	Co-ordination of property data across the authority to ensure consistency of the property records and to inform decision-making.

## 2.5 The Objectives of the service are:

- to ensure that the Council's operational estate is occupied as efficiently as possible and supports the delivery of good outcomes both now, and in the future:
  - to reduce the running costs of Council's buildings;
  - to work with the Third and private sectors to ensure better use of assets to achieve district priorities;
  - to promote the philosophy to work with third sector/public partners to achieve service and accommodation synergies.
- to support regeneration across the district, including the delivery of new housing and economic growth:
  - to minimise the number and impact of underused, empty and derelict Council owned buildings including listed and other heritage buildings;
- to maximise the performance of the Council's investment portfolio, generating additional revenue to support the Council's finances;

## 3. OTHER CONSIDERATIONS

### 3.1 Revenue Income

The outturn figures for income generated by Estate Management are set out below. Revenue targets were rebased in 2015/16 to take account of the effect of the disposal of income producing properties and the reduction in the value of geared rents receivable.

Year	Income target	Actual Income	Variance at Outturn
2013/14	£3,721,900	£2,107,375	-£1,614,525
2014/15	£2,622,000	£2,846,035	£224,035
2015/16	£2,451,100	£2,543,470	£92,370
2016/17	£2,528,600	£2,780,765	£252,165
2017/2018	£3,167,400	£3,555,000*	£387,600

- Forecast income for 2017/18 as at November 2017

### 3.2 Capital Receipts

The capital receipts programme is regularly reviewed and monitors potential capital receipts over a 3 year period. Each site/property is assessed on the likelihood of selling in any particular year and classified as 'agreed', 'likely', 'possible' and 'maybe'.

Those sites/properties categorised in the 'agreed' and 'likely' sections of each year are considered most likely to complete in year. Those in the 'possible' and 'maybe' sections may not complete in that year and could slip to the next or future years.

Although the disposals are closely monitored, sales can fall through at any time resulting in the remarketing of the land or property which could push completion back 1 or 2 years.

The current 3 year capital receipts forecast is set out below;

Year	Completed	Agreed	Likely	Total of Completed , Agreed & Likely	Possible	Total
16/17	£5,300,000			£5,300,000		£5,300,000
17/18	£3,289,000	£360,000	£340,000	£3,989,000		£3,989,000
18/19			£3,000,000	£3,000,000		£3,000,000
<b>Total</b>						<b>£12,289,000</b>

The 3 year forecast will change as the potential realisable value of surplus assets is explored and properties come forward for sale as part of the review of the non-operational estate. It should be noted that assets may be withdrawn from the disposal programme if an approved council use is identified for it prior to disposal.

### 3.3 Reduction in the size of the Council's estate

Work is on-going to reduce the size of the council's estate helping to achieve both revenue savings and capital receipts.

The size of the of the Council's estate has reduced by approximately 80,000m2 since 2009/10 by vacating over 70 properties. This has delivered;

- £7.6m of per year on-going gross revenue savings
- £42m of cumulative revenue savings from the start of the Programme in 2009/10 to 2018/19
- £37.5m of capital receipts to the end of 2016/17

Disposing of property has also helped the Council significantly reduce the backlog maintenance on the Councils estate.

When combined with investment in the retained estate, the total backlog maintenance on the Council estate has reduced significantly since 2009/10, and has resulted in both a significantly smaller and better quality estate as planned.

Backlog Maintenance	2009-10	2017-18
Operational Estate £ms	83	48
Non Operational £ms	13	8
<b>Total Backlog Maintenance £ms</b>	<b>96</b>	<b>56</b>

Of which Priority 1 £ms	67	24
Of which Priority 2 £ms	14	19
Of which Priority 3 £ms	15	12
<b>Total Backlog Maintenance</b>	<b>96</b>	<b>55</b>
P1 as proportion of total	70%	44%
Operational Estate size GIAm2 000s	319	230
Non-Operational Estate size GIAm2 000s	27	37
<b>Total</b>	<b>346</b>	<b>266</b>

\*GIA = gross internal area.

In order to deliver many of the property rationalisations, the Property Programme has invested in New Ways of Working which has also helped deliver a number of other service improvements.

- A Document Management System has been implemented to help reduce the volume (and space requirement) of paper records, but has also resulted in improved document management by enabling appropriate staff to access records from any location.
- A corporate archiving service has been implemented to reduce the space required in Council office buildings for filing, but has also resulted in improved management of records and document retention policies
- A managed print procurement has been undertaken so that staff can work flexibly from any office. This has improved the quality of the printer estate, and also saved over £200k per year.
- Mobile phones, laptops and other mobile technology has been purchased for many staff with the aim of enabling flexible working to reduce office space, but has also significantly improved the quality of the Councils IT infrastructure, and helped improve the efficiency of services.

### 3.4 **Land Management**

Estate Management regularly receives requests to cut grass, cut back or remove trees and vegetation and deal with fly tipping or other anti-social behaviour on council land. We are conscious that a decision not to carry out the request can be upsetting to residents and when assessing whether to action such requests regard is had to the availability of budget, health & safety implications and the advice of specialists such as arboriculturalists.

The Service is responsible for the direct management of 1590 (30%) of the council's assets. Estate Management's total maintenance budget for these assets in 2016/17 is £286,000 which is allocated as follows:

Non operational land	£218,700
Agricultural land and property	£21,000
Allotments	£47,000

Of the budget available for maintaining land £165,000 (75%) is committed to pay for grass cutting 10 times a year on 242 sites across the district. The remaining £53,700 is used to deal with emergency repairs such as fallen trees following a storm, repairs to damaged walls, removal of horses, cutting back bushes and hedges not on the grounds maintenance contract and the removal of fly-tipping.

The Service strives to spend within its budget. Due to the budget available combined with the fact that the need to carryout emergency works to trees, structures or land cannot be predicted, it is not always possible to agree to carry out all requests for work on land managed by Estate Management but do our utmost to ensure that matters that present a potential danger to people or property are dealt with.

#### **4. FINANCIAL & RESOURCE APPRAISAL**

The council has significant resource invested in the land and property that it owns.

#### **5. RISK MANAGEMENT AND GOVERNANCE ISSUES**

None

#### **6. LEGAL APPRAISAL**

Property transactions are conducted in accordance with the provisions of the Disposal Policy, S.123 of the Local Government Act 1972 and the Localism Act 2011

#### **7. OTHER IMPLICATIONS**

##### **7.1 EQUALITY & DIVERSITY**

None

##### **7.2 SUSTAINABILITY IMPLICATIONS**

The sustainability of the estate will continue to be improved through rationalisation and investment.

##### **7.3 GREENHOUSE GAS EMISSIONS IMPACTS**

Estate Management works with the Energy Centre in order to minimise the impact of property on the council's carbon footprint.

**7.4 COMMUNITY SAFETY IMPLICATIONS**

None

**7.5 HUMAN RIGHTS ACT**

None

**7.6 TRADE UNION**

None

**8. NOT FOR PUBLICATION DOCUMENTS**

None

**9. OPTIONS**

The committee is asked to note the report.

**10. RECOMMENDATIONS**

**10.1** That the committee consider the report and comment as appropriate

**11. APPENDICES**

None

**12. BACKGROUND DOCUMENTS**

The Report of the Strategic Director of Regeneration to the Regeneration Overview & Scrutiny Committee 24th October 2016.