

NORTH YORKSHIRE COUNTY COUNCIL
CORPORATE OVERVIEW & SCRUTINY COMMITTEE

01 July 2013

PROPERTY PERFORMANCE REPORT 2013

1.0 PURPOSE OF REPORT

1.1 To consider the *Property Performance Report 2013*.

2.0 BACKGROUND INFORMATION

2.1 Each year the Committee receives a copy of the Property Performance Report for consideration prior to its referral to the Executive.

2.2 Accompanying the Property Performance Report 2013 is a copy of the covering report which will be presented to the Executive on 30 July 2013. This sets out the context for the main Report and draws conclusions.

2.3 Roger Fairholm, the Corporate Asset Manager, will be present at the meeting to answer questions about the contents of the report.

3.0 FINANCIAL IMPLICATIONS

3.1 This report has no immediate financial implications.

4.0 RECOMMENDATION

4.1 That the Committee considers:

- (i) the performance of the County Council in relation to property in 2012/2013
- (ii) the performance of Jacobs UK in relation to property
- (iii) the performance of our property contractors.

Gary Fielding

Corporate Director – Strategic Resources

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Presenter of Report: Roger Fairholm

June 2013

Background Documents: None

Annexes:

Draft report to Executive - 30/07/2013.

Asset Management Planning Framework : Property Performance Report 2013.

NORTH YORKSHIRE COUNTY COUNCIL

EXECUTIVE

30 July 2013

PROPERTY PERFORMANCE REPORT 2013

Report of the Corporate Director – Strategic Resources

1.0 PURPOSE OF REPORT

- 1.1 To consider the performance of the County Council in relation to property for the year 2012/2013 as set out in the **Property Performance Report 2013**.

2.0 BACKGROUND

- 2.1 Under the Asset Management Planning Framework, the Executive receives an annual report about how well the property portfolio and property services are performing.
- 2.2 The report and this covering report have been considered by the Management Board and the Corporate Affairs Overview & Scrutiny Committee in advance of being presented to this meeting.

3.0 ANNUAL PERFORMANCE REPORT

- 3.1 Enclosed with this covering report is the ninth annual **Property Performance Report** (PPR). The data within it cover 2012/2013 or 2011/2012 if later data are not available.
- 3.2 The format of the report changed significantly last year and is much shorter now. The new style report comprises:
- a set of single page summaries on the portfolio, repair & maintenance, projects, estate management, sustainability and spend (page 3 to page 8)
 - a section on current activity (page 9 to page 14)
 - a section on future activity (page 15).

4.0 ONE COUNCIL PROPERTY MANAGEMENT WORKSTREAM

- 4.1 The Property Management workstream of One Council covers three strands - flexible working, rationalisation of the property portfolio and a single approach to property management. Work is underway in all three areas. There is information about this on page 11 of the PPR.
- 4.2 The outcomes of the Property Management workstream will be reflected in future versions of the PPR.

5.0 CONCLUSIONS

5.1 The report has been prepared as a standalone document and so no detailed commentary on its content is included in this covering report. However, key conclusions are:

- (i) The number of properties that have the most significant issues remain low – two properties this year.
- (ii) There continues to be a backlog of maintenance and it is growing. In the medium term the rationalisation of the property portfolio will reduce our commitments, but in the short term there is a continued need for investment that exceeds the funding that is available.
- (iii) Once again, Jacobs UK has met or exceeded most of its performance targets in relation to the delivery of projects and maintenance work.
- (iv) Our property contractors continue to deliver a high standard of service, as judged by the staff in our establishments.

6.0 FINANCIAL IMPLICATIONS

6.1 The financial implications arising from this report in relation to the repair & maintenance backlog will be covered by:

- a continuing review of need
- property rationalisation under One Council – which will reduce the quantity of property requiring maintenance
- one-off capital investment, where possible, for significant short-term issues – with the proposals presented to the Executive for prior approval.

7.0 RECOMMENDATIONS

7.1 Members are asked to consider:

- (i) the performance of the County Council in relation to property in 2012/2013
- (ii) the performance of Jacobs UK in relation to property
- (iii) the performance of our property contractors.

GARY FIELDING
Corporate Director – Strategic Resources

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July 2013

Background Documents

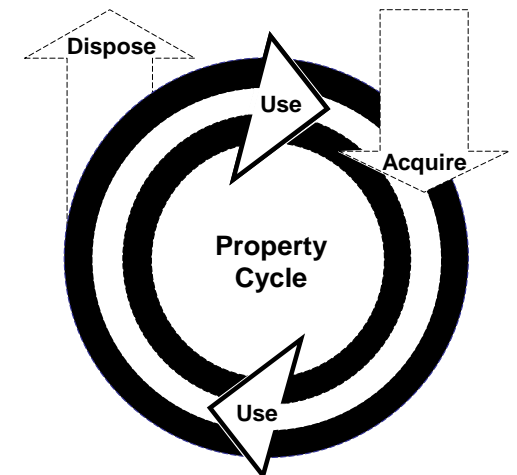
None

Attachments

Appendix A - Property Performance Report 2013.

Asset Management Planning Framework

Property Performance Report 2013



About this document

Title	Property Performance Report 2013.
Purpose	To set out a summary of our past performance around property, our current activity and our proposed future activity.
Coverage	Property portfolio, property processes and property services.
Status	Information.
Source	Central Services : Corporate Property Management : Corporate Asset Management.
Intranet	
History	First issued July 2013.
Copyright	North Yorkshire County Council.
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Performance Introduction

This is the ninth annual report about our performance on property under the Asset Management Planning Framework.

Overall, we have reached a high level of performance in relation to our property portfolio and the services from our property consultants, Jacobs, and our property contractors.

The state of the property that we use to deliver services to the benefit of the people of North Yorkshire remains static. Each year there is only one or two properties that are classified as *priorities for action*. However, the portfolio is now subject to property review. This will result in rationalisation of the properties used, with a reduction in numbers and running costs and an intensification of use. The changes will be reflected in future reports.

Jacobs has again met or exceeded its performance targets in eleven of the original thirteen areas that are assessed. The two targets for the completion of the planned maintenance programmes were not achieved because of late commissions from clients.

All of the estates management targets have been met or exceeded apart from one: the negotiation of a reduction in the rent or licence fees compared to the landlords' starting offers.

Client satisfaction with the quality of the service of our contractor remains very high. They achieved *good* or *excellent* scores from end users in between 92% to 100% of cases - of which *excellent* (10 out of 10) was scored in at least 44% of cases.

The County Council and Jacobs will continue to work together and with our contractors to find ways to improve the performance of the County Council's property and property services and to contribute to the achievement of the *One Council* initiative.

Peter Bright

Assistant Director - Corporate Property Management

Paul Redfern

Director of Operations - Jacobs

Performance This report

This review of the performance of property at North Yorkshire County Council is split into three sections:

- **Past** - Our performance covering the main areas of property activity in 2012-2013 or 2011-2012 (depending on the available data set),
- **Now** - Our current activity – programmes and other work
- **Future** - Our proposed activity – work already identified and work arising from our performance identified in the first section.

Overall, performance of our property portfolio and property services has now reached a high level of achievement and remains there. As a result, the amount of detail provided around performance was reduced last year and the approach continues in this year's report.

In the '*Past*' section of the report there are six pages - each covering a specific area:

- the property portfolio
- repair & maintenance
- projects
- estate management
- sustainability
- spend.

Summary information is provided on the middle four pages about the scope of the subject, the people involved from the property services supply chain (and beyond) and up to two key indicators. The indicators are customer satisfaction indicators - the one with the best overall percentage at good and excellent and the one with the lowest overall percentage at good and excellent. This provides an indication of the range of performance.

Information about how performance is measured is set out in *Asset Management Planning Framework: Property Performance Management Regime*. More detail on how we manage property can be found in *Asset Management Planning Framework: Our overall approach to property*. The basis for assessing our operational property is set out in *Asset Management Planning Framework: Property Planning*. Copies of these documents are available from Corporate Asset Management or via the Intranet.

Past Property portfolio

Each year we assess every operational property to see how well it is supporting service delivery.

The consolidated results are shown in the table opposite. This categorises each property as red, amber or green and provides a high level view of the state of our operational property portfolio and the effect of our actions.

The number of green properties has increased this year and the proportion of green properties has risen to 35%. The number of red properties remains extremely low - only two properties out of a total of 672. Last year there was only one Priority for Action (red property) - Pateley Bridge Library. This year Leeming Bar highways depot has been added, although work to rectify this is anticipated to be completed by April 2014.

Changes to the portfolio will occur in future years resulting from changes to the approaches to service delivery as part of One Council and from property reviews. These should be reflected in future assessments.

To create the Property Traffic Lights thirteen attributes are assessed in terms of their effects on obtaining or delivering our services. The basis of assessment and the individual results are available from Corporate Asset Management.

KIS 1 Property Traffic Lights - appropriateness for use (NYCC controlled property used for service delivery only)

	<i>Last cycle</i>	<i>This cycle</i>	<i>Net change</i>
<i>Total properties</i>	696	672	-24
Green Appropriate now & in the known longer term.	211 30%	233 35%	+22
Amber Useable now.	484 70%	437 65%	-47
Red Priority for action.	1 0%	2 0%	+1

Important note: *Net Change* includes the effect of investment, disposals, acquisitions, deterioration & change to service direction between the two annual performance cycles. It also includes changes in data coverage and accuracy.

Past Repair & maintenance

Coverage

Repair & maintenance ensures that our property remains useable on a day to day basis. It covers responsive work, servicing of equipment, external decorations and planned replacement of major items (roofs, windows, etc).

Supply chain

*End users
Directorate clients
Jacobs
Responsive contractors
Equipment contractors
Themed contractors*

Highest satisfaction KPIs

100%

*of end users scored six aspects of the maintenance work as **good** or **excellent**.*

KPI 3.4.1, 3.4.2, 3.4.3, 3.11.1, 3.11.2, 3.11.3

Lowest satisfaction KPI

92%

*of end users scored themed contractors' interaction on site as **good** or **excellent**.*

KPI 3.10.2

Jacobs

Jacobs exceeded 4 of its 6 targets in relation to repair & maintenance. The targets for the planned maintenance programmes were not met mainly because of late commissions from clients, however, 91% of the items in the programmes were completed. The spread of results for the responsive maintenance helpline improved again – from 4-10 last cycle to 5-10 this cycle.

Contractors

The most frequently occurring score given to our contractors for the quality of their service was **10** out of **10**. These scores are provided by our end users. The results vary slightly between our different contractor strands, but between 93% and 100% of returns gave scores of *good* or *excellent* for this aspect. All work that receives a score below 7 is discussed with the contractors to determine the causes and remedial action is taken where patterns emerge.

Note : A separate report is produced covering performance in relation to repair & maintenance under the Maintenance & Servicing Scheme for schools.

Past Projects

Coverage

Projects cover major work to create buildings or to extend or refurbish our existing buildings.

Supply chain

*End users
Directorate clients
Jacobs
Works contractors*

Highest satisfaction KPIs

100%

*of end users scored nine aspects of projects, the contractors' activities and Jacobs' activities as **good or excellent.***

KPIs 3.1.3, 3.1.4, 3.1.4, 2.2.1, 3.2.1, 3.8.2, 3.8.3, KIS 6, KIS 7

Lowest satisfaction KPI

95%

*of end users scored the contractors' service as **good or excellent.***

KPI 3.8.1

Jacobs

Jacobs exceeded its targets for 2012-2013 for the original KPI set. The results for a new set of indicators covering Project Sponsor satisfaction (as opposed to end user satisfaction, which is measured in the original KPIs) show a high level of satisfaction, but with the targets being narrowly missed for three of the six indicators.

Contractors

The quality of service from the contractors was high : the most frequent score was **10** out of **10**. Only one score was as low as 6 – which is an improvement on last year's low score of 4. All work that receives a score below 7 is discussed with the contractors to determine the causes and remedial action is taken where patterns emerge.

Note : The results relate to Council-funded building projects only. School-funded projects are not assessed as part of this report.

Past Estates

Coverage

Estates work covers acquisitions, highways compulsory purchases & compensation claims, NNDR appeals & assessments, disposals, rent reviews, farm management and capital accounting valuations.

Supply chain

*Directorate clients
Corporate Asset Management
Jacobs via Bruton Knowles
Legal & Democratic Services*

Highest satisfaction KPI

100%

*of work scored as
good or excellent.*

KIS 3.6.4

Lowest satisfaction KPI

There is only one satisfaction KPI for Estates and so the highest and lowest scoring KPIs are the same.

Jacobs via Bruton Knowles

Of the 6 targets, 5 were met or exceeded. The least successful area was the percentage improvement in the rent or licence fees negotiated compared to the starting offers from our landlords. Similar issues arose last year, but this year's result is an improvement. Customer satisfaction with the service remains high.

In addition to exceeding the target for predictability of disposals prices, £56,000 was received above the marketing estimate in this cycle.

The capital receipts from the disposal of surplus property were £3.1m, compared with £3.4m for last cycle. The receipts will be used to finance projects in the Capital Plan.

The value of receipts continues to be affected by the downturn in the property market resulting from the global economic situation. It is likely to be several years before the market recovers and returns to previous levels of activity and value.

Past Sustainability

Coverage

A range of projects that cover the whole of our property portfolio with the aims of reducing energy and water consumption and costs.

Supply chain

End users
Directorate clients
Corporate Landlord Service
Jacobs
Contractors

Carbon emissions

47,639

tonnes

Small Steps Big Difference' Awareness Campaign

The *Small Steps Big Difference* campaign continued with events, activities and competitions for staff around the themes of travel, energy, waste and water.

Energy consumption and reduction performance

Energy consumption decreased in 2011/2012 by approximately 9.8%. (Care must be taken with this figure due to data problems with billing from the suppliers, particularly for oil.) However, there was an increase in costs which reflects the upward trend in the unit price of energy.

Water conservation

In 2011/2012 water usage decreased slightly. This is mainly due to the higher consumption that occurred in 2010/2011 because of a large number of burst pipes during the exceptionally cold Winter.

Carbon Reduction Commitment

The County Council is part of this government-run scheme which requires us to purchase allowances from the government for every tonne of carbon which we emit through the use of energy in buildings. Our emissions for 2011/12 (the second reporting year of the scheme, but the first year in which allowances needed to be purchased) was 47,639.56 tonnes. This was 222 tonnes less than the first year. The cost of allowances purchased in July 2012 was £583,104.

Insulation programme

The insulation programme to cavity walls, roof voids and services continued. 39 projects were completed and 25 either booked in or awaiting a response to quotes. A further 55 projects were being considered that emerged from preparatory work in 2012-2013.

Note : The cost and consumption data on this page relate to 2011-2012 because more recent data are not available at the time that the report is produced.

Past Spend

Repair & Maintenance (planned)	Projects	Estates	Sustainability (energy & water)
£6.55m	£14.8m	£0.32m	£11.92m

Repair & Maintenance

£1.361m was spent on improving the physical state of our non-schools property last year (as opposed to urgent repairs), and a further £5.192m on similar work on school property.

The maintenance backlog is now at £41.156m (up from £38.757m last year), of which £33.457m relates to schools.

Sustainability

In 2011/2012 £10,628,000 was spent on energy - gas, electricity, oil & coal. A further £1,290,000 was spent on water. £121,000 was spent on improving insulation in our properties to reduce energy consumption – providing savings of £28,240 p.a.

Projects

Investment has taken place across the county and across services, as described in the next section. The capital comes from grants, contributions, borrowing and capital receipts.

£14.8m was spent on the 38 projects that were completed in 2012-2013.

Estates

£318,000 was spent on managing property that was declared unused (and awaiting sale or re-use) and on preparing and selling property. The government's free schools policy and localism agenda are likely to increase this cost in future years as decisions to dispose of property are delayed.

Now Investment & other activity

The County Council's property portfolio is mainly used for the delivery of services to the people of North Yorkshire, either directly or through third parties. As a result, the main focus of our property activity is to support the maintenance of existing levels of service delivery and the achievement of proposed improvements in service. Several major initiatives are underway aimed at improving our services.

The contribution of property is significant - because most services require a location from which they can be delivered. Getting the location or the nature of the building right can have a significant effect on the service provided, the customers' perception of the service and on the job satisfaction of staff in their day to day work.

Care for the elderly

The '*Our Future Lives*' policy sets out the County Council's approach to replacing Elderly Person's Homes (EPHs) with extra care housing. These schemes are typically built and managed by Housing Associations and provide people with high quality accommodation, which promotes independence and wellbeing.

There are currently 14 purpose built extra care housing schemes and one previously designated sheltered scheme which offers extra care services in operation across the County. There are a further 8 schemes in the pipeline, 5 of which will replace County Council owned EPHs by 2016. This will leave 4 EPHs operating within the County and plans are being developed for a large procurement process which will enable the development of around 30 extra care housing schemes by 2020.

Now Investment & other activity

Children and Young People

Although capital resources have reduced significantly in the last three years there has continued to be significant investment in the property used by CYPS as part of the 2012/2013 and 2013/2014 capital programmes.

The priorities for investment are:

- meeting the County Council's statutory duty to provide sufficient school and early years places
- meeting key Directorate service commitments
- addressing statutory and regulatory requirements
- maintaining the condition of the school estate to ensure buildings continue to be safe, warm, weather-tight and fit for their educational purpose.

In addition, investment is being prioritised towards enabling savings or efficiencies to be made in the use of property as part of Directorate savings plans and the One Council property management stream.

This investment has seen the creation of additional or improved facilities for the delivery of services, including:

- completion of three new Pupil Referral Units in Hambleton / Richmondshire, Craven and Selby
- completion of a major capital project to provide the new

Foremost special school for children with emotional and behavioural problems

- significant progress towards the development of a replacement school to serve the Bentham area, expected to be complete in 2014
- the completion of redevelopment schemes at three primary schools in Scarborough and a further scheme in Norton
- the completion of a major capital scheme to redevelop Richmond School onto a single site
- additional teaching accommodation at a number of primary schools to provide additional pupil places
- completion of significant investments in the physical infrastructure of Settle College and primary schools in North Craven as part of the reshaping of educational provision in that area
- progress towards the redevelopment of facilities to provide short breaks for disabled children

There has also been significant investment in the physical condition of buildings including:

- programmes to address regulatory issues around gas ventilation, legionella, asbestos, window-filming and fire risk in schools
- a significant capital maintenance programme including roof and window replacements, curtain walling and electrical/mechanical upgrades
- the replacement or removal of life-expired temporary

classroom units

- investment in access related works associated with the needs of children with special educational needs and disabilities attending mainstream schools
- urgent repairs and improvement of properties which have suffered the effects of severe weather, including flooding.

Whilst capital resources will continue to be limited from April 2013 the focus will continue to be on prioritising investment which meets service needs and keeps the school and other property used by CYPS well maintained and fit for purpose.

As part of service investment, a key feature would be to look at co-location of services wherever possible and where it makes economic sense to do so - all in keeping with the principles of co-location articulated within the CYPS Plan and in keeping with the One Council principles.

One Council property management workstream

Property reviews

Radical proposals are being considered to rationalise the operational property portfolio and to reduce its overall size and cost. The first review is underway for the Scarborough area.

Back office activities - BrightOffice Strategy

Last year the Council was able release its offices at Bedale Hall, when the staff relocated to County Hall. This year work continues on the refurbishment of parts of the Brook Lodge sites at Selby. Further changes to offices will emerge from the property reviews. The BrightOffice strategy will cease with the current round of activity after which it will be absorbed into the reviews and the new ways of working.

Single approach to property

For some time a review has been underway of the structure for property management. Revised arrangements are being implemented within the corporate property management function and further changes may be considered as a natural progression of the changed approach.

Now Investment & other activity

In addition to actions with a direct effect on improving front line services, property contributes in other ways.

Repair & Maintenance

This ensures that existing property remains appropriate to use and for the delivery of service outcomes.

Gypsy sites

The programme of improvement works to the sites at Burn, Carlton, Thirsk and Seamer has now been completed. All the utility blocks have been replaced with new modular system units.

County Farms

The disposal of County Farms is continuing, including opportunities for the disposal of farms to tenants.

Capital for investment

Property that is no longer required for service delivery continues to be sold to create funds that can be re-invested in services.

Procurement of contractors

The new cycle of procurement has started. The first of the new contracts - covering mechanical servicing - will start in September 2013.

Procurement of property consultancy services

The new cycle of procurement has started. The outcome will replace the current arrangement with Jacobs. The new arrangement will start in April 2016.

Property database

The new version of the property database will be made available to officers and establishments via the Intranet during 2013. This was due to have taken place in 2012, but issues with migration to the new software delayed the launch. In addition, work continues on improving the ownership records and their ease of use.

Now Investment & other activity

Sustainability

Work continues in six main areas:

1. the insulation programme
2. the lower carbon fuel conversion project
3. the Sustainability in Design, Construction and Management of Property Policy (SiDCaMP)
4. the upgrade of the Energy Management System (EMS)
5. the introduction of Automatic Meter Reading (AMR)
6. advice and support about site management.

In addition to improving the County Council's effect on the environment, the work is also identifying and achieving cost savings linked to reduced consumption and more accurate billing.

Future Planned & proposed new activity

Sustainability pilots

The following pilot projects will be run or concluded:

- oil Automatic Meter Reading
- LED lighting
- meter accuracy checks.

The outcomes will help to identify the potential for the broader application of the work across the portfolio.

Lighting Upgrade #2

Due to major advances in lighting technology and following pilots projects, a new lighting upgrade programme will be developed. It is anticipated that the arrangements to deliver the programme will be in place by the end of 2013 and they will be applicable across the portfolio.