



Report for: Cabinet

Date of Meeting: 27 July 2023

Subject: Review and adoption of the Corporate Property Strategy 2023-2028

Key Decision: Yes, due to the potential savings and borough-wide implications

Responsible Officer: Dipti Patel – Corporate Director, Place

Portfolio Holder: Cllr Norman Stevenson - Portfolio Holder for Business, Employment and Property;

Cllr David Ashton - Portfolio Holder for Finance and Human Resources.

Exempt: No

Decision subject to Call-in: Yes

Wards affected: All

Enclosures: The Corporate Property Strategy

Section 1 – Summary and Recommendations

This report seeks approval of a Corporate Property Strategy, providing the Council with a new strategic approach to the management of its corporate land and buildings, outlining how the use of the Council's assets will support the delivery of the Council's priorities.

Recommendations:

Cabinet is requested to:

1. Approve the adoption of the Corporate Property Strategy 2023 to 2028;
2. Delegate authority to the Corporate Director Place, in consultation with the Portfolio Holder for Business, Employment & Property, to make minor amendments to the Strategy as necessary.

Reason (for recommendations): The adoption of the CPS will strengthen the Council's management of its assets, providing greater assurance that they are safe, comply with statutory requirements as well as creating the opportunity to improve the quality and value for money of the services they can deliver for staff, partners and residents. The foundations of this process will require robust data, processes and procedures together with strong governance and decision-making.

Section 2 – Report

1.0 Introductory paragraph

1.1 An effective asset management strategy, known here as the Corporate Property Strategy (CPS), is an integral part of the mechanism to deliver the corporate aims and objectives of the London Borough of Harrow through its property portfolio, enabling it to proactively support the Council's key priorities:

- A council that puts residents first
- A borough that is clean and safe
- A place where those in need are supported

1.2 This CPS informs policies enabling the Council to develop action plans, agree priorities and make decisions to meet the longer-term objectives of the Council's Corporate Plan in relation to the use of any commercial or corporate assets. This strategy is a cornerstone of the Council's financial and service planning, contributing to savings in the Medium-Term Financial Strategy (MTFS). The Strategy will be reviewed and updated annually to reflect changes in legislation, policy and best practice; ensuring our land and property assets fully support the Administration's objectives.

- 1.3 The strategy covers a range of requirements the Council should enact, as a responsible property owner, including sustainability, repair, compliance, leased estate management, adopting Corporate Landlord and improving governance, backed up and evidenced by a comprehensive data set which has pulled together every corporate and commercial property interest the Council owns, both freeholds and leaseholds. Housing sits outside this strategy, as the HRA will develop an asset management strategy of its own, but some residential dwellings do sit within the General Fund and so form part of the Corporate data set.
- 1.4 The CPS also recommends the procurement of an Integrated Workplace Management System (IWMS) which will provide a single platform from which all Estates and Facilities Management functions and business will operate ensuring a cohesive 'One Front Door' approach to property management. This is a separate workstream and will be administered through the usual Gateway and procurement procedural rules.
- 1.5 The CPS proposes a number of workstreams and processes to take forward, all of which will be subject to further financial and business case scrutiny, as well as identifying resources and work plans and programme management.
- 1.6 The principals of this strategy have been approved by the Council's Senior Leadership team in June 2023, with an instruction to obtain approval from Cabinet.

2.0 Options considered

- 2.1 An alternative option would be to continue without a formal strategy in place. The Council could maintain the status quo by managing its property assets in a non-strategic, reactive and un-co-ordinated way. However, this approach would leave the Council vulnerable and with limited opportunities to achieve efficiencies as well exposure to risk and increased costs, through the ineffective and ad hoc management of a large and complex estate.

3.0 Financial Implications

- 3.1 The Corporate Property Strategy (CPS) sets out six key projects to deliver its objectives. Some of these will have direct financial implications, however they are not quantified in the strategy.
- 3.2 The Council set a 3 Year Medium Term Financial Strategy which incorporates the 3 Year Capital Programme, the current strategy covering 2023/24 to 2025/26, which is refreshed annually. The approved Capital Programme includes a budget provision of £0.650m per annum for High Priority Planned Maintenance. Due to the assets review, capital investment on corporate properties was paused and

therefore a capital budget of £1.133m from previous years was carried forward into 2023/24, making a total available budget of £1.783m in 2023/24, £0.650m in 2024/25 and £0.650m in 2025/26. In addition, there is a budget provision of £0.500m per annum for Climate Emergency Energy Emissions Reduction Measures project. There is no capital budget and funding for additional capital financing costs should a 5-year capital programme be developed (Project 6 in the CPS) which exceeds current budget provision.

- 3.3 A one-off corporate funding of £150k was agreed in 2022/23 for undertaking the assets review. £85k of this has been committed for external consultancy. The remaining £65k is set aside to contribute towards the cost of implementing an asset management software (Project 5 in the CPS). This proposal is subject to a separate business case to inform both the one-off implementation costs and on-going revenue support & licence costs. No funding is identified in the MTFs for these other than the remaining one-off sum above.
- 3.4 Project 6 in the CPS also refers to the development of a 5-year condition survey programme. There is currently no funding to undertake this should the work be commissioned externally.
- 3.5 There is currently a revenue budget of £1.280m per annum for funding planned preventative maintenance (PPM) and reactive repairs of our corporate property portfolio. This budget is currently and historically overspent whereby the cost reactive repairs far exceeds the budget available. The CPS aims to deliver a more effective approach for managing the Council's properties by introducing a planned investment programme and disposing of properties that are surplus to our requirements which must return expenditure to within the approved budget envelope.

4.0 Risk Management Implications

4.1 Risks included on corporate or directorate risk register? **No**

4.2 Separate risk register in place? **Yes**

4.3 The relevant risks contained in the register are attached/summarised below. **Yes**

4.4 The following key risks should be taken into account when agreeing the recommendations in this report:

Risk Description	Mitigations	RAG Status
The CPS is not adopted	<ul style="list-style-type: none"> ▪ Acceptance of the proposed recommendations of the report will mitigate this risk 	GREEN

Risk Description	Mitigations	RAG Status
	<ul style="list-style-type: none"> ▪ The status quo would prevail with assets recorded on multiple spreadsheets. 	
Adoption of the plan but resources are not in place	<ul style="list-style-type: none"> ▪ Adapt according to resources, reviewing priorities 	AMBER
Market conditions are adverse	<ul style="list-style-type: none"> ▪ Adapt the strategy accordingly, ensuring that workstreams and activities are proportionate to micro- and macro-economics conditions 	GREEN
Officers may be unaware of the requirements of the CPS as it relates to their role	<ul style="list-style-type: none"> ▪ The adopted CPS should be widely communicated both internally and externally. ▪ Heads of Service and service managers to brief staff on key requirements of the CPS, including the new role of corporate landlord 	GREEN
Service requirements will change over the course of the lifetime of the CPS	<ul style="list-style-type: none"> ▪ The position will be monitored and the strategy developed and its work plan kept under review, throughout the plan period. 	GREEN
There has been insufficient engagement and consultation with stakeholders in formulating the strategy	<ul style="list-style-type: none"> ▪ Wide-ranging consultation on the strategy has taken place with both senior officers and Members and also external stakeholders (e.g. NHS and the Voluntary Sector) 	GREEN
The objectives of the strategy have not been clearly specified and set	<ul style="list-style-type: none"> ▪ There are six objectives as outlined above in the report 	GREEN
Arrangements for performance management and measuring the success of the strategy have not been put in place	<ul style="list-style-type: none"> ▪ The timetable for implementation is included in the strategy and this will be monitored quarterly 	GREEN

Risk Description	Mitigations	RAG Status
Performance Indicators and measures are not SMART	<ul style="list-style-type: none"> ▪ These will be developed over the course of the strategy 	AMBER
A suitable Integrated Workplace Management System (IWMS) cannot be technically or financially procured from the market	<ul style="list-style-type: none"> ▪ A reliable and proven and tested software system will be chosen 	GREEN
There is insufficient technical support and staff training available or undertaken to effectively use/deploy the IWMS	<ul style="list-style-type: none"> ▪ Staff will be fully trained and also supported by the providers of the system 	GREEN
Officer roles and responsibilities in relation to the strategy have not been clearly defined and allocated	<ul style="list-style-type: none"> ▪ This is on-going and will be completed as the strategy progresses 	GREEN
The strategy is inflexible and cannot be quickly adapted to meet changing circumstances and assumptions	<ul style="list-style-type: none"> ▪ The strategy will be reviewed annually and also quarterly via performance monitoring 	GREEN

5.0 Procurement Implications

- 5.1 In respect of future workstreams arising from the CPS that are subject to competitive procurement, this will be undertaken with support and advice from the Corporate Procurement Team and consistent with the Council's Contract Procedure Rules, Public Contract Regulations 2015 and the Financial Regulations.
- 5.2 Any purchase or sale of a property, or other interest in land (freehold or leasehold) is excluded from the Contract Procedure Rules but must be authorised in accordance with the requirements set out in the Constitution and, specifically, Land and Buildings rules at paragraphs C83 to C85 and Section F *Land and Property Disposals*.

6.0 Legal Implications

- 6.1 It is good Governance practice for a Local Authority to have an up-to-date Corporate Property Strategy. The CPS will not only allow the Council to understand more about the ownership of its estate, but it will enable it to respond in a more timely and efficient fashion to statutory and other notices/approaches.
- 6.2 Section 111 of the Local Government Act 1972 ("LGA") gives a local authority power to do anything which is calculated to facilitate or is

conductive or incidental to the discharge of any of its functions and the Localism Act 2011 provides the Council power to do anything that individuals generally may do provided it is not prohibited by legislation and subject to Public Law principles. The proposals set out in this report are consistent with this power.

- 6.3 Legal advice should be sought at the point at which the Integrated Workplace Management System (IWMS) is procured, so that the procurement of this system is considered in line with the Council's Contract Procedure Rules and Public Contract Regulations 2015.
- 6.4 It is noted that the considerations of the Equality Act 2010 will be taken into account at the relevant time. Accordingly, at this stage there are no particular legal issues which arise with this report.

7.0 Equalities implications / Public Sector Equality Duty

- 7.1 There are no specific implications from implementing the strategy. However, it will be necessary to consider equality impacts as part of specific asset management activity.

Council Priorities

- 1. A council that puts residents first**
By ensuring a better understanding of our assets and how we can use them better, residents will be served better, whether improving and investing in community buildings, answering queries more promptly, or generating new income to support services.
- 2. A borough that is clean and safe**
The new IWMS will improve the compliance in respect of our corporate and commercial properties.
- 3. A place where those in need are supported**
Improving our asset base will enable better use of buildings and properties to support residents most in need, for example, step-up flats for people with mental health issues, could be refurbished with proceeds from disposals of surplus and poor-quality buildings which have been identified as a result of the CPS.

Section 3 - Statutory Officer Clearance

Statutory Officer: Dawn Calvert

Signed by the Chief Financial Officer
6 July 2023

Statutory Officer: Amanpreet Lally

Signed on behalf of the Monitoring Officer

7 July 2023

Chief Officer: Dipti Patel

Signed off by the Corporate Director

7 July 2023

Head of Procurement: Nimesh Metha

Signed on /by the Head of Procurement

27 June 2023

Head of Internal Audit: Neale Burns

Signed on behalf of Head of Internal Audit

30 June 2023

Has the Portfolio Holder(s) been consulted? Yes

Mandatory Checks

Ward Councillors notified: NO as it impacts on all Wards

EqlA carried out: No

As per the above, further workstreams, business cases and decision-making will incorporate EqlAs on a case-by-case basis.

Section 4 - Contact Details and Background Papers

Contact: Sophie Linton, Estates Manager,

Sophie.Linton@harrow.gov.uk

Background Papers: None

Call-in waived by the Chair of Overview and Scrutiny Committee - NO