

ITEM No ...8.....

REPORT TO: CITY DEVELOPMENT COMMITTEE – 27 JANUARY 2020

REPORT ON: PROPERTY ASSET MANAGEMENT PLAN

REPORT BY: EXECUTIVE DIRECTOR OF CITY DEVELOPMENT

REPORT NO: 37-2020

1 PURPOSE OF REPORT

1.1 To seek approval for the publication of the revised Property Asset Management Plan as attached at Appendix 1.

2 RECOMMENDATION

2.1 It is recommended that the Committee:

- a approves the Property Asset Management Plan.
- b delegates the Executive Director of City Development to implement the processes set out within the plan.
- c delegates the Executive Director of City Development to update and appraise the plan as required.

3 FINANCIAL IMPLICATIONS

3.1 The Property Asset Management Plan does not have any direct financial implications but will contribute to improving the efficiency of the management of the Council's property assets.

4 BACKGROUND

4.1 The 2012 Property Asset Management Plan has been comprehensively reviewed with a number of key deliverables progressing such as; building mergers, investment in City Square, the provision of property support for the Social Security Agency and capital investments in the Education and Communities estate.

4.2 In preparing this plan, the Head of Design and Property has referred to the Royal Institution of Chartered Surveyors (RICS) "Round Table Report" on public sector asset management and the Chartered Institute of Public Finance and Accounting (CIPFA) guidance on local authority asset management planning.

4.3 The Property Asset Management Plan informs the decision making process for the Council's property assets. Property and infrastructure form in excess of £900,000,000 of the Council's overall assets. These assets form an important source of revenue, support economic activity and enable the Council to fulfil its operational responsibilities.

4.4 City Development has liaised with relevant stakeholders in the drafting of the revised plan which is set out in context of the Council Plan and Changing for the Future 2022 programme.

4.5 The revised plan will assist in presenting proposals to ensure that the Council obtains best value from its property portfolio.

4.6 Strategies will require the support and cooperation of all officers of the Council and partner organisations.

5 POLICY IMPLICATIONS

- 5.1 This report has been subject to an assessment of any impacts on Equality and Diversity, Fairness and Poverty, Environment and Corporate Risk. A copy of the integrated Impact Assessment is available on the council's website at www.dundee.gov.uk/ia

6 CONSULTATIONS

- 6.1 The Council Management Team were consulted in the preparation of this report.

7 BACKGROUND PAPERS

- 7.1 None.

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2020/23 PROPERTY ASSET MANAGEMENT PLAN

City Development
Design and Property Services



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DUNDEE CITY COUNCIL PROPERTY ASSET MANAGEMENT PLAN

Introduction

Dundee City Council's Property Asset Management Plan seeks to provide guidance on the core strategic approaches and aspirations of our property services to ensure efficient delivery in challenging financial circumstances.

The investment portfolio is managed by the Council's Estates Team, offering a range of commercial properties, to assist economic development, inward investment, supporting the retention and creation of jobs within the City, as well as creating a revenue income for General Services.

Regeneration projects continue to stimulate economic growth in Dundee, providing international coverage of opportunities for visitors and investors.

V&A Dundee opened in September 2018 to worldwide acclaim, making Dundee one of the most recognisable small cities, having attracted attention from a range of media outlets.

It is anticipated that 2020 will see the opening of "Grade A" office space at the Waterfront. Discussions are ongoing with prospective tenants and investors. Progress is also being made on other Central Waterfront development sites.

Development of the Regional Performance Centre for Sport at Caird Park, Menzieshill Community Centre, new nurseries, primary schools and secondary schools demonstrates Dundee City Council's continued commitment to investment in and management of property assets for the benefit of the City and delivery of front line services.

This plan provides a review of the Council's core operational buildings and property assets and is the basis for implementing the Council's overall Council property objectives. The Property Asset Management Plan is under constant review and is, therefore, a 'living document' which will continually change as circumstances and progress in its implementation dictates. This document should, therefore, be regarded as a current assessment based on the most accurate available information and analysis available at the time of its preparation.

The Dundee City Council Property Asset Management Plan has been prepared having considered the Royal Institution of Chartered Surveyors "Roundtable" report on public sector asset management and CIPFA guidance on local authority asset management.

1 **Corporate Context**

The Council's ownership of assets is wide and varied and can be categorised into six key areas:-

- Buildings and Property
- Roads Infrastructure
- Council Housing
- Open Space
- Vehicle Fleet
- Information and Communications Technology

The overarching management of these assets is guided by the Corporate Asset Management Strategy approved by the Policy and Resources Committee in March 2011. This ensures that all assets are optimally structured and financed to provide best value and efficient service delivery.

The Property Asset Management Plan deals with all of the Council's operational buildings and property assets, excluding its domestic housing stock and succeeds the Property Asset Management Plan of 2012.

Strategic Asset Management seeks, through a better planned alignment of assets with service demand, to achieve the best possible match of assets with the Council's service delivery strategies. This is best ensured by the systematic management of all decision making processes taken throughout the useful life of assets. This strategy will guide the acquisition, use and disposal of assets to make the most of their service delivery potential and manage the related risks and costs over their life cycle.

The main benefits of a Corporate Asset Management Strategy are that it;

- aligns asset plans with organisational objectives
- ensures overall efficient and effective use of assets in the medium/long term
- provides a platform for structured and rigorous forward planning and a basis for future decision making
- gives an explicit description of the direction that the Council wishes to take with its assets
- brings clarity to the way assets are managed in the Council

The Property Asset Management Plan aligns with the Corporate Asset Management Strategy.

2 Objectives

The Council, with its partners across Dundee, is constantly reviewing its overall strategic objectives in light of new challenges. The Council has fully endorsed the shared vision for our City set out in the Dundee Partnership's [City Plan 2017 – 2026](#). The Council subsequently agreed its [Council Plan 2017-22](#) which sets out how the Council, as a local authority, will play its part in achieving this vision for the City. The Council Plan also outlines that the Council needs to continue on its Changing for the Future transformation journey by reviewing and changing how the Council operates to help make this vision a reality.

The Council Plan is summarised by the following chart and mission statement and the Property Asset Management Plan should support the vision.



We are ambitious for our City
We are proud of our City
We keep Dundee working
We promote fairness
We believe in public services
We keep people safe and healthy
We are innovative
We are flexible
We include and engage with people
We listen and learn
We make a difference

3 Changing for the Future 2022 (C2022)

The Changing for the Future (C2022) programme's primary aim is to support the Council in its delivery of the Dundee City Plan, its strategic priorities and the associated Dundee outcomes. The Changing for the Future programme will be restructured to ensure it can better support these strategic aims, as well as the outcomes laid out in the Council Plan.

The focus of the C2022 is on assisting the delivery of the City and Council Plans and the long term transformation of services to ensure the Council can continue to deliver high quality services for the benefit of Dundee's citizens.

Whilst the main objective of the programme is as stated above, the programme will continue to support savings targets through identification of savings opportunities in the course of long-term transformation projects and will work closely with finance leads on all projects to find a balance between transformation for citizen benefit and identifying savings within Council budgets.

The programme feeds into the Tay Cities Deal and the Council's approach to improving outcomes. Additionally, the programme will continue to focus on transformation and be closely linked with the Council's financial strategy.

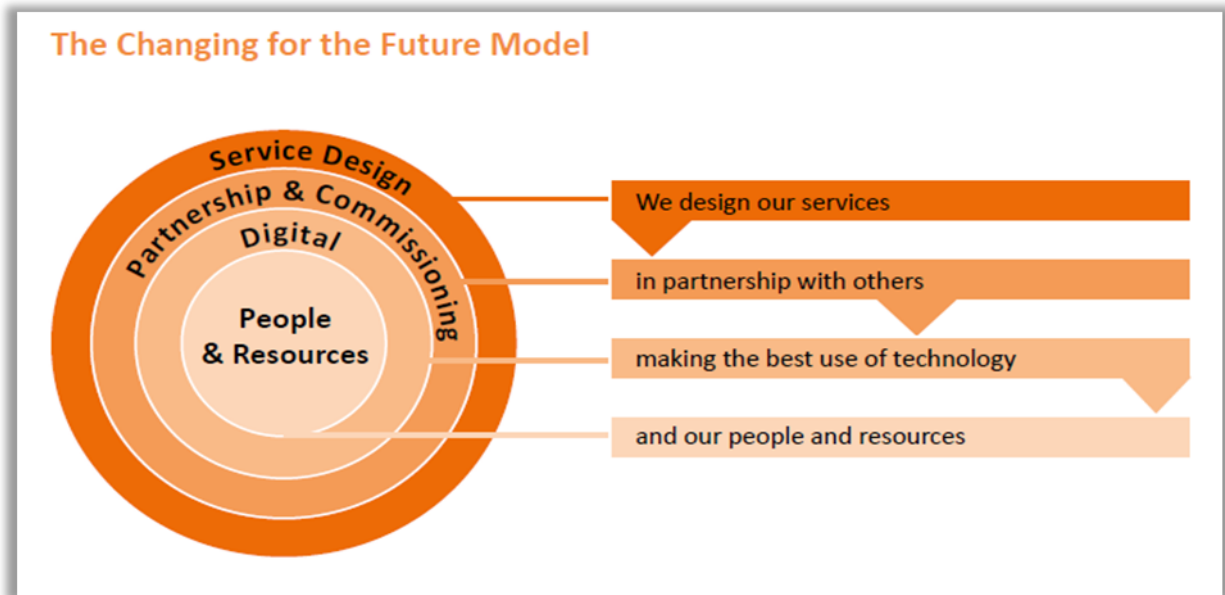
The Council has a vital role in enabling transformational change to meet the needs of the City. There are three main drivers of change:

- 1 The rising and aging population.
- 2 The Council has to keep a balanced budget with increasing cost pressure demands.
- 3 The type of work we do, and the technology we use to do it, is changing.

Property asset management is a high priority to help the Council achieve a balanced budget.

The C2022 model is built around:

- 1 Service Design
- 2 Partnership and Commissioning
- 3 Digital
- 4 People and resources



The Changing for the Future model informs property asset management in the following key areas:

Service Design:

365 Schools:

Proposal:

To make best use of our school estate, exploring how schools can be utilised more as community assets to better meet the needs of their communities. In particular their use out with school hours and the school year.

Property Asset Management Response:

To support the service delivery aspirations by working with Children and Families Services, to prepare school buildings and support service “building managers” to obtain the best outcomes at best value. Many schools are already used as leisure centres out with core hours. Education properties are located within the communities they serve. The education portfolio amounts to approximately 40% of the Council’s operational portfolio. Better use of these assets will assist community engagement with public services and enable efficiencies in rationalisation, or merger of community located properties.

Cultural Sector:

Proposal:

Review of the cultural sector across Dundee and relevant strategic partnerships to ensure the sector continues to offer robust and sustainable cultural services.

Property Asset Management Response:

To support the service delivery aspirations by working with Leisure and Culture Dundee (L&CD), to maintain and repair Leisure and Culture Dundee leased properties and support service “building managers” to obtain the best outcomes at best value.

City Wide Meals Provision:

Proposal:

Development of a City wide meals provision which focusses on providing healthy, balanced meals to care homes and schools across the City.

Property Asset Management Response:

To support the service delivery aspirations by working with Children and Families Services, to maintain and repair school buildings and care homes and support service “building managers” to obtain the best outcomes at best value.

Partnership and Commissioning:

Tayside Contracts Review:

Proposal:

Reviewing what Tayside Contracts currently offers to the region to see if there are any further opportunities to expand their remit to the benefit of all Councils and partners.

Property Asset Management Response:

To rationalise depots and work with Perth & Kinross Council and Angus Council property services to provide the best property solutions for service delivery.

City Wide Energy:

Proposal:

Continually review the City’s energy needs, limitations and options to help predict Dundee’s energy requirements over the next 10-20 years.

Property Asset Management Response:

To work closely with the City Development Energy Team, identifying property assets which can benefit from smart energy solutions.

City and Regional Shared Services:

Proposal:

Working with our neighbouring Councils, partners and the third sector on collaborative projects, initiatives and opportunities to deliver efficiencies across the City and region.

Property Asset Management Response:

City Development officers are active members of ACES (Association of Chief Estates Surveyors) and CIPFA bench marking group. These groups share information, knowledge and understanding of good asset management with local authorities across the whole of the United Kingdom. City Development officers engage with NHS and other public services to identify and develop shared services. Property officers engage with third Sector representatives with regard to the Community Empowerment Act provisions.

Digital:

Smart Cities:

Proposal:

Create a smart City of the future which embraces new technology and innovative ways of delivering services to our citizens.

Property Asset Management Response:

City Development officers provide support and guidance to achieve property solutions for enabling digital infrastructure including advising on the digital communications code and providing associated wayleaves and servitudes.

Digital Innovation:

Proposal:

Developing new and innovative ways of using digital to deliver our existing services in enhanced ways.

Property Asset Management Response:

Digital Innovation has the potential to reduce the amount of property floor space required by utilising flexible solutions. Furthermore, digital solutions can enable greater flexibility from the restrictive built environment.

People and Resources:Maximising Use of Our Assets:*Proposal:*

Reviewing Council buildings, land and property holdings to ensure that the Council makes best use and derives best value from our assets and that Dundee's communities are empowered to get the most out of property assets in the community.

Property Asset Management Response:

Property officers are implementing a building mergers programme liaising with all Council Departments and intensifying use of existing assets.

Property officers engage with third Sector representatives with regard to the Community Empowerment Act provisions.

Charging, Concessions and Commercialisation – Sponsor: Chief Executive*Proposal:*

Reviewing services the Council provides and exploring opportunities to change or improve our charging and concession approach as well as looking at how we benefit from a more commercial approach to revenue generation.

Property Asset Management Response:

Property officers can provide advice on the value of property and guidance on contractual relationships with other service providers with a view to ensuring that Dundee City gets best value from its assets and understands the difference between commercial activity and service delivery.

4 Property Asset Management Performance

The Council's property portfolio will continue to be managed to ensure that these assets are used in an efficient manner commensurate with the needs of the Council, the users of Council services and its staff. The current asset value of Dundee City Council's built environment (property and infrastructure) is in excess of £900,000,000, with a further £400,000,000 worth of Housing Revenue Account property assets. City Development currently manages over 600 operational assets for the Council and L&CD, and is responsible for the repair and maintenance costs, energy, cleaning and Non-Domestic rates of these properties. Total budgeted gross expenditure for the Council and L&CD occupied properties is £15.18m in 2019/20, an increase of just over 18% from the 2017/18 budget

The Council's commercial portfolio of properties has continued to perform well as an important financial asset for the Council despite difficult economic conditions, as well as providing suitable business premises for commercial organisations to operate in the City. Current income generated from the Council's investment portfolio is in excess of £5,500,000 per annum.

Property – Commercial Income

The City Development Property Section also manages the Council's commercial portfolio totalling over 500 properties with the majority leased out to third parties. This portfolio includes 232 shops, 174 industrial units and 25 offices, and is actively managed to maintain occupancy levels at or above normal industry standards of around 90%, with the remainder representing natural turnover of tenancies. In the financial year 2018 - 2019, the revenue income achieved from the commercial portfolio was circa £5,500,000, with the team reviewing rental levels each time a letting occurs to ensure that they do not fall behind open market values.

The Council also owns a number of long-term investment properties, and these include the Wellgate Centre ground lease. Due to trading conditions nationally, the return on this retail investment is gradually diminishing. Other historic property income issues will be offset by future property income as new properties secure tenants. Within Whitfield, The Crescent retail units have been slower to let than was originally anticipated, although current house building will assist in further lettings being secured.

Proposed Mitigation Measures

An enhanced focus on marketing commercial property has been delivered over the last 12 months including:

- other long-term investment properties have recently been developed including Earl Grey House at Site 6 and units within the railway station, and the Council agreed as part of the 2019/2020 budget setting process an additional £100,000 revenue budget allocation for marketing. Promotional activity is ongoing and prospective tenants are currently considering options for fit-out and lease terms;
- a number of the new properties were completed to a basic shell level. Although interest in the spaces is strong, the level of fit out required to make the units viable can be significant. Through the revised Capital Plan, provision for an additional £1,000,000 has been made to allow the Council to fund appropriate fit-out to ensure the units are economically attractive for prospective tenants; and

- the Invest In Dundee website has been significantly upgraded, including a new property search function to improve marketing of remaining vacant units, and specialist external agents are commissioned for properties that require national marketing.

In the last 3 years City Development's property section has disposed of surplus property and land realising over £7,000,000 of capital receipts. During this period, the Service has overseen the demolition of 14 surplus properties, contributing to a reduction in overall revenue running costs.

The Property Asset Management Plan relating to operational properties provides a framework to inform the decision making process for property and provides measurable indicators upon which the performance of the assets can be judged from a corporate, strategic and financial viewpoint.

The overriding objective relating to the Council's operational property assets is to promote efficiencies and provide strategic advice, guidance, direction and support to the Council, service area clients and all relevant stakeholders in:

- 1 Effective property asset management which provides clear linkages between corporate objectives and property asset management decisions.
- 2 Ensuring assets are fit for purpose and that best value is obtained from the Council's property resources.
- 3 Leading and supporting the Council and all service areas to make best use of retained assets and to forward plan and prepare for future property requirements and property services
- 4 The efficient management of the Council's commercial property portfolio to maximise revenue and capital income.

Property - Operation and Repairs

The cost of keeping Council properties in appropriate condition has risen significantly in recent years through a combination of changes to legislative requirements such as Health and Safety, Fire Risk and Asbestos, and management of the PPP schools contract, and this has contributed to the budget deficit on the Council Corporate Property budget.

Recognising these trends which increase property maintenance costs, Council Officers have restricted reactive repairs and maintenance and have carried out predominantly essential Health and Safety repairs over the last 3 years. This level of expenditure reflects all properties being maintained to a compliant level.

Proposed Mitigation Measures

The current use of Dundee House has been reviewed with Services and through this consultation it has been established that the opening hours of the facility can be revised reducing operational costs and saving energy usage, which will deliver savings of £86,000 per annum on property costs. A review of staffing across operational properties is also being undertaken to ensure the most efficient timetabling of staff shift patterns is being achieved resulting in further cost reduction.

A number of steps are being taken to address the cost pressures on property budgets by:

- a value for money exercise has reduced third party expenditure by bringing Fire Risk Assessments in house;
- developing a collaborative approach to ensure capital and revenue budgets are utilised most effectively to reduce the reactive maintenance recurring cost pressure; and
- a business case for an improved Property Asset Management system is currently being finalised for possible inclusion in the Capital Plan, and this will, if implemented, reduce costs involved in managing both building maintenance and commercial aspects of the property portfolio, allowing further efficiencies to be delivered.

The focus of work on property asset management continues to be on seeking to maximise the performance of the Council's operational properties and to continue the programme of improving/replacing or disposing of operational accommodation.

All of the Council's operational properties are assessed, routinely monitored and documented under the following criteria:

Suitability and Sufficiency: Whether the property is the right size, layout and location for the function that it has to perform.

Condition: The physical condition of the property.

Accessibility: To ensure that the property complies with current accessibility standards.

Health and Safety: To ensure that the property complies with current requirements.

Sustainability and Energy: To measure the property against best practice benchmarks and seek to minimise the cost and environmental impact of energy use.

The following criteria are used for the measurement of the Council's performance in respect of property and the outcome of the measurement of these criteria for Council owned operational properties for the year to 31st March 2019 was as follows:

- 1 The proportion of the total floor area assessed as being in excellent or satisfactory condition is 78%.
- 2 The proportion of the total floor area that is suitable and sufficient for its current use is 93%.

The programme of property upgrades and improvements identified in the approved Capital Plan (2019-2024) should enhance these outcomes.

Council operational properties are covered by ongoing contracts to verify compliance with relevant Health and Safety criteria. These contracts ensure that suitable and sufficient health and safety management systems are in place for the management and maintenance of the Council's properties.

5 Systems Approach to Property Asset Management

The Scottish Government promotes the use of asset management databases and currently all Council property and related records are held on the GVA property database. This provides a means of storing and analysing relevant information regarding;

- 1 The existing property estate
- 2 Future property requirements
- 3 Opportunities to work with partner organisations
- 4 Property related capital and revenue programmes and budgets
- 5 Responsibilities for management and maintenance
- 6 Asset management plans
- 7 Asset management performance reports; and
- 8 Asset valuations

The GVA system enables and facilitates key tasks such as:

- 1 Development, management and monitoring of property related capital and revenue programmes and budgets.
- 2 Provision of a customer-focused service to cultivate and maintain a strong interface between the Property Division and service area based clients.
- 3 Identification of surplus and under-performing assets and recommend appropriate improvement and/or disposal plans.
- 4 Identification of opportunities for continuous improvement and the production of regular and routine performance monitoring and benchmarking.
- 5 Management of the Council's investment property portfolio to ensure the revenue income stream continues to be maximised.
- 6 Strategic management of property acquisitions and disposals to promote economic development and maximise capital income.
- 7 Auditing and monitoring of the Council's property health and safety regime.
- 8 Provision and delivery of a full maintenance and repair scheme for the Council's property portfolio including schools.
- 9 Implementation of an energy management strategy to promote efficiencies, reduce the Council's carbon footprint and maximise savings; and
- 10 Exploration of opportunities for co-location of Council operations and investigate shared service provision with neighbouring local authorities and other public bodies.

A recent review for the replacement of the current GVA asset management data base has been undertaken recommending a replacement property database system.

Following a review of building surveying services and a health and safety contract audit, it has been concluded that there is a requirement to procure a new asset management system to replace the current, but aging GVA system.

A City Development Property Asset Management System Option Report, has been drafted in in response to this requirement. This report considered the value added component in replacing the GVA Asset Management System with a suitable alternative.

The greatest benefit from a value added perspective in introducing a new system was found to be improvement in process to delivering service. The benefits realised include the following:

- Improved efficiency of allocated staff resource.
- Allow development of systematic and costed planned maintenance and capital plans, with the purpose of promoting the balance of planned maintenance over reactive maintenance.
- Allow increased accountability of Property Officers in respect of costs committed and incurred in respect of unplanned maintenance works carried out on properties responsible for.
- Better placed to respond to customer needs with real time data being exchanged over cloud environment.
- Creating an open and transparent service with emphasis on shared digital information and removing inefficient silo working.
- Providing more informed and effective decision making with relevant information being readily available and meaningful.
- Enabling a consistency over the service provided within the Division that use the same processes and strategy such as fee recovery.

Conclusions

There is correlation between improved processes and efficiencies that would result in fiscal savings and time savings, enabling professional staff to better utilise their skills.

As such the City Development Design and Property Service is reviewing options with respect to a property asset management system.

6 Energy Management

Dundee City Council has a Carbon Management Plan with the aim of reducing its CO2 emissions from its property portfolio by 5% per annum to 2020. The Council continually quantifies and reviews its performance in this area taking action with some notable success.

The Council has reduced CO2 emissions by 45% since 2012 by making its buildings more energy efficient. This has resulted in avoided energy costs of over £7 million.

Energy and water costs in 2018/19 were £7,200,000 (reduced from £7,400,000, in 2017/18) but would have been over £8,400,000 if efficiency measures had not been implemented.

In 2018/19 the Council completed its first Energy Performance Contract covering eight of its major operational buildings. This new approach to implementing energy efficient technologies in existing buildings has allowed a step change in the speed and range of measures installed whilst minimising the financial and technical risks to the Council.

Due to the success of this approach in 2019/20 the second contract was completed. The investment of over £4,000,000, as a spend to save initiative, to mitigate the impact of expected, future cost pressures from energy price increases and CO2 savings on an annual basis.

Further phases are at early planning stages with the potential for further savings in future years.

7 Proposed Disposal and Demolition Programme

Land and buildings which have been identified as surplus to the Council's requirements will be included within an appropriately phased disposal programme. Operational property is continually evaluated against need. Where it can be shown that the Council no longer requires operational use of property, there are a range of possible outcomes.

Commercial disposal by lease or sale will be considered, in consultation with other Council services, including the Planning and Economic Development Division. Discussions are held with other public sector organisations to establish alternative public sector uses. Consideration is given to third sector uses for surplus property.

Where there is no pending use for surplus property, demolition will be promoted to remove holding costs and protect the neighbourhood from decaying property. The Council has a demolition protocol in place to ensure the premises are maintained in a secure and safe state, including removal of fire loadings during the period prior to demolition. The protocol ensures the premises are demolished in the shortest timescale possible from the date of becoming surplus therefore reducing holding costs to a minimum. Thereafter, the site will be considered for the appropriate use by the Council or sold for the most appropriate development achieving best value.

A reduction in revenue cost pressures will be realised through the current demolition programme including the former Menzieshill Community Centre, Strathcarron House, Queen Street toilets (unless a tenant can be identified) and on completion of the relocation of the remaining staff, Lochee Child and Family Centre. Disposal of Downfield Primary School will shortly be completed removing costs associated with holding the site vacant. The demolition or disposal of these properties will result in cost avoidance of around £200,000.

Surplus property at Rockwell Secondary School, Bell Street Music Centre and 26-32 North Lindsay Street are currently being marketed for disposal for redevelopment and this will remove the costs associated with keeping these properties vacant.

A revised strategy for redevelopment of Construction Services' Clepington Road site is being considered to allow historic saving to be delivered. This will refurbish and re-use existing property on the site to relocate staff, workshops and storage facilities, allowing the current property which is in poor condition to be demolished. A business case will be developed for possible inclusion in the Capital Plan.

8 Assessment of Future Needs

Future investment in operational assets will be driven primarily by the need to match the portfolio with service delivery needs and aspirations. Where an asset is income generating, this will be factored in to the overall lifetime cost assessment of a building, which will include operational costs, future maintenance requirements and income generated. This process will be driven by future departmental service plans and their detailed estates requirements, balanced against a corporate requirement to reduce the foot print occupied to ensure more efficient occupancy of building.

Aligning these indicators with the individual visions for the required estate will identify the priorities for investment within the operational Property Asset Management Plan. From the identified priorities will flow any requirements to invest capital to aid mergers and rationalisation of properties and collaborative working practices whilst driving down associated revenue expenditure.

This will also be driven by statutory requirements as has recently been the case with the expansion of free meals within schools and the provision of nursery care for children. Further requirements to support the strategic housing investment plan (SHIP) for the provision of affordable homes makes demands on land assets in the City.

Growth in residential development will require additional service provision for the residents, including new schools. Land assets require to be managed carefully, to ensure that the council can meet its obligations to deliver these services in the future.

9 Individual Client Property Assessments

City Development property officers hold regular client liaison meetings with departmental clients and other property users to ensure their current and future property requirements are met, as far as practically possible. These clients are :

- *Neighbourhood Services*
Neighbourhood Services is split into 3 client groups:
Housing, Environment and Communities
- *Children and Families Services*
Children and Families Services is split into 2 client Groups:
Education and Social Work
- *Dundee Health and Social Care Partnership*
- *Leisure and Culture Dundee*
- *DCA*

As well as providing a client liaison service, City Development's Design and Property Division works with stake holders to support and implement service provider policy and legislative responsibilities.

City Development officers work with Neighbourhood Services to implement the Strategic Housing Investment Plan with the development of social housing and the sale of land to Registered Social Landlords.

City Development officers work with Children and Families Services to support the ongoing improvements and adaptations across the school estate and other facilities required to provide Services across the City.

The Children and Families Services Estate Strategy is developed in parallel with the Property Asset Management Plan, delivering the new build programme of schools, refurbishment works, combined with ongoing maintenance and upgrades.

Currently the 1140 hours initiative for nursery development is ongoing, along with plans to develop and improve residential accommodation for young people in care.

This work stream continues to co-ordinate the current assets, planned development and ongoing improvements to the Children and Families Services Estate.

10 Planned Rationalisation of Property

It is recognised that Dundee City Council has a large provision of operational space.

Working with Changing for the Future programme colleagues, a revised strategy of shared service provision, will be considered, which may result in further opportunities to rationalise property and improve streamlined service provision.

While having a range of property options can be beneficial, the operating cost is high and the current revenue budget pressures for operational property, require rationalisation and mergers, to enable best value for the maintenance, repair and corporate contracts for the remaining subjects.

Through relocation of services and intensification of use of property assets some operational properties will be closed and savings realised.

Planned Rationalisation of Property

To address the challenges of managing a portfolio of this scale, the Council requires to review the entire estate occupied by the City Council and L&CD to make most effective use of property assets allowing surplus property to be disposed of. Property rationalisation has realised some revenue budget savings in previous years, and it is now proposed to enhance this with a senior, strategic Building Merger and Property Rationalisation Board leading this work. Actual property expenditure (excluding schools and HRA), splits approximately 75%/25% between DCC and L&CD occupied properties.

Proposed Mitigation Measures

The Building Merger and Property Rationalisation Board will be led by the Head of Design and Property and senior officers from all Council Services and L&CD will be represented, to develop a strategy to optimise the Council and L&CD use of property and reduce the property footprint, delivering savings in Non-Domestic Rates, planned and reactive maintenance, cleaning, energy consumption and Health and Safety compliance expenditure.

An initial assessment is currently being carried out by the group to ensure all Services for each client will continue to be delivered combined with developing a strategy to:

- a deliver historic unimplemented closures;
- b merge and close properties where service delivery can be amalgamated in one facility;
- c transfer standalone support service functions to other buildings; and
- d identify surplus and vacant properties with capacity to accommodate teams from other services.

Other measures include:

- a review of use of external consultants, ending contracts where work can be carried out by existing City Development staff;

- capital investment where appropriate to deliver revenue savings including introduction of CCTV to reduce security costs;
- creation of a covered salt barn at Marchbanks to reduce salt wastage; and
- a refurbishment of Bell Street Car Multi Storey Park including enhanced CCTV is currently being planned which may deliver significant savings in security costs and improve income by improving the customer experience.

Investment in City Square and Dundee House will maximise flexible office space in Dundee City Centre, with on-going monitoring of property usage across the portfolio.

The relocation of services from their existing locations is challenging and requires support from the service providers recognising that staff assets are prioritised over property assets. All proposed changes will be subject to a full, integrated impact assessment.

11 Regeneration and Development

Regeneration projects continue to stimulate economic growth in Dundee, providing international coverage of opportunities for visitors and investors.

V&A Dundee opened in September 2018 to worldwide acclaim making Dundee one of the most recognisable small cities, having attracted attention from a range of well-known publications.

It is anticipated that 2019/20 will see the opening of “Grade A” office space at the Waterfront with progress being made on other Central Waterfront development sites. A mixture of private and public finance will result in a range of mixed use developments providing modern work space, residential accommodation and leisure uses.

Over £30,000,000 worth of development for the Regional Performance Centre for Sport at Caird Park, £13,000,000 of investment in the new Menzieshill Community Centre, new nurseries, primary schools and secondary schools demonstrates Dundee City Council’s continued commitment to investment in and management of property assets for the benefit of the City and delivery of front line services.

12 Disposal of Surplus Assets

Disposal of surplus assets provides a range of benefits to the City. Firstly and perhaps most obviously, the disposal of assets provides valuable capital receipts which can be reinvested into the council's general services, for the operation budget, or where the asset is on the housing revenue account, the budget is ring fenced for the provision of affordable homes. Either way, this is an important source of funding for the council.

The requirement to obtain best value:

Best Value is about ensuring that there is good governance and effective management of resources, with a focus on improvement, to deliver the best possible outcomes for the public.

This statutory guidance is issued by the Scottish Ministers under s2(1)(a) of the Local Government Scotland Act 2003. It tells local authorities what they are expected to demonstrate in fulfilment of the statutory duties which make up the Best Value 'regime' provided by the Act.

These statutory duties are:

- The duty of Best Value, being to make arrangements to secure continuous improvement in performance (while maintaining an appropriate balance between quality and cost); and in making those arrangements and securing that balance, to have regard to economy, efficiency, effectiveness, the equal opportunities requirements and to contribute to the achievement of sustainable development;
- The duty to achieve break-even in trading accounts subject to mandatory disclosure;
- The duty to observe proper accounting practices;
- The duty to make arrangements for the reporting to the public of the outcome of the performance of functions.

Officers responsible for the disposal of assets ensure best value by utilising the skills of in-house professional, registered valuers, by exposing assets held for sale, on the open market, by engaging with stakeholders, whether commercial, operational, or third sector.

Disposal Strategy

The disposal strategy informs how to make best use and to obtain best value from our surplus property assets.

Amongst the considerations required to be considered are:

Future Large Projects: - School provision for the next 25 years

Future Housing Needs – Disposal of land and buildings for redevelopment, supplying private and social housing demand.

Best Value:

It may be necessary to withhold surplus land assets to enable consideration of future projects. Disposal of land assets requires to be planned to avoid market flooding and to ensure that the Council can maximise returns on these valuable assets.

Future development is becoming increasingly challenging with greater knowledge of environmental impact. As such, technically complex and expensive drainage solutions are required prior to planning consent being granted for the majority of developments. This has an impact on the value of land and the deliverability of new development. Early engagement with our internal surveyors and engineers is necessary as well as engagement with stake holders including the Planning Division, SEPA and Scottish Water.

Disposal Protocol

The Property Closure Protocol has been developed by the Property Section of City Development to ensure that premises declared surplus, including properties due for demolition, are in as safe and secure a condition as possible during the period the premises are vacant. The Protocol has been developed in consultation with Corporate Health and Safety, the Corporate Insurance Section, Police Scotland and The Scottish Fire and Rescue Service. Zurich Municipal, the Council's Insurer, has also provided guidance notes which are incorporated in to the Protocol.

The Protocol is a time scheduled document, providing a step-by-step guide for all parties involved in clearing a premises with the Property Section taking the co-ordinating role. It details the roles and responsibilities of all parties including the occupying department which must ensure that all confidential waste is disposed of accordingly and all fire loading material is removed from the premises prior to the department vacating the premises.

Where a property is scheduled for demolition, the Protocol is designed to ensure the shortest holding period possible from the vacating of the premises to the handing over of the premises to the demolition contractor, thus reducing interim holding costs to a minimum.

The Protocol has recently been used in the clearance of the former Menzieshill Community Centre and this has been seen as a success with all fire loading removed and no significant attempts to breach the security of the premises.

The Protocol will be reviewed regularly to incorporate any identified improvements to the procedures, although each property is unique and procedures will be varied according to circumstances.

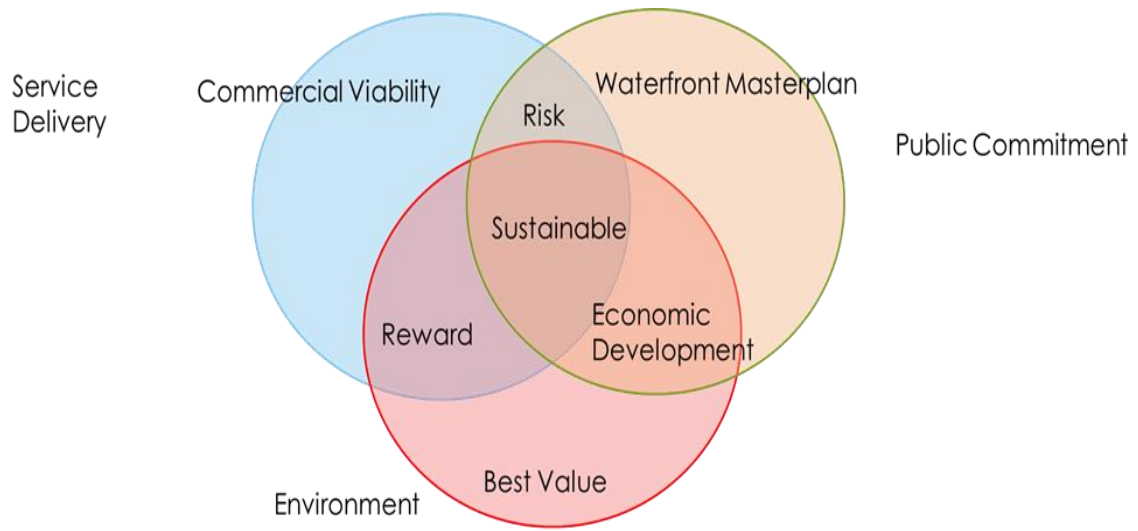
13 In-house Professional Skills to Deliver Best Value

Dundee City Council employs a range of professionals to ensure that our property assets can be planned, built, managed, maintained, valued and, where appropriate, sold or leased.

Chartered engineers, architects, registered valuers, general practice, quantity and building surveyors, work together to assist in the delivery of a complete design and property service.

14 Summary of Dundee City Council Property Asset Management:

The following diagram shows the diverse range of influences on property asset management. Commitments to the public and legislative requirements inform much of the activity within a local authority, including property asset management planning. Thereafter a number of economic and operational priorities will cross over, highlighting the many and varied challenges of promoting sustainable development and good property asset management.



Good property asset management for Dundee City Council requires a balanced and measured approach across all services, to ensure responsibility to the public and service delivery is maintained and improved, whilst meeting best value obligations and also contributing to the future shape of the City.

15 Review

The Property Asset Management Plan is continually reviewed to ensure that the provision of suitable, good quality property is sustainable, affordable and aligned to the operational priorities of Dundee City Council.

As such, the following areas outline the strategic approach to continual review and improvement.

Core Strategic Approaches to:

- 1 Asset information (Standards/Quality/Process/Technology)
- 2 Asset management decision making (Metric/Measures/Value)
- 3 Training and Education (People)

Purpose of Dundee City Council owning property assets:

- 1 To support the provision of legislative services and other high profile services.
- 2 To support community engagement.
- 3 To stimulate economic development.
- 4 To generate revenue income.

Aspirations of property services:

- 1 To provide the best possible operational properties, focused on core operational activity, whilst remaining flexible to be used for a wider range of shared and people focused services.
- 2 To provide best value in terms of developing new property assets and maintaining existing property assets.
- 3 Disposing of surplus assets

Summary of 2019/20 Review:

In practice, the Council Management Team has put in place measures in recent years to manage cost pressures within the corporate budgets to ensure that the overspend is contained, as far as practical, and that a medium-term strategy is developed to work towards a balanced budget. This included provision of an additional investment for property maintenance, accelerated demolition and disposal programme for surplus properties, and improved commercial management of the Council's leased out business property portfolio. Although mitigation measures have been put in place, these have limited impact in the short-term as the majority of overspending areas require medium/long-term interventions through reduction in the occupied property portfolio and the annual budget setting process. The Council's transformation programme C2022 includes the 365 Schools initiative which will contribute to the more efficient use of Council property assets, facilitating further reductions in property costs.

The Corporate Property account represents 37% of the overall City Development's gross expenditure budget in 2019/20. Delays in delivering the closure of buildings, which have previously been identified as savings, is a major factor in the overall financial position facing the Council. The creation of an enhanced corporate Building Merger Programme will now focus on historic property related savings and the

development of a future programme of mergers and closures for consideration as part of the 2020/2021 budget.

The following amounts were added to the City Development revenue budget for 2019/20, to help address recurring pressures within property budgets and to ensure that adequate budgetary provision was available to meet new expenditure commitments.

Property Budgets (including V&A)	£k 699	(in addition to £500k added in 2018/19)
Allowance for Energy Costs Inflation	168	
Regional Performance Centre	193	
Menzieshill Community Centre	<u>228</u>	
	1,288	

In addition, £100,000 was added to provide a marketing budget for the Waterfront.

The Property Development and Improvement Programme within the Capital Plan has been increased by £1,000,000 per annum to facilitate lifecycle improvements to Council properties and thereby reduce future maintenance costs. In addition, an additional one-off £1m has been added for the fit out of units to attract tenants. In addition, a further £500,000 per annum has been added to City Development's repairs and maintenance budget.

