

Thematic Best Value Review
of
Property Services, Asset Management
&
Facilities Management

Audit Commission Inspection: 08 September thru' 12 September 2003

Briefing Paper on the Review

1.0 Introduction

- 1.1** The Scope of the Review is at the back of this paper. The original remit was broad and covers all property excluding schools and the HRA.
- 1.2** The Review looked at property ownership, property management, facilities management and the authority's property needs.
- 1.3** The Review commenced in Spring 2001 with Keith Gosling as the Chair, Keith Surey as the Lead Officer for facilities management and Marcus Perry for property management. The Service Areas were represented during the Review by their Asset Management Teams (staff who participated in the preparation of the authority's Asset Management Plans, 2001 and 2002). Most work on the Review was completed in August 2002, but the Review then became stalled and did not resurface until May 2003.
- 1.4** Work on the Review has now finished. The Review with accompanying report goes to the Policy Co-ordination Group on 25 September 2003 and thence the Executive on 13 October 2003.
- 1.5** Having the Audit Commission's Inspectors in for a BV Review inspection *before* the Review has been formally adopted by the Executive is unusual, but the result of prior programming and the delay in completing the Review.
- 1.6** The Review comes in 3 volumes, representing the stages of the Review as it progressed :

Volume 1: The Scope and Baseline Assessments : sets the scene : how property currently works in Brent and how it is managed; ditto facilities. Covers Corporate Property Services, Corporate Support (for Facilities), Education Services (for BACES, Libraries, Gwenneth Rickus), Environmental Services (for Parks, Car Parks, Cemeteries, WCs and Sports Centres), Housing (for Housing's Commercial Portfolio) and Social Services.

Volume 2: The Options Appraisal and Gap Analysis stage : looked at how we could manage, own, locate and provide property and facilities more efficiently. Having looked at the options and selected preferred ones, decided on a plan to bridge the gap between the present and the future arrangements. External consultants were brought in to help identify the options during this stage of the Review.

Volume 3: Report and Improvement Plan : brings the findings of the Review together. Comes up with 18 Recommendations and a first cut Improvement Plan. Also sets some Preliminary steps to work on and some Quick Wins.

1.7 Before providing a précis of Volume 3, it might help to explain some of the terminology:

Property Ownership : legally, all property owned by the authority is owned in the name of the Mayor and Burgesses of the London Borough of Brent. *Ownership* in Brent parlance refers to responsibility for acquiring, selling, maintaining and making proper and effective use of property. Under previous arrangements most of the *ownership* responsibilities were delegated to Owing Committees, thence Service Areas.

Property Management : refers to the range of functions concerned with looking after buildings, including collection of / paying of rents, payment of outgoing, maintenance including repairs, provision of services, together with negotiating with landlords & tenants. Can also cover buying and selling of property, space planning (planning the internal use of a building, who sits where), negotiating rent reviews and lease renewals, negotiating reductions in business rates payable etc.

Facilities Management : is a fairly new discipline / profession which has developed out of property management and which specialises in the provision and delivery of internal services and facilities to a building *to create the optimum working environment for staff*. It is the “hands on” branch of property management and covers such matters as cleaning contracts, postal services, security, routine maintenance, reception facilities etc. There are close links between property management and facilities management and blurred edges between the disciplines.

For example : for the “Muniport” (Brent’s main operational offices) : Corporate Property Services has the property management role and is responsible for the Corporate Landlord Account – paying rent to landlords, paying business rates, building insurance etc. Negotiates with landlords over rent at time of review. Decides which service unit occupies which area /part of a building. Plans ahead re retention or release of a building. Corporate Support’s Facilities unit provides reception services, postal service, pays the service bills when received, places contracts for cleaning, lift maintenance etc., collects internal service charges.

2.0 Deficiencies Identified in Current Arrangements

2.1 Corporate Property Services

- Was established in 1994 following outsourcing of Property Services Department with staff to AMEY. Corporate Property's role was to provide a client function, manage the Muniport and – its main raison d'être – to manage a property disposals programme.
- The unit's role has developed and changed, particularly since the authority's financial position has stabilised and the need to generate capital receipts is not quite so critical.
- Strategic property management was overlooked and now needs addressing.
- The unit is under resourced to provide a strategic property management role.

2.2 Property Ownership

- Devolution resulted in inefficiencies in use and management of property.
- Lack of planned maintenance resulted in deterioration of property stock.
- Service Areas do not pay for true cost of occupying property (no rent charged for freehold properties) – often resulting in inefficient use of property.

2.3 Property Management

- Lack of comparable information on the cost of managing property. Inadequate benchmarking and collection / collation of key data.
- Poor skill levels of many staff charged with responsibility for property management.
- No strategic property management.
- De-skilling of property management has left Council poorly placed to proactively manage property.

2.4 Facilities Management

- Corporate Support's FM team has developed FM skills in this specialist area but is only used across a few Muniport buildings.
- Poor procurement processes exist across Council.

2.5 Property Needs

- Property stock in a poor state of repair. No system /policy in place to address backlog.
- Part of stock unfit for purpose.
- No systematic approach to modern ways of working.

3.0 Proposed Changes – the Review’s Recommendations

Numbers in brackets relate to the number of a Recommendation in Volume 3

3.1 Property Ownership

Ownership be brought back to the Corporate centre.

- (1) the Lead Member for Resources is given overall responsibility for property amongst Members and Corporate Property is given “ownership” of all property excluding the HRA, Voluntary Aided and Foundation Schools.
- (2) additional resources be allocated to Corporate Property to enable it to manage its ownership role.

Range of agreements put in place between Corporate Property Services and Service Areas about property use

- (3) (a) asset rents be charged
- (3) (b) Service Level Agreements be put in place between Corporate Property and Service Areas to establish respective responsibilities – use, management, who provides facilities.

Service Areas should only retain management of property they are using for direct service delivery ; other property should be released to Corporate Property for reallocation, normalising leases where none in place or disposal

- (4) that Service Areas release to Corporate Property properties not being used for direct service delivery
- (5) that there be an initial realignment of budgets to enable Service Areas to meet their new rental obligations.

3.2 Managing Property Management and Facilities Management

- (6) Corporate Property & Corporate Support to develop a framework for deciding how responsibilities for different aspects of FM should be divided between themselves and their tenants (Service Areas).
- (7) Corporate Support in conjunction with the Corporate Procurement Unit should supply an approved list of FM suppliers to Service Areas and develop procedures for proper use of the list.
- (8) That the Director of Corporate Services looks at the benefits of merging Corporate Property and Corporate Support and implements any changes considered desirable (*a recommendation of one of the external consultants, Options Appraisal phase of Review*).
- (9) Resources be transferred to Corporate Support where unit takes on additional FM responsibilities (from Service Areas).
- (10) Corporate Support bids for extra resources thru' budget process for widened FM role.

3.3 Information Needs and Savings

To counter gaps in Council's information data on property

- (11) Information systems be put in place for proper monitoring of performance of property related staff, costs of running buildings, space usage etc.
- (12) targets set for improved occupancy rates and overall costs.

Modern Methods of Working be adopted

- (13) Develop a pilot "hot desking" scheme and home working project, increase capacity for professional space planning.

3.4 Property Needs

- (14) Service Areas compile their property needs thru' the Service Development Planning Process. Corporate Property collates this information into an Annual Property Plan.

Look at Options for Administrative Buildings- New Civic Centre (Jonathan Edwards study): PFI : update of Muniport Accommodation Strategy, 1999

- (15) For operational buildings, the Council's budgets should incorporate plans to bring stock up to an acceptable standard.
- (16) Depending on outturn of Jonathan Edwards study, take findings forward viz develop new civic centre, or select an alternative option.

If civic centre option taken forward, there will be a period of 5 plus years before the new facility will be ready for occupation.

(17) That Corporate Property produces an Interim Accommodation Strategy to tie over the period until the new civic centre is ready for occupation.

3.5 Quick Wins

- Charge rents to all property occupiers
- Examine opportunities for further income from telecoms. installations
- Identify surplus properties across the portfolio
- Put rents for community centres onto a proper basis

(18) Conduct quick reviews to ensure rents are charged on freehold property where the user is funded by external sources, and maximise potential from Quick Wins as above.

4.0 Implementation

4.1 Much will depend on whether Corporate Property & Corporate Support are successful with their bids for additional resources in this years budget setting process (in progress).

4.2 Work on Quick Wins to commence immediately.

4.3 Framework for new property & facilities management structures to be put in place between April and October 2004.

4.4 Work on Accommodation Strategy to commence when results of Jonathan Edwards study taken to the Executive – 08 December 2003.

5.0 Summary “Punch Points”

- A more Corporate and Strategic approach needed for property management
- Ownership is brought back to the Corporate Centre. Service Areas to continue to manage their own service delivery properties but under a management and facilities framework agreed with Corporate Property & Corporate Support
- Asset rents to be charged for freehold property

- Performance management systems to be put in place – comprehensive property data established, targets set
- New Accommodation Strategy set, around proposals for a new civic centre or alternative option
- Adopt Modern Methods of Working – develop pilot studies
- Properly resource Corporate Property and Corporate Support