

City of Salford

Property Services and Asset Management

Final Scrutiny Committee Report

5th March 2002

The Lowry

City of
Salford

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1.0 EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

The occupation of property is fundamental to the operation of the Council and the delivery of services to meet the needs of the residents of Salford. Property is also a vital ingredient to the Council's Urban Regeneration strategy.

Property Services i.e. those activities which maintain, manage, buy or sell property and provide property advice must ensure that property is well managed, is correct in amount, is in an appropriate condition and is suitable for purpose.

Property services must be provided in a way that meets client needs in terms of quality, cost and timeliness. The Review has considered the 4 c's, consult, compare, compete and challenge, has considered options for the service and the procurement of property and has recommended changes which will improve building user and client satisfaction.

The comparison shows that whilst the Council's property profile and costs are similar to the national profile, consultation indicates that to improve public and staff satisfaction levels there is a need to improve condition and suitability of buildings and that there are a number of specific buildings which create particular problems.

To achieve improvements within financial constraints the amount of property occupied will be reduced, retained property will be used more efficiently and partnership with the private sector used where appropriate.

The review has challenged the concept of the Council owning property which it occupies and has identified the circumstances where other options of leasing, sale and leaseback or PFI are appropriate.

Whilst comparable cost data is limited the comparison and competition undertaken shows that the existing service is cost competitive and consultation shows that clients are reasonably or very satisfied with the service.

The service should therefore be retained in house with costs being challenged through market testing specific services and client satisfaction being maintained and improved through measures specified in the action plan which includes, adopting the "Egan" principles of Rethinking Construction and the introduction of a single facilities management service.

To deliver the changes and improvements required a detailed five year Action Plan has been produced.

A Spectrum of Impact sheet has been produced in accordance with the Audit Commission "changing gear" recommendations and is set out overleaf. The Spectrum of Impact sheet clearly demonstrates the emphasis of the actions contained in the Action Plan.

Property and Asset Management Best Value Review Spectrum of Impact

Fix a poor PI

- Increase buildings accessible to the disabled
- Rent arrears as a % of total rent receivable

Better systems for supporting services

- Investing in 12 PC's and software to be installed by April 2002

Minor efficiency savings

- Partnering with a single maintenance contractor to reduce design, tendering and supervision costs
- Improve the staff appraisal system to deal with under-performing colleagues
- Install computer hardware and software to reduce staff time and paper based systems
- Explore electronic time charge entry system
- Implement partnerships for responsive repairs
- Improved Civic Centre reception through single FM provider
- Undertake a Business Process Analysis of paper based systems

Better Services to Users

- Establish a partnership with a single contractor to speed up project on site times and enhance quality
- Improved liaison with users
- Priorities linked to user requirements (based on consultation)
- Focus group held with users in January 2002
- Improved Civic Centre reception through single FM provider to reduce public confusion
- Improved Civic Centre entrance doors
- Provision of security advice to investment estate tenants regarding the benefits of Quaywatch
- Produce a Quaywatch newsletter
- Provide regular customer information to Quaywatch users
- Improved liaison with Building Control to speed

- up demolition of redundant buildings thus reducing crime opportunities
- Provide more timely advice to Finance Services
- Identify alternative ways of marketing business premises to let
- Progress e-government work regarding property transactions
- Improve intranet information of SPMU for users
- Relocate Architects to better equipped premises
- Market test services to ensure value for money
- Monitor EC Harris partnering to improve capacity
- Property Maintenance to establish closer linkages with Economic Development regarding bidding for monies
- Explore a Directorate-wide strategic partnership to obtain investment
- Contact Recreation Centres regarding dissatisfaction with toilet facilities

Better cross-council working

- Improved liaison with area housing officers regarding maintenance of external areas
- Improved liaison with Housing Services regarding their responsibilities to repair shops and seeking additional funding
- Improved liaison with Housing Services regarding Capital repairs as part of estate improvement
- Improved communication with social Services regarding building closures and costs of demolition
- Report surplus buildings to Social Services Lead Member
- Improve Scheme of Delegation with Housing for management of non-operational properties
- Extended powers of delegation to accept tenders for works
- Improved liaison with Building Control to speed up demolition

- Improved liaison with Finance on property maintenance issues
- Improved liaison with the Council's Access Officer
- Consultation with the Equal Opportunities Forum
- Change rent arrears process in consultation with Finance and Legal
- FM to come under one provider directorate
- Property maintenance to establish closer links with Economic Development regarding bidding for finance
- SPMU now on the Intranet
- Membership of Corporate Regeneration Group

Better day-to-day management

- Improvements to staff appraisal system
- Computer Driving Licence IT training
- Develop common benchmarking areas for maintenance
- Expand benchmarking with Core Cities
- Undertake comparison of operational costs in Summer 2002
- Develop an improved standard lease to assist with debt recovery
- Review hourly rates to provide for reinvestment
- Monitor Private Sector partnership on Education maintenance
- Install new hardware and software

More Equitable Access

- Improved liaison with Access Officer regarding building improvements
- Improved building access for disabled people, e.g., Civic Centre
- Improved web site information and electronic transaction facilities

Delivering local/national priorities

- Improvements to the AMP
- Obtain approval to corporate property strategy
- Apply methodology for identifying proportion of portfolio to be retained

- Apply methodology for rationalising industrial units

Saving Money to Fund Improvements Elsewhere

- Commence surplus property policy implementation
- Explore disposal options for Swinton and Eccles Markets
- Continue policy of reducing property ownership
- Reduce running costs per sq. m of accommodation
- Improve occupancy levels (and rental income) through partnership with companies
- Benefits of private sector FM to be explored
- Apply methodology for identifying property for disposal
- Apply methodology for rationalising industrial estates
- Dispose of under performing investment assets

Resources Redirected to Achieve Council's Ambitions

- Investigate the availability of resources to address the condition of empty premises

More effective Partnerships with outside bodies

- Potential partnership with Local Authorities
- Maintain partnership with a single contractor using Rethinking Construction principles
- Exploration of a long term strategic partnership seeking investment
- Monitor Private Sector Education Building Surveyors partnership
- Investigate the use of consultants to manage property through market testing

2.0 THE COUNCILS OBJECTIVES

2.1. Background

The way in which Salford manages its property assets is central to its ability to support best value service delivery and to its success in delivering its Mission and pledges.

Property is resource hungry. It is therefore vital that attention is given to the effective management and operation of Salford's property assets by:

- Not wasting money on assets not required to meet service needs or unnecessarily costly to run.
- Serving the public well because buildings are of good physical quality and make services easy to access.
- Not missing opportunities to share property with other public agencies which would increase customer convenience, or to occupy property by means other than ownership.
- Only holding Investment Property that provides an acceptable rate of return and/or provides a desirable non-monetary benefit.
- Holding, acquiring or disposing of property to maximise the Councils ability to assist with the Regeneration of the City.

2.1. The Councils Mission and Pledges

Property owned or occupied by the Council must be used and managed to support the Council in achieving its mission, which is:

“To create the best possible quality of life for the people of Salford”.

The Council also has six strategic pledges to guide it in achieving its mission, these are:

- ◆ **Better Education for all** - *We want every child to have a better start in life*
- ◆ **Quality Homes for all** - *We will ensure every person in the city lives in a decent home*
- ◆ **A Clean and Healthy City** - *We will make Salford a cleaner and healthier place to live*
- ◆ **A Safer Salford** - *We will make Salford a safer place to live and work*
- ◆ **Stronger Communities** - *We will make Salford a better place to live*
- ◆ **Supporting Young People-** *We will create the best possible opportunities for young people in Salford*

The mission and pledges inform the service planning and priority setting processes within the council in its support of and contribution to Salford's Community Plan objectives.

The Property Service ensures that accommodation is available to enable the administration of all of the pledges and the delivery of some of the pledges. Accommodation is therefore vital to success in delivering the pledges. Additionally, income and capital from the effective management of the Councils investment estate and surplus properties financially assists in the delivery of the pledges.

Stakeholders in the service are:

- The public when accessing services
- Building occupiers
- Businesses who rent or lease premises from the Council
- Staff in internal service dependants who regularly use the service
- Councillors
- Building Managers
- Staff within the Directorates who provide the service

2.3. National and Local Context

Councils are being urged to think more strategically about their use and management of property and to use their property more economically, efficiently and effectively. To this end, guidance has been issued to Local Authorities from the Audit Commission in their document, "Hot Property" and from the DTLR in their guidance to Asset Management Planning. District Audit have also provided a report on the Councils asset management performance and made recommendations in this regard.

The Council has responded to the need for change. Property and Property Services were selected for Best Value Review in Years 1 and 2 of the Best Value Performance Plan. A Strategic Property Management Unit has been established to drive strategic consideration of property, and asset management planning has been embraced as a corporate issue

2.4. Property Strategy

A Property Strategy and Implementation document has been produced which states that the Property Strategy for the City will be:

"To use and manage property which is owned or occupied by the Council efficiently and effectively to support service delivery and to assist the Council to achieve its mission"

The themes arising from the mission statement and pledges together with the property implications drawn from the Strategic Plan and Best Value Performance Plan have been used to establish the aims and objectives for property. These aims are set out below. will be and will be reviewed annually. The objectives supporting these aims are set out in the property strategy – see appendix 1

Aim 1.

To provide property to meet corporate and service directorate requirements as efficiently, effectively and economically as possible

Aim 2.

To improve the effectiveness of property in meeting service and service users' needs

Aim 3

To ensure that property is managed as a corporate asset.

Aim 4.

To ensure that where appropriate the councils property is used to support urban regeneration initiatives and community well-being.

Aim 5.

To ensure that the investment portfolio provides both income and capital to help to support the councils budgetary requirements.

Aim 6.

To provide a property service that meets the needs of clients in terms of quality costs and timeliness.

2.5 Extent of Service to be Reviewed

In 1999 the City Council decided to review property and asset management early in the five-year programme. This was due to the fact that property:

- Was an area of high cost to the Council
- Had potential for improvements and savings
- Had high internal and external customer impact
- Met the national agenda for asset management

The review was split into two phases, phase 1 dealt with the council's office support accommodation and strategic management. The current review examines property services and the Councils property, excluding schools and council dwellings. The extent of the services and assets included in the second phase review is detailed below:

Services:

- Maintenance of Assets.
- Management of Assets.
- Property Acquisitions and Disposals.
- Professional Property Advice.
- Building Cleaning (Non-School)

The majority of these services are managed and/or provided by the Development Services Directorate.

Physical maintenance work and some general and specialist areas of property work are undertaken by external providers.

The table below details staff numbers and cost of the service.

ACTIVITY	DIRECTORATE	STAFF NOs
Property Management and maintenance Service	Development Services	42
Property Acquisitions and Disposals and Professional property advice	Development Services	23
Administrative Support	Development Services	4
Building Cleaning (Non schools)	Education & Leisure	180 (Part time)
<i>Total Staff Nos</i>	All Directorates	69 + 180 P/T Cleaning Staff
<i>Total Staffing Cost (including all overheads)</i>	All Directorates	£2,530,810
Private Sector Consultants (Property Development Services)	Development Services	£233,000,

2000/2001 Data

The 1471 assets contained in this review have been identified by reference to the Council's Asset Register and are shown in more detail in the table below.

OPERATIONAL ASSETS (Land and Buildings)	NO OF ASSETS 671
NON-OPERATIONAL SURPLUS ASSETS (Land and Buildings)	NO OF ASSETS 320
NON-OPERATIONAL (Land and Buildings) INVESTMENT ESTATE	NO OF INTERESTS
Shops	233
Retail	2
Offices	62
Industrial	211
Miscellaneous	398
Minor	2304
AGMA Managed Ind Estates	53
Markets	4

The 3267 Interests in the investment estate are contained within 480 separate assets

Maintenance, and running costs expenditure together with value and income information is shown in the table below:

ACTIVITY	DIRECTORATE	COST/INCOME
Maintenance of Operational and Non-operational bldgs (excluding schools)	Development Services	£1.213M Planned £0.9M Reactive
Running costs of Operational buildings (excluding maintenance and building cleaning)	Development Services Community & Social Services Education & Leisure Environmental Health Housing Services	£5.022M
Rental Income from Non-operational properties – including Markets	Development Services and Housing Services	£5.104M
Building Cleaning (Non schools)	Education & Leisure	£739,550

2000/2001 Data

2.6 Terms of Reference For The Review

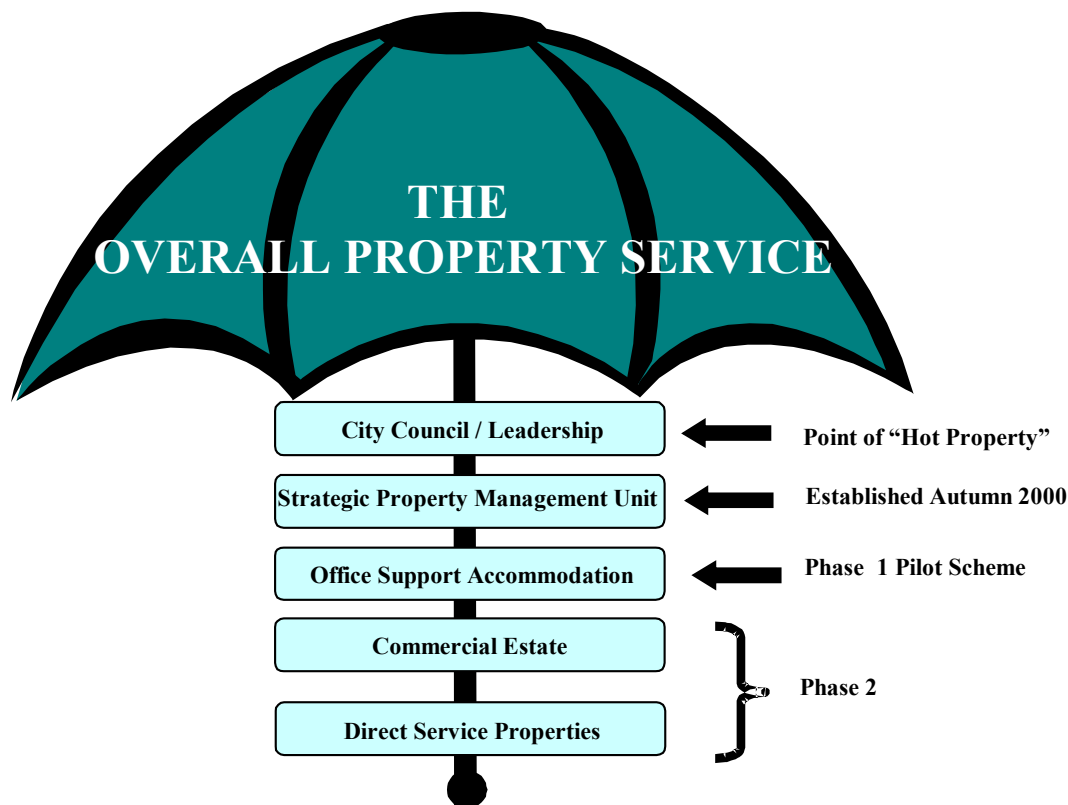
The first phase of the review was based upon a review of office accommodation and strategic property management which resulted in two key recommendations to establish a Strategic Property Management Unit and to move towards a target reduction in average space utilisation in the authority's 50 office buildings from 21m² to 11m² /person over a 3 year period.

Key achievements to date have been: -

- The establishment of a Strategic Property Management Unit (SPMU) and the appointment of an Executive Lead Member for property matters.
- The SPMU has:
- Acted as the focus for and produced the Council's 2001 AMP. This was scored as by the DTLR as "satisfactory".
- Produced a Corporate Property Strategy for which approval will be sought in March 2002.

- Produced a surplus property policy for which implementation is likely to commence in February 2002.
- Promoted the corporate consideration of property matters and has raised Member and Directorates awareness of the need to look in advance at property requirements by ensuring that the service planning process addresses property requirements.
- Office buildings have been reduced from 50-44 (a reduction of 12%).
- Total floor space in office buildings has been reduced from 48,538m² to 43,309m² (a reduction of 10%).
- Space utilisation rates in office buildings has been reduced from 21m² /person to 17.22m² /person (a reduction of 18%).

The Phase 1 terms of reference have been linked to and have influenced the terms of reference of the Phase 2 review to provide consistency in the overall review of Property and Asset Management.



The terms of reference for the Phase 2 review which were reported to and endorsed by the Environmental Scrutiny Committee in 2001 are to fundamentally challenge and review property and the property service:-

(a) For the service this will:

- Ascertain which other providers may deliver viable alternative services to meet expectations, needs and use to that provided by the in house service.
- Determine how these services perform against like services in the public and private sector.
- Challenge the current service provision and assess the market for potential partners.

- Identify where performance management can be improved.
- Consider the capacity to invest in the service and further development.
- Evaluate the quality of the maintenance service to buildings including building cleaning and facilities management.

(b) For Property this will:

- Assess the financial management of the assets including division of financial management responsibilities.
- Assess the appropriateness of buildings against the levels of service provided from them and assess and compare financial performance.
- Develop a strategy for consultation for all managed properties.
- Evaluate the maintenance of buildings.

During the Best Value review it has been necessary to revisit the depth of the terms of reference to ensure that the fundamental nature of the review is not restricted by the initial terms of reference as approved.

2.7 Perceived Issues

At the outset the review team expected the following fundamental issues to become apparent:

- The current fragmentation of property services leads to inefficiency.
- The service does not currently fully understand and address customer needs and is not sufficiently responsive to customer requirements.
- The costs of individual elements of the service are not adequately identified and this is detrimental to seeking performance improvement.
- Improving property condition within existing resource limitations.

3.0 THE REVIEW PROCESS

3.1 How the Review was conducted

The Phase 2 review was undertaken between April 2001 and February 2002 using the corporate Best Value Review Manual procedures

The Review Team members are as follows:

Pauline Lewis	-	Review Team Leader
Stan Frost	-	Chief Executives
Richard Wynne	-	Assistant Director Development Services
Eric Wilson	-	Development Services
Peter Openshaw	-	Development Services
Dave Norbury	-	Development Services
John Dooley	-	Development Services
Peter Smith	-	Development Services
Steven Durbar	-	Development Services
Paul Mallinder	-	Development Services
Russ Nutter (Unison)	-	Development Services

Other staff participated in respect of specific work areas.

All staff have been consulted as part of the consultation process and advised via normal divisional team meetings and a series of specific newsletters and special meetings on completed reports

Keith Jones of DTZ Pidea Consulting has been engaged to assist with the review. Keith has provided an initial overview to the review, reviewed the draft report and implementation plan, taken part in the internal Challenge meeting and provided advice towards the production of the final report and implantation plan.

4.0 CONSULTATION

4.1 AIMS OF THE CONSULTATION

The consultation work undertaken sought to achieve the following aims:

- Aims:** To identify users overall perception of the service.
To identify users overall perception of the property itself
To identify the various users perceptions of the key issues on the property service or property itself which display the most pressing need for attention by the Council to make improvements.
To identify the councillors perceptions of the key issues on the property service or property itself which display the most pressing need for attention by the Council to make improvements.

The satisfaction levels as measured by the consultation have provided baseline data from which improvement can be measured and also informed service improvement proposals. The actions required to deliver improvements are set out in the improvement plan.

4.2 CONSULTEES

The following key stakeholders and users of property and the property service have been consulted:

- Staff in Internal service departments who regularly use the service
- Councillors
- Building users and managers including public customers
- Businesses who rent or lease premises from the City Council
- Users of the Quaywatch service
- Building managers on suitability of public buildings for the disabled.
- Staff within the Development services Directorate who provide the service

Consultation was undertaken through questionnaires a telephone survey and staff focus groups. The results of the consultation are set out below

Staff in Internal service departments who regularly use the service

Views of these staff were achieved by issuing questionnaires to the Director of Education and Leisure, Social Services, Housing Services and Finance Directorates. In total 8 questionnaires were sent out with an 87.5% response rate.

Ten separate questionnaires were also sent to internal customers who receive a property maintenance service with an 80% response rate.

Findings

Education and Social Services were broadly satisfied with the service. There was a suggestion that the window cleaning service could be improved.

Housing Services were broadly satisfied with the service. There were suggestions to improve the record keeping and time taken in making offers to owners of property to be acquired

Finance Services were broadly satisfied with the service. Once again record keeping was raised in the form of not keeping an up to date asset register for the purposes of capital accounting.

More consultation on client needs, work programmes and better supervision of contractors was requested from the property maintenance staff.

The property maintenance service received a 91% satisfaction level from the 8 internal

respondents.

Councillors

In addition to the views expressed by Councillors on Member panels, the views of Councillors were achieved by issuing questionnaires. In total 60 surveys were sent out on Education and Leisure buildings with a 29% response rate and 60 on Social Services buildings with a 24% response rate.

Findings

On Education and Leisure buildings Members were mostly neutral or satisfied. However external appearance, internal decoration and toilet facilities were areas of most dissatisfaction in specifically identified buildings.

On Social Services buildings Members were mostly neutral or satisfied. No specific issues stood out, with the exception of Beesley Green Community Centre, identified as needing urgent works to the heating and roofing.

Building Users and Managers

Building users and managers consulted and the methods of consultation utilised, are shown in the table below:

Stakeholder	Consultation Method
Funeral providers and clergymen who regularly use the City Councils 2 crematoria	Postal survey
Customers of the City Councils 12 libraries	Survey sheet placed in each library
Customers of the City Councils 3 swimming pools	Survey sheet placed in each building
Customers of the City Councils 3 recreation centres	Survey sheet placed in each building
Customers of the City Councils 2 museums and 1 art gallery	Survey sheet placed in each building
Users of the City Councils 4 Community and Nursery centres	Survey sheet placed in each building
Staff based at 3 City Council owned Social Services buildings	Survey sheet placed in each building

Table.. Stakeholders and consultation methodology

Findings

Both crematoria received good levels of satisfaction. In particular, lighting and cleanliness of the crematoria were appreciated. However the Agecroft crematorium was felt to warrant improvements to its waiting area and the cleanliness of its toilet facilities.

Most libraries were felt to be broadly satisfactory, with cleanliness, lighting and access being the main areas of praise. Walkden library was rated the worst library due to access difficulties and external appearance.

Irlam swimming pool was viewed as satisfactory in many areas, however most aspects of Broughton Pool were rated poor. Eccles recreation centre was very well regarded, as was Pendlebury. Clarendon received satisfactory rating in most areas, however the main criticism was the availability of a waiting area and internal décor.

Ordsall Hall and Salford museums perform well in most areas. Salford museum was praised for flooring, cleanliness, toilet facilities and external appearance. However lighting and lack of seating were the main areas for improvement raised.

All Community centres were rated highly, however the external appearance of Bradshaw Early Years Centre was singled out for criticism. Of the three Social Services premises White Moss House in Worsley rated well. However high levels of dissatisfaction were recorded in Beechfield House Monton and the Welfare Rights and Debt Advisory Building in Swinton.



What the Public want

Eccles recreation Centre is modern, well located and well liked by its users. Its basic suitability has been complemented by targeted repair and improvements to address specific issues. It represents the standard by which all other pools and centres are judged

What the Public don't want

Broughton Pool is a 1960s building that attracted high levels of dissatisfaction. There is little which can be done about its external appearance or basic layout which is intrinsically unsuitable for the disabled. Current refurbishment works will improve but not transform the situation.



What the Public want

Eccles Central Library is over 100 years old but this Grade 2 Listed Building gained very high levels of customer satisfaction following its recent refurbishment.

What the Public don't want

Walkden Library is heavily used due to location but there were relatively high levels of dissatisfaction. Factors related to its design and layout as well as major repairs are the issues. It requires a decision either to replace or refurbish to make it both sound and fit for purpose



Businesses who rent or lease premises from the City Council

Questionnaires were sent to 208 occupied industrial/ shop premises with a 25% response rate.

Findings

On the industrial units a contrast between satisfied and dissatisfied was experienced. Rent payment methods and refuse collection were praised. Standards of the security service to Willan and Broadway estates were a particular concern (some businesses do not request the Quaywatch service). Empty unit management is a cause of concern.

Businesses are satisfied with the way the service responds to written communications and with the terms of tenancy agreements.

There was concern from shop tenants relating to the repair and management of accommodation over shops and the maintenance of immediately surrounding areas.

Interestingly as many as 40% of occupants heard of premises being available to let through word of mouth. Given that 20 % of this category of property is unoccupied, consideration of alternative advertising methods may help to improve effectiveness in letting vacant property.

Users of the Quaywatch service

A telephone survey was undertaken of 27 users of this service.

Findings

92% of respondents were satisfied with the service. 44% thought the service cost was about right and 15% thought it too expensive. However 41% did not know how much the service cost as it was included in the rent. The service was considered to compare well with other service providers. Suggested improvements included improving the frequency of van "drive pasts" and more regular billing for the service.

Building Managers of public buildings

Questionnaires relating to the suitability of access to buildings for disabled people were sent to each building manager of each of the Councils public buildings. 63 were returned.

Findings

With just 4% of the Councils buildings being compliant with Part M of the Building Regulations (although Salford is far from being amongst the worst performing Councils) a poor satisfaction level was anticipated.

49% of the buildings appear to have less than 5 disabled visitors per week, 11% of the buildings receive between 6 and 20 disabled visitors, 12% of the buildings receive between 11 and 20 disabled visitors, 16% of the buildings receive between 20 and 50 disabled visitors and 12% of the buildings receive between 51 and 100 disabled visitors.

No difficulties are experienced by disabled visitors to 22% of the buildings, Occasional difficulties in 41% of the buildings, a number of difficulties in 11% of the buildings and major and regular access problems occurring in 26% of the buildings.

Respondents offered a wide range of comments explaining the nature of the difficulties encountered by visitors with mobility difficulties.

Staff within the Development services Directorate

A staff attitude questionnaire was sent to 32 staff who provide the services covered by the review. This survey also offered staff with the opportunity to identify 3 measures that would improve the service from a customer point of view.

A focus group was also held with 10 staff across the range of services.

Findings

The survey showed staff were quite clear about the Councils commitment to providing quality services, and indicated they had clear work goals. Management was considered to be largely communicative and open to new ideas for improvement. Physical working conditions were singled out for praise by most staff.

A common source of dissatisfaction was the amount of training available and management not doing enough in dealing with colleagues who were perceived to be poor performers.

Suggested service improvements included:

- Increasing delegated approvals, particularly in connection with work for the Housing Directorate client.
- Better training, particularly in IT to improve efficiency and effectiveness
- More computers in the property management section to improve efficiency
- More flexibility on pay e.g. Bonus schemes based on performance, paying private sector rates of pay (in house rates are considered too low) in order to retain good staff and preserve service standards.

4.6 SUMMARY OF KEY ISSUES

Most of the dissatisfaction evidenced from the consultation related to the condition of buildings rather than the service itself. Clients were broadly satisfied with the service and where specific service issues were raised these are being addressed through the review.

Results indicate that the public are only completely satisfied with a very few buildings. Satisfaction levels are influenced by the condition of buildings and standards of maintenance, whether they are well located and whether they are generally fit for purpose.

4.7 CONCLUSIONS

To improve user satisfaction it will be necessary to improve the condition of certain premises. The fact that condition needs to be improved is supported by condition category and backlog maintenance data. It does not appear that any categories of buildings are being maintained to a higher standard than necessary, therefore either more resources will need to be found or the number of buildings reduced or a combination thereof. Any reduction in the number of buildings will need to be considered in relation to service delivery requirements.

Clients are generally satisfied or very satisfied with the service. In many cases the areas of dissatisfaction can be addressed through improved communication or other specific measure which will be introduced.

The number of vacant industrial and shop units is a concern to tenants and vacancy levels must be reduced. (reduced income to the City as a result of these empty units is also a concern)

Better staff training and additional IT investment should improve service efficiency and effectiveness.

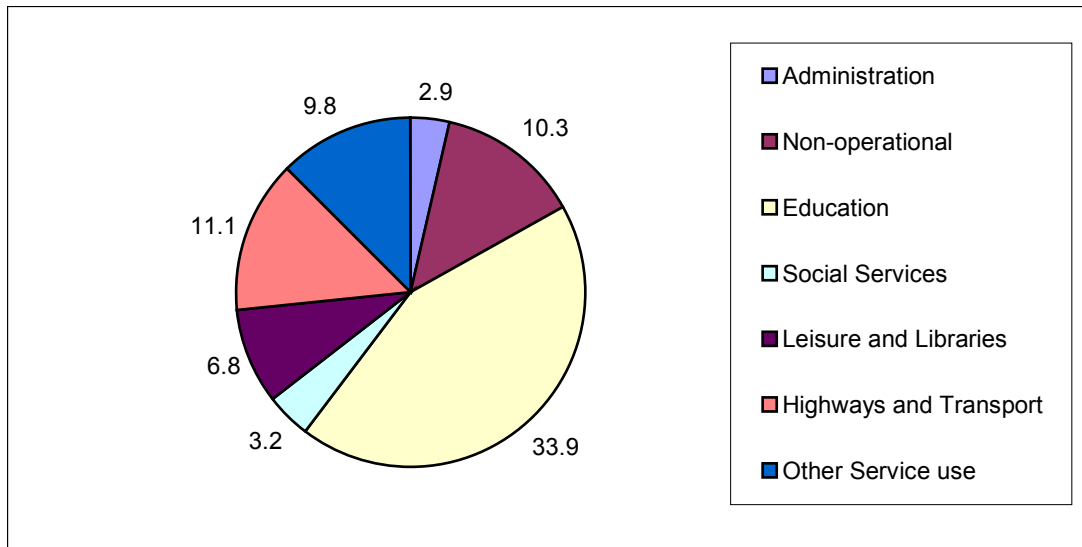
5.0 COMPARE

The comparisons undertaken have been widespread in order to capture significant and relevant information from a variety of sources. The comparison has taken a high level view of the extent (by value) and running costs of the Council's operational and non operational buildings in relation to the national figures for other local authorities and has compared the property service to other local authorities.

5.1 Amount of Property

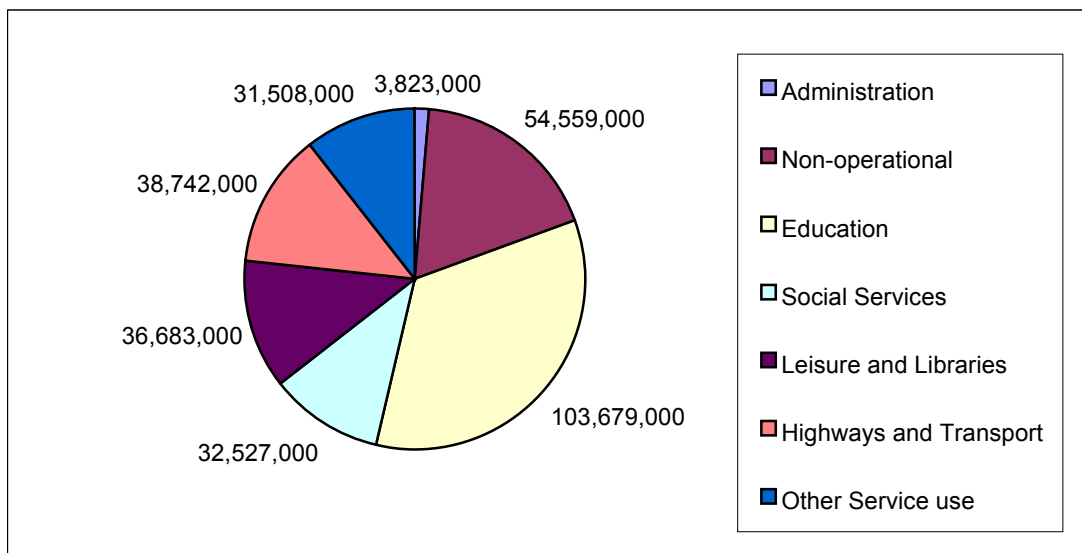
The amount of Council property (by value) has been compared to the national average as provided by the Audit Commissions "Hot Property" data. This comparison is shown in the figures 5.1 and 5.2 below:

Figure 5.1 How Much Property Do Councils Own (Source "Hot Property", 1999 (expressed in billions)



Excluding Housing, Councils own property valued at £78 billion

Figure 5.2 How Much Property Does Salford Own (Source: Consolidated Balance Sheet, March 2000)



Excluding Housing, Salford owns property valued at £301,521,000

This comparison can only give a broad picture as the data covers all categories of authorities. However, Salford 's profile is very similar to the average. The principle differences occur in the extent of Salford's Social Services portfolio where this is greater proportionately than the national picture and in the administration buildings, where Salford is less.

The amount of Council operational property (by value) per head of population has been compared with other authorities as table. 5.1 below shows:

Authority	Salford	A	B	C	D
Population	224,800	530,000	220,000	310,000	250,000
Value of Operational Properties	£168,650,583	£562,303,308	£155,750,000	£243,000,000	£312,914,000
Value Per Head Of Property	£750	£1,061	£708	£784	£1,247

Table 5.1 Comparison of operational property per head of population

This table indicates that Salford is towards the lower end of the range compared with other local authorities

The running costs of the Council's property portfolio are approximately £16,000,000 per annum. This represents 7% of the Council's annual revenue budget (2002 financial year). Nationally running costs represent 8% of the Councils budgets (Source: Hot Property).

5.3. Financial cost of Services

The benchmarking work with the Core Cities group has so far produced limited comparative data on staffing costs and number against the authorities land and property portfolio.

5.4 Performance Indicators

Generally

At this stage there are no national property Performance Indicators. Information to support the National DTLR performance indicators will not be available until late 2002 following the submission of local authorities asset management plans in July 2002 .

Salford has implemented the use of Local Performance Indicators and the results of this measurement are shown in Appendix 2. (Salford's latest improvement from the Best Value Review of Office Accommodation results can also be viewed on the Councils intranet.)

In order to obtain wider comparable information questionnaires were sent to Family Authorities. Of the 8 issued 3 responded (Wigan, Sheffield and Rochdale) and the results are shown in various tables and figures throughout the report.

Benchmarking

Whilst Benchmarking Clubs are now widely established our research indicates they have measured differing types of services and by differing means, thus making a true comparison difficult. Notwithstanding these limitations Salford is working with a variety of benchmarking organisations as follows:

Salford has been an associate member of the Core Cities benchmarking club since 1994 this has allowed benchmarking for the Commercial Estate. Valuable information has been collected and analysis of this information has encouraged change and further development. . Members of the Core Cities Group are shown at Appendix 3

Salford has recently joined CIPFA's National benchmarking Club and has been a member of the Sheffield Hallam Facilities Management Benchmarking Club since 1997

Process Benchmarking also began in earnest with Manchester City Council in November 2001, this being limited in the first instances to rent reviews and lease renewals as a discreet area of work. These are shown at Appendix 4. However an option for process benchmarking is being developed with Wigan MBC to run across the full range of the property services and this process will provide a more useful comparison as both authorities provide similar services. It is hoped this will begin in earnest in 2002.

Some running cost information is available from the RICS BMI review of occupancy costs and this has been used.

There appears to be very little common benchmarking information on property maintenance activity.

As benchmarking evolves Salford will need to be selective in terms of the benchmarking groups with which it works. The DTLR national PI's if successfully pursued will be of assistance.

Despite the lack of national PI's and the limitations of the benchmarking information useful comparison has been undertaken and is set out below.

Costs of the property service

Performance Indicators have been developed for the property service overall.

The methodology used in this review was to compare Salford's hourly rates with other local authorities in house costs.

Data obtained from family authorities together with Trafford and Rochdale Council's in their 2001 Best Value Reports to Inspectors, is set out in the table below.

	Salford	A excl ohd	B excl ohd	C	D	Average of 16 LA's
Director	40	41	-			59
Manager	35	-	29	60	36	43
Senior professional	29	35	25	50	33	34
Junior professional	24	28	20	45	27	25
Technician	15	18	14	30		19

Table 5.2 Property Management and Review Hourly rate comparisons

It is recognised that whilst accuracy of the data has its limitations the data shows that Salford's rates are generally less than other local authorities where comparisons are available.

Total square metres of operational buildings per staff member

This indicator shows the efficiency of the property services provision and is calculated by reference to those staff spending 50% or more of their time in managing operational buildings (in line with government guidelines)

Salford's figure is 8,196 /m2 per staff member.

Unfortunately no other family authorities have yet identified this information. However from July 2002 this will become a national performance indicator that will enable comparison to be made.

Total cost of Management staff per square metre of operational buildings

This indicator shows the cost of the property management services and is calculated by reference to those staff spending 50% or more of their time managing operational buildings (in line with government guidelines)

Salford's figure £3.35 per m2 of operational buildings.

Unfortunately no other family authorities have yet identified this information. However from July 2002 this will become a national performance indicator that will enable comparison to be made.

Operational property condition category

Table 5.3 Compares the condition of Salford's operational property with two other authorities (1 Met and 1 City Council) Salford's property condition is better with just 27% in categories C & D compared with 32% and 56% for the two comparator authorities.

	Salford	A	B
Condition category A	6%	7%	2%
Condition category B	67%	61%	42%
Condition category C	25%	30%	55%
Condition category D	2%	2%	1%

Table 5. 3 Operational condition comparison

- A GOOD Performing as intended and operating efficiently
- B SATISFACTORY Performing as intended but exhibiting minor deterioration
- C POOR Exhibiting major defects and/or not operating as intended
- D BAD Life expired and/or serious risk of imminent failure

Property maintenance service

Salford's property maintenance service client satisfaction has been compared with other local authorities as set out in table 5.4 below

Authority	Prompt and timely advice	Understanding needs	Professional Service
Salford	75%	100%	92%
Shropshire County Council*	76%	76%	82%
Average of other Councils*	84%	82%	93%

Source: COPROP 2001, obtained from the Shropshire Best Value Inspection Report
Table 5.4 Comparison of customer satisfaction levels in the property maintenance service

Operational property running costs

Table 5.5 below compares the running costs per m2 of the major categories of buildings with running cost information provided by the RICS BMI review of occupancy costs. Whilst the figures are not exactly comparable they do enable some comparison to be made and highlight areas for early investigation.

ASSET GROUP	NUMBER	TOTAL GIA	RUNNING COSTS	RUNNING COST/SQM	BMI 2001 ESTIMATE
Administrative Buildings	14	6668.37	£389,461	£58.40	£47
Care in the Community	10	1226	£69,705	£56.86	£17
Cemeteries	8	1938.71	£161,865	£83.49	No Data Available
Civic Youth Centres	11	3738.13	£109,668	£29.34	£33
Community Centres	23	5606.81	£117,767	£21.00	£33
Early Years Centres	4	1738.21	£84,280	£48.49	£27.50
Libraries	15	8131.08	£430,898	£52.99	£31
Museums	3	6547.5	£66,377	£10.14	£37
Recreational Facilities	10	18706.32	£720,010	£38.49	£39.75
Residential Care Accommodation	26	18781.13	£450,190	£23.97	£33.50
Day Care Facilities	17	10464.2	£203,390	£19.44	£38.50
TOTALS (OVERALL)	141	83546.46	£2,803,611		

Non operational property performance indicators:

Rate of return for the Non Operational Investment Portfolio

The information provided through the Core Cities benchmarking club (figure 5.6) shows Salford's performance in this area.

The chart shows Salford's rate of return at 10.82% to be the highest of the core cities group, showing a good level of income compared to the capital value of the property. Another adjoining authority, one of our potential partners who have achieved a slightly higher rate of return at 11.9%, has also provided data

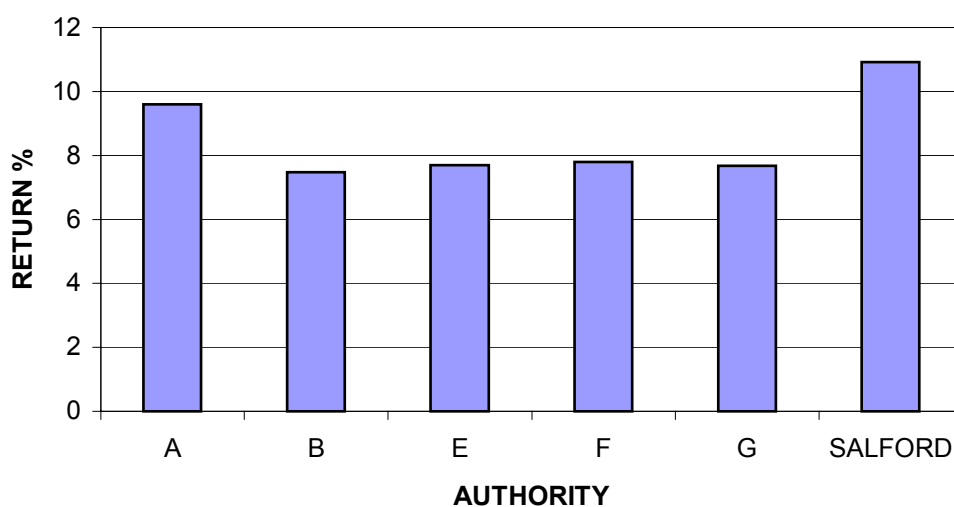


Figure 5.6 Rate of return for the Non Operational Investment Portfolio

Management costs as a percentage of rental income

The information provided through the Core Cities Benchmarking Club, (Figure 5.7 below) shows Salford 's performance in this area. The chart shows this figure at 7.71% to be 2nd lowest of 7 known authority costs bettered only by Authority B on 6.31%.



Figure 5.7 Management costs as a percentage of rental income

Rent arrears as a Percentage of Total Rent Receivable

This indicator measures the performance of the authority in the management of rent arrears in respect of the investment portfolio. Figure 5.8 shows that Salford's performance at 26.87% needs to improve. From the data provided one adjoining authority appears at 4% to have a significantly greater success in rent recovery and their methods will be examined.

Initial findings are that Salford's process is too fragmented, with insufficient ownership of the debt by property staff and the lack of a standard commercial lease does not assist the rent recovery process.

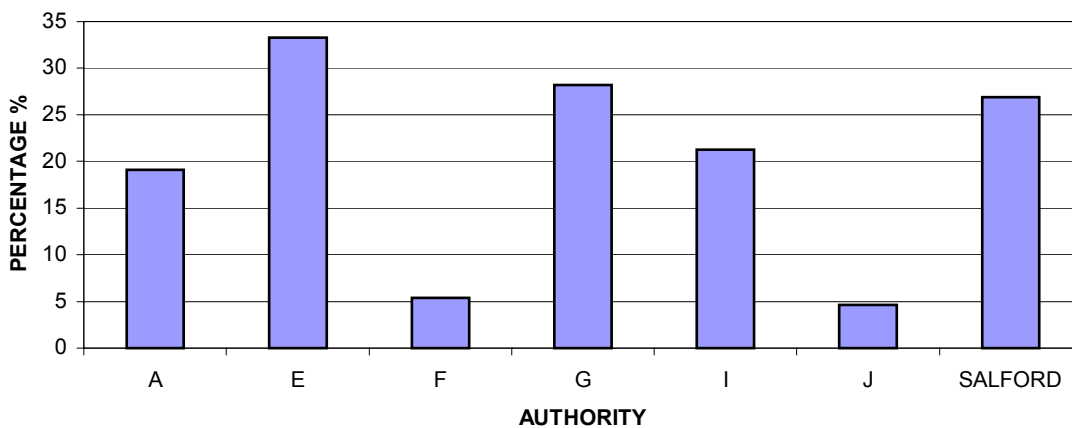


Figure 5.8 Rent arrears as a Percentage of Total Rent Receivable

Percentage of Revenue Income Targets Achieved

This indicator measures the accuracy of estimates of projected income. Figure 5.9 shows Salford, at 103.29%, 4th out of 8 known authorities. This is sufficiently close to the target to be considered as good performance.

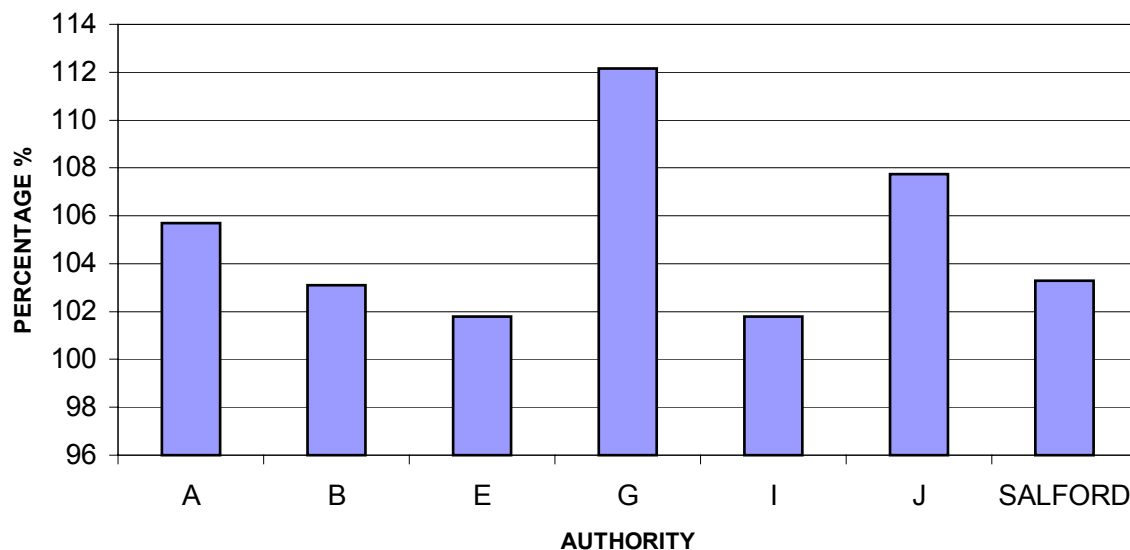


Figure 5.9 Percentage of Revenue Targets Achieved

Percentage of Capital Receipts Achieved

This indicator measures the level of achievement of capital receipts against estimated/forecast receipts. Figure 5.10 shows Salford; at 101.38%, the best performer in the group.

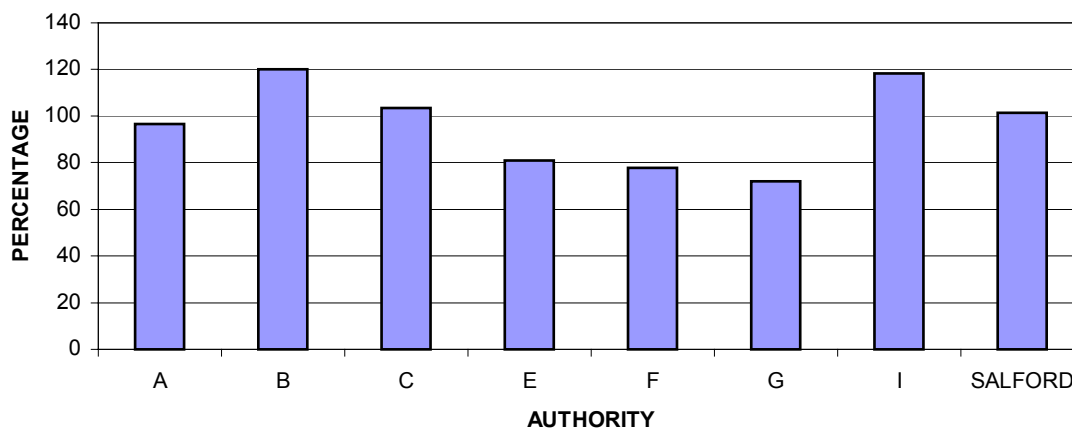


Figure 5.10 Percentage of Capital Receipts Achieved

Non Operational Property Condition

Table 5.11 below shows performance of one other known local authority. By comparison, Salford 's property condition appears poor with over 80% in the worst categories C and D.

	Salford	Other L.A.
Condition category A	3%	13%
Condition category B	14%	31%
Condition category C	80%	29%
Condition category D	3%	27%

Table 5.11 Non Operational Property Condition Comparison

Percentage of public buildings suitable for and accessible by disabled people.

Appendix 5 shows Salford's performance in detail on this indicator. At 4% Salford is 4th of the 10 Greater Manchester authorities and joint 12th of the 21 family authorities.

The Disability Discrimination Act has placed a requirement upon the Authorities to have a strategy in place to improve accessibility by 2004. Salford has recently appointed an Access Officer to ensure that access to property meets the standards required. Work has been undertaken which has assessed the requirements for each public building and placed them in priority order so as to allow budget planning to meet needs and or demands.

See Appendix 6.

The Access Officer is now developing the initial work and will give guidance to the Property Maintenance Team in order that planned maintenance can take better account of accessibility requirements.

5.5 Productivity

Sickness levels in the Development Services Directorate are an average of 9 days per person per year. This compares favourably with 14.33 across the City Council and is the lowest of the City Councils 8 directorates. Staff turnover is low at 5.75% (1999/2000). Trends show improvements in this area across the Council as a result of the corporate introduction of the new Attendance Management Framework in early 2001.

5.6 Customer Satisfaction Indices

Extensive customer consultation has been undertaken as part of this review. Unfortunately there is currently no information available in this area from other authorities and therefore a comparative index of customer satisfaction levels has yet to be produced.

5.7. Staff Satisfaction Indices

In comparison with the sample of 20 other local authorities, provided by KPMG Management consultants (Appendix 7) the staff survey showed property staff satisfaction levels to be about average on many of the 20 areas covered. However better than average scores were recorded for managers being prepared to hear new ideas and worse than average scores received on the perception that poor performing staff are not managed adequately and the management of the authority overall. The perception of management overall may be due to the regular budget difficulties the Council has experienced over recent years.

5.8 . Comparison with national standards

The comparisons have also taken into account the questions which arise through guidelines and publications as well as the City Councils own advice regarding Procurement. In particular the issues raised through 'Hot Property' and 'Seeing is Believing' have been used to focus and inform the review. Appendices 12 and 13 respectively, indicate the assessment made using these documents.

5.9. Achievement against Salford's corporate targets and pledges

The services under review only relate indirectly to Salford's targets and pledges as the pledges relate primarily to front line services such as Education, Social Services etc. The property service is however a key component in supporting front line services by providing and maintaining properties for services to operate from, and generating capital and revenue from the commercial estate to support the Council in the delivery of its services.

5.10 . Can the City Council match the top 25% in the next five years

In terms of national comparisons there is information available or becoming available through the existing arrangements of Core Cities, Association of Chief Estates Surveyors, the National Benchmarking Club and the Association of Greater Manchester Estate Surveyors. Each of these organisations has chosen to collate data differently as until recently national guidelines had not been established. This has made a true assessment as to whether the City Council is within the top 25% quartile impossible.

However with the advent of Asset Management Plans and more Best Value inspections being undertaken this situation should improve, as Local Authorities will have greater access to comparative data to measure performance and costs between authorities. The Review Team accepts that where costs are low there is a need to assess whether this is a true reflection of the costs incurred.

Due to the fact that there are no national performance indicators and few best value inspection reports on this type of service it is currently unclear what figures the top 25% are likely to be achieving. . However, the review team has attempted to identify which authorities are performing best in key areas. The comparison with several other authorities shows that Salford compares well in many areas, particularly costs and rates of return. However the service appears to be weak on rent arrears and maintenance backlog.

The data obtained so far suggests that Salford's property services are less expensive than those provided by other public sector and private sector organisations. However the Review Team has expressed some concern that the cost of the service may be too low and therefore provides insufficient resources to invest in IT and training which are areas that with appropriate investment are likely to produce further efficiencies and service improvements.

5.11. Performance management arrangements

Effective performance management is fundamental to achieving year on year improvement. The City Council has a Corporate Performance Management Framework for Best Value indicators. National and local Performance indicators are collected quarterly and reported in the corporate format to the Councils

- Lead Member for Development Services
- Environmental Scrutiny Committee
- Cabinet

Results are also published on the Intranet.

Regular reports are also submitted to Lead Member and Scrutiny Committee on performance of Best value Review Action plans and achievement of objectives and targets set out in Annual Service Plans.

Annual performance targets for all services are produced in the Directorate Service Plan. Directorate Management Teams across the Council are also required to discuss performance issues and ensure improvement actions are identified and progressed where appropriate. Furthermore Best Value is a permanent agenda item in order to promote and

challenge ongoing improvements.

The work of and further establishment of Benchmarking Clubs as well as the exchange of comparable data between authorities will support Performance Management of the service. This will be closely aligned to the work undertaken at a strategic level by the Strategic Property Management Unit. The purpose will be to monitor performance and utilise the data gained from benchmarking to improve performance and to understand and influence the allocation of resources and related costs.

5.12. Audit and Inspection Reports

Audit and Inspection Reports the most recent of which were undertaken in late 1999 for the year 1999/2000 and for which annual follow up meetings were undertaken with District audit in 2001. The recommendations from these reports are detailed in Appendix 8, which takes the form of an Action Plan identifying actions resources and timescales in which the action is to be achieved. These actions are incorporated in to reports to the City Council's Environmental Scrutiny Committee, which requires reports on a quarterly basis and this information has been incorporated into the developing Asset Management Plan. There is ongoing guidance from District Audit with regard to such matters.

Salford was also required to submit its Asset management Plan and Capital Strategy to the DTLR for assessment in January 2002. In common with 34% of Councils Salford was judged to have a "satisfactory" AMP. Given that 48% of Councils were rated as poor and merely 19% as "good", this is considered a reasonable performance.

Salford's Capital Strategy was rated as "good", 32% of authorities achieved this rating with 54% obtaining a "satisfactory" score and 13% being rated "poor".

The Council undertakes a wide variety of Property Management Services for the Greater Manchester Police Authority and Chief Constable. An Audit Commission report on the GMP Estates Management (June 2000) concluded that consultation and general feedback indicated that a satisfactory service was being provided by the City Council.

5.13 . Summary of key issues

From the analysis carried out, the property service is generally performing reasonably well achieving close to top performance in many areas where comparative data is available. The main area of weak performance is in dealing with rent arrears. However, more work is required on benchmarking in order to obtain a more comprehensive picture of strengths and weaknesses and to establish ongoing improvements in comparison with other family and top quartile authorities.

The data obtained so far suggests that Salford's property service is less expensive than that provided by other public sector and private sector organisations.

The comparisons of property data indicate that Salford's property portfolio in terms of type; extent and running costs are broadly in line with the national average of the specific authorities where comparative information has been made available. The greater extent of social services property may reflect the population profile and particular problems which Salford experiences. The lower proportion of administrative buildings may be a result of differences in categorisation, which is more likely to occur with this particular category of property.

The comparison of operational property per head of population does not indicate that there is an issue of holding significantly too much operational property. As more comparative data becomes available a clearer comparison can be made on the basis of both value and floor area.

The running cost comparison shows Salford spending 1% less than the national average. This may be an indication of under-investment, which will be considered as part of a series of steps to improve condition and suitability of operational property.

5.14. Conclusions

Comparison and benchmarking must be developed and improved to enable more reliable and detailed comparison to be made. This is taking place and Salford will develop and refine its comparison and benchmarking with appropriate partners.

Charges being made for the service may be too low to permit necessary investment in I.T. and training. Increased charges should be considered to enable this investment to occur.

6.0 COMPETITION

6.1 AIMS OF THE WORK ON COMPETITION

The work undertaken on competition sought to achieve the following aims:

- To show the types and range of work suitable for competition or partnering
- To establish the market for the range of service carried out
- To establish strategic property tasks unsuitable for undertaking outside the authority
- To establish competitiveness of current cost and performance levels
- To identify any opportunities for increased investment in property or the property service through alternative procurement arrangements
- To identify how the long term property trends may be better strategically managed through alternative procurement arrangements
- To establish the type of work currently carried out by private sector companies for other local authorities and their views of the quality and value of the service they receive.
- To consider the potential benefits of the alternatives to owning property

6.2 AN ANALYSIS OF FINDINGS AGAINST THE CORPORATE PROCUREMENT MATRIX

Appendix 9 shows the corporate procurement matrix completed by the review team. In addition a focus group was held with staff, which considered partnership issues.

6.3 HOW COMPARATIVE DATA WAS OBTAINED

Information was obtained from the following sources:

- Questionnaire to family authorities
- ACES Best Value Benchmarking Club Stats 2000/01
- Stoke on Trent BV Review Report
- Rochdale BV Review Report
- Core Cities Best Value Benchmarking Club Stats 2000/01
- Private sector fee levels collated by Newcastle City Council
- Private sector fee levels collated by Manchester City Council
- Directly obtained fee quotations

6.4 FINDINGS

Property Management and Review Services.

Most of the service consists of a series of discrete project type activities with strategic core activity being confined to a relatively small number of staff within the property review service. The retention of staff to achieve an “intelligent client” is considered imperative in minimising risk.

All of the property review and management service is recharged to clients on a time charge basis. This varies from the common practice in the profession of commissioning services more generally on a percentage fee or lump sum basis.

Several discrete areas of work were analysed as part of the review to ascertain competitiveness.

Time charge work

Salford's hourly rates have been compared to hourly rates in the private sector and are shown in the table below.

	Salford	Private sector
Director	40	80 -125
Manager	35	74
Senior professional	29	58
Junior professional	24	25-37
Technician	15	

6.1 Hourly rate comparison

Salford's rates are lower than the private sector particularly in relation to senior staff. It is accepted that just to compare hourly rates does not necessarily provide a true comparison as this does not measure any productivity differences.

Direct productivity comparison has not been possible. However subsequent evidence indicates that Salford is competitive when comparing costs for specific jobs or services. Consequently it is not considered that there are any significant productivity differences.

Cost of the Rating Service

Approximately 450 hours per annum of rating work is carried out for the Greater Manchester Police Authority (GMPA) . The total cost to them is £11,750 at an average of £26.52 per hour. Assuming a £40 per hour average for private sector, the GMPA would be paying over £18,000 for this work.

An analysis of Salford's competitiveness against 11 private sector rating consultants has also been carried out. see Appendix 10 This indicates that Salford's in house service is shown to charge much less than the private sector in this areas of work.

The Right to Buy Valuations Service

Salford considered that it was highly competitive on this activity. However there was little tangible evidence to confirm this belief, particularly in a competitive situation. It was therefore considered appropriate to market test 200 Right to Buy valuation projects over the period January 2002 to March 2002 Three local, qualified and respected companies were invited to bid. The results of this are shown in the table 6.2. The results confirm Salford's in house service to be very competitive in this activity.

Activity	City of Salford	A	B	C	D	E private sector information	PRIVATE SECTOR		
							A	B	C
							Obtained from market testing)	Obtained from market testing	Obtained from market testing
Right to Buy Valuations	£43.52	£90	£81	£65	£90	£95	£95	£60	£85

Table 6.2 . Right to Buy Valuation cost comparison

The Lease Renewals Service

It can be observed from figures 6.3 – 6.5 below that based on a comparison of 30 lease renewals of varying values, Salford came out the same on 4 (13%), higher on 3 (10%) and (lower on 23 (77%). Salford's main cost competitor was found to be a small local practitioner who would be unlikely to possess the capacity to deal with Salford's workload. In terms of capacity management however, the company, and possibly others, should be borne in mind for dealing with specific cases. Providing it was able to meet appropriate quality and performance criteria.

RATES FOR LEASE RENEWALS AT AN AGREED RENTAL OF £5000 P.A.

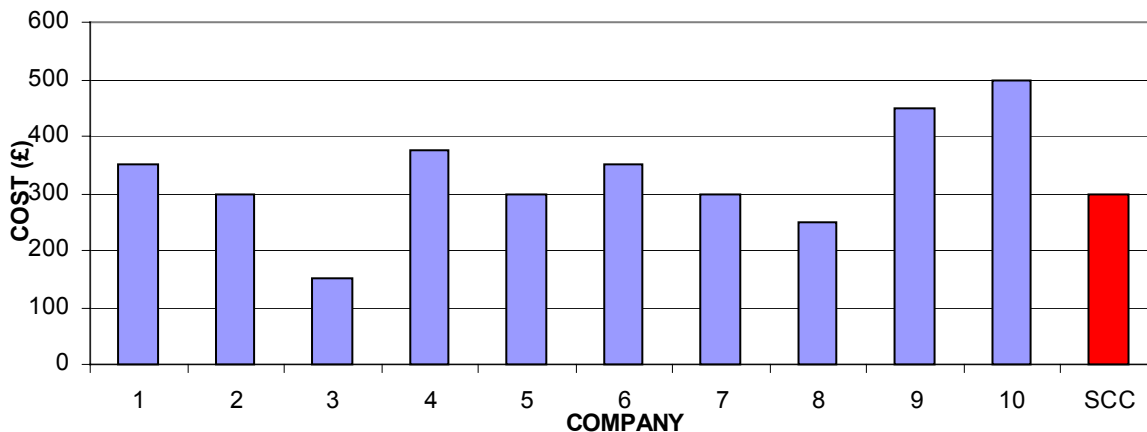
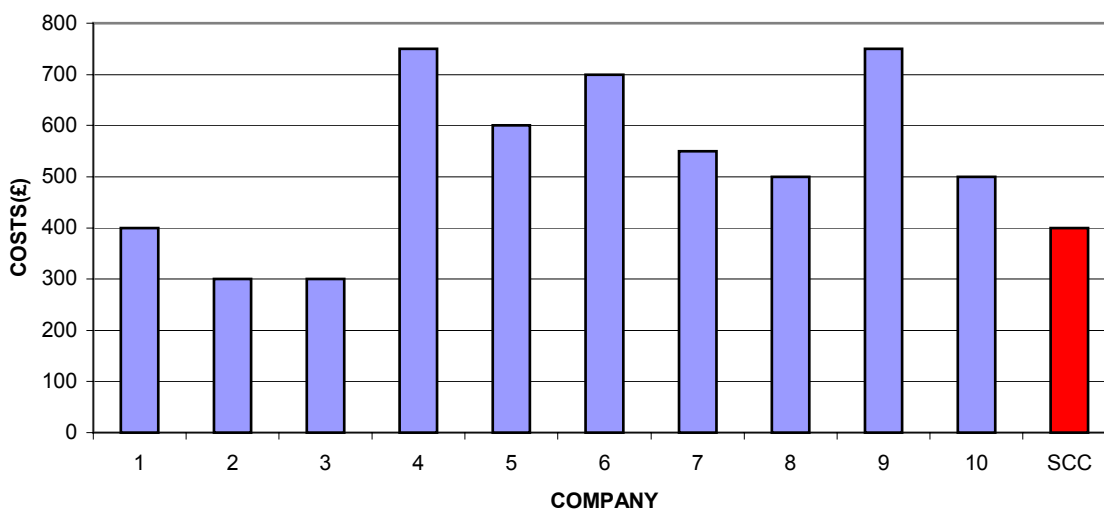


Figure 6.3

Figure 6.4

RATES FOR LEASE RENEWALS AT AN AGREED RENTAL OF £10000 P.A.



RATES FOR LEASE RENEWALS AT AN AGREED RENTAL OF £20000 P.A.

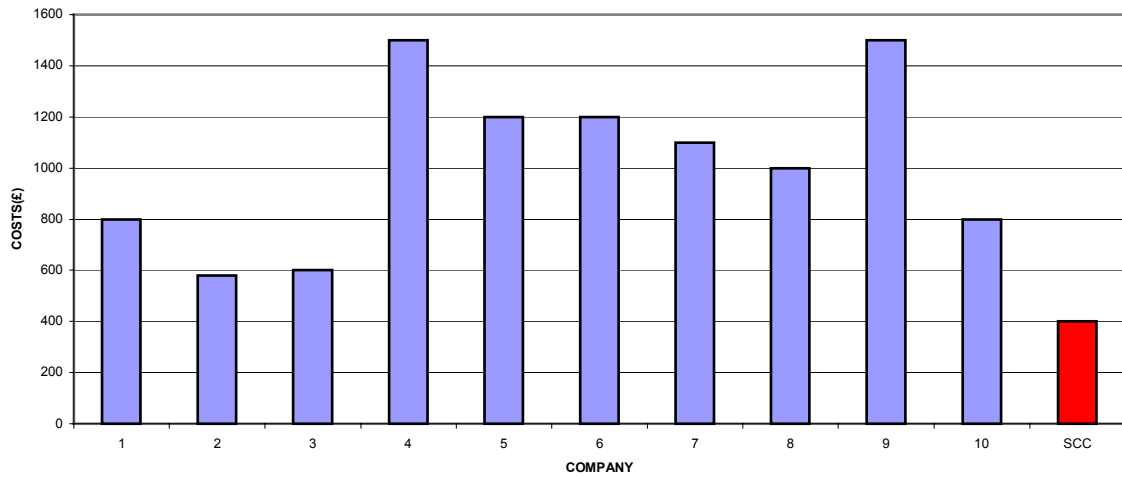


Figure 6.5

The Acquisitions Service

The costs have been reviewed by comparing Salford's costs for two acquisitions with private sector costs – see figures 6.4 and 6.5 below. It can be seen that Salford is competitive on low and high value bands. However is it considered that Salford may be uncompetitive on the medium purchase band.

COST OF A £90, 000 ACQUISITION

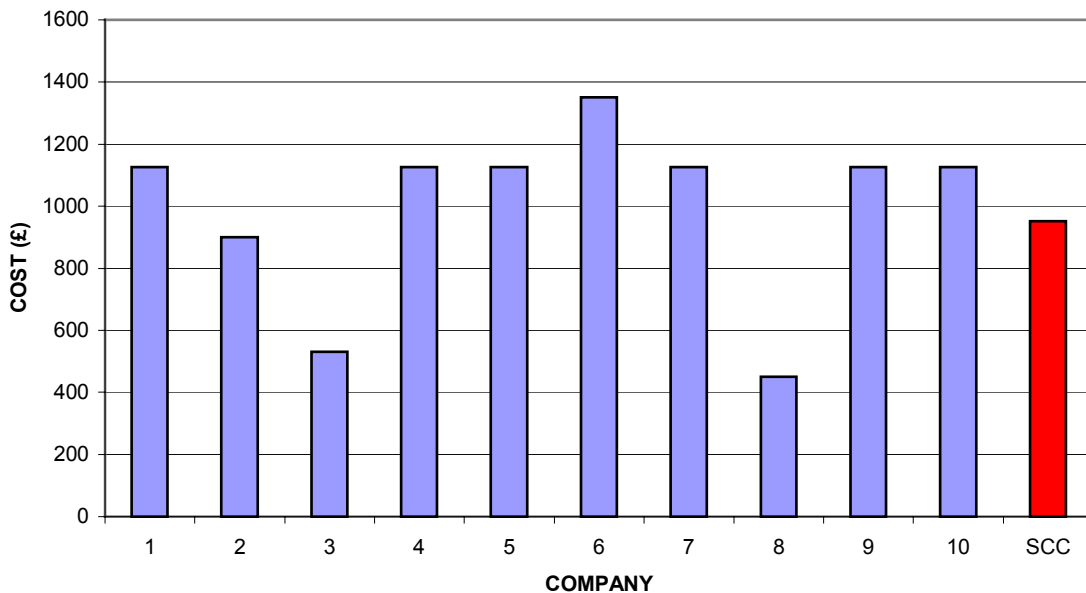


Figure 6.6

COST OF A £700, 000 ACQUISITION

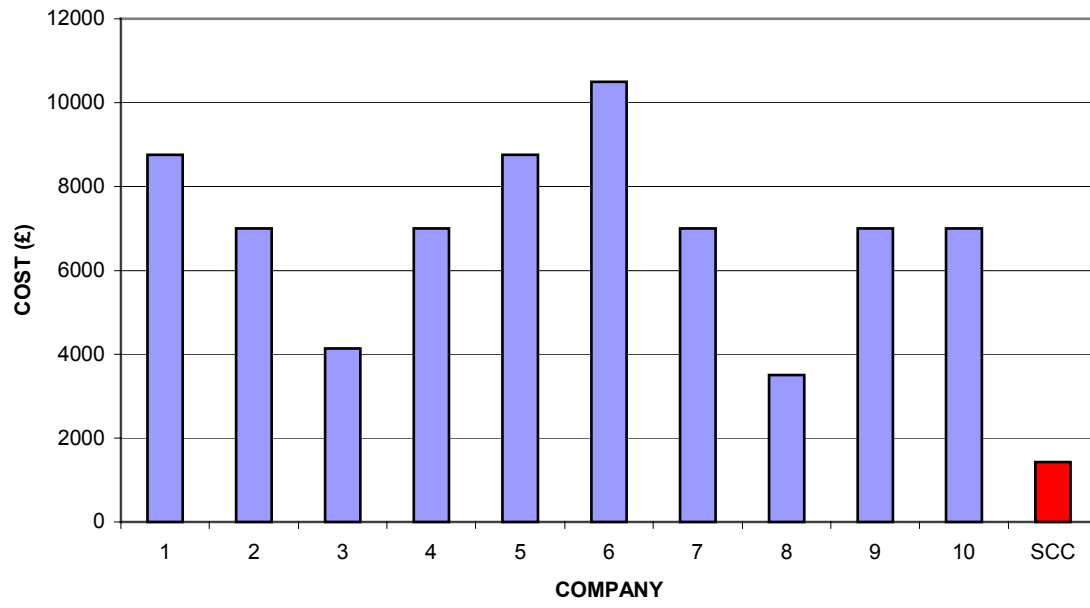


Figure 6.7

Property Disposal Services

In order to measure the competitiveness of the disposal service, two sample disposals were selected.

Case 1 was the disposal of land at Partington Lane, Swinton, which sold for £410,000 and was completed in March 2001. Figure 6.8 below shows Salford to be considerably less expensive than the private sector.

COST OF A £410, 000 DISPOSAL

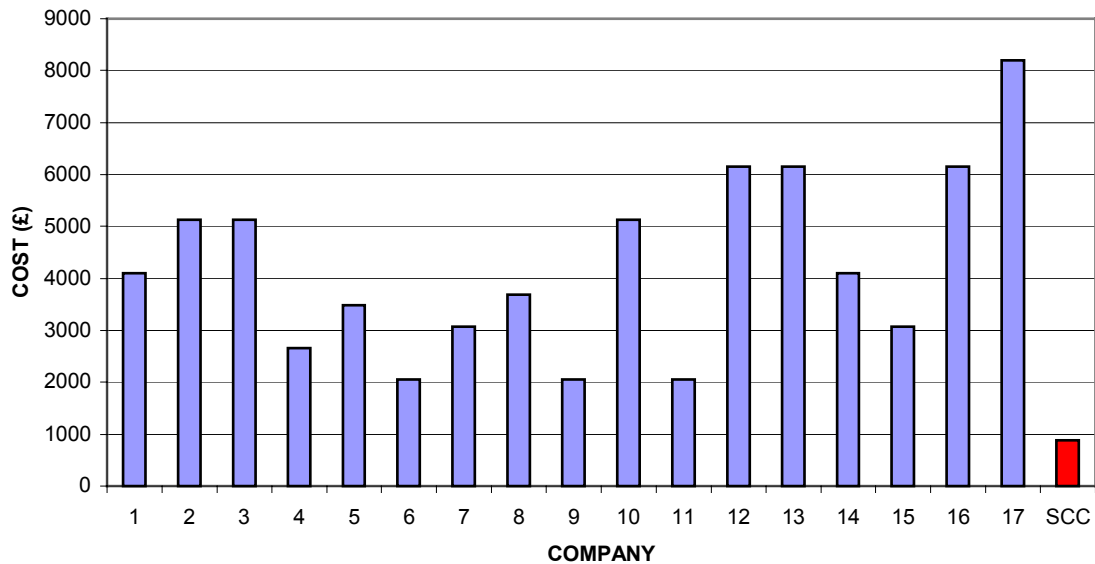


Figure 6.8 Case 1 disposal

Case 2 was the disposal of land at Albert Mill, Swinton which sold for £925,000 and was completed in March 2001. Figure 6.9 below again shows Salford to be considerably less expensive than the private sector.

COST OF A £925, 000 DISPOSAL

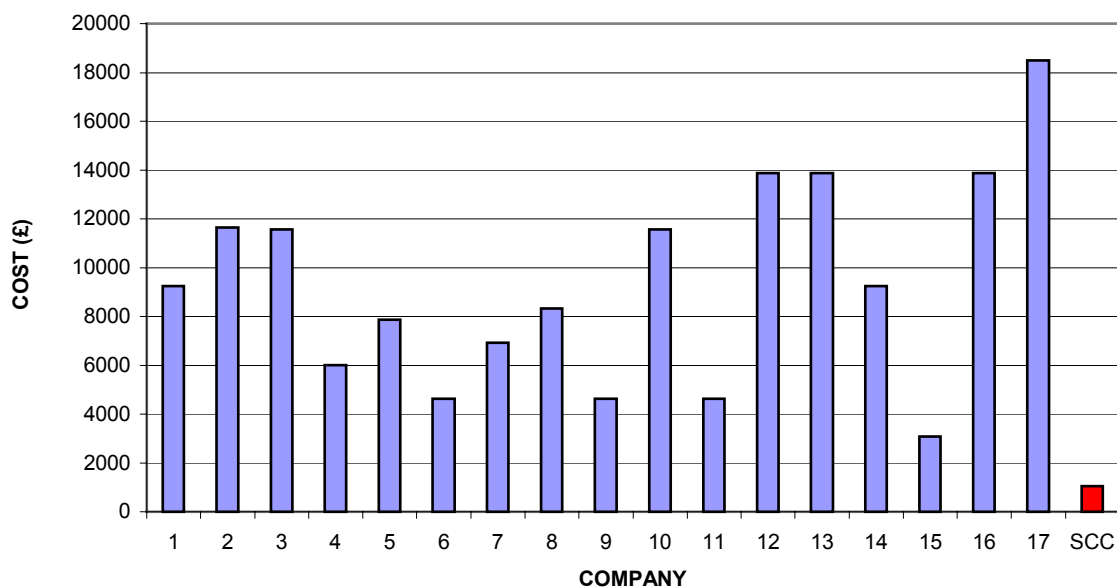


Figure 6.9 Case 2 disposal

Both tables indicate that charges may be too low to provide sufficient income to invest in service improvements over say a 5-year period.

Although there appears to be high level of competitiveness of the in house service in some areas, there is also a lack of cost information on other aspects of the service.

The Review Team also accepts that the number of council cases examined for comparison has been limited and that it will be worth market testing these activities.

The property service is currently experiencing many demands on its limited resources, for example Asset Management Plans, increased property disposals, late requests for a backlog of Right to Buys valuations etc. The service requires additional capacity to deal with such work peaks.

Evidence suggests that other local authorities may be able to offer a more competitive service than the private sector, and that their own work levels fluctuate. It is considered that a partnership with another local authority would assist both organisations with capacity management and efficiency.

This issue is considered in Section 8. Service Delivery Options

The service is capable of managing improvement. This is evidenced by the fact that the service was adjudged by the Best Value inspectorate to be capable of key step improvement when the Phase 1 Best Value review of the office accommodation service was inspected in April 2001. Monitoring update reports presented to the Environmental Scrutiny Committee in November 2001 also display evidence of the capacity for and commitment to improvement. See table below:

Item	1999-2000	Year 2000/01	% Change
Number of buildings	50	44	-12%
Total floor space occupied	48,538 sq.m	43,309 sq.m	-10%
Total costs	£4,892,568	£4,556,949	-6.8%

Cost Competitiveness of the Property Maintenance Service

Virtually all of the property maintenance responsive repair services are charged on a time charge basis, and all services on programmed repair projects are carried out on a percentage fee and lump sum basis.

A comparison of hourly rates with Salford's private sector partner in table 6.10 shows that the service is competitive at all levels.

	City of Salford	Private Sector Company A
Partner	£35.74	£70.00
Associate	£33.28	£60.00
Senior Surveyor	£24.84	£50.00
Surveyor	£21.32	£40.00
Assistant Surveyor	-	£30.00
Junior Surveyor	£16.57	£20.00

Table 6.10 Property Maintenance Building Surveying Hourly rate comparisons

A comparison of percentage fee charges in Table 6.11 below shows Property Maintenance Building Surveying percentage fees compared with Salford's Private Sector partner. This indicates that the property maintenance service is highly competitive when compared with the private sector.

Cost of the Work £k	City of Salford Fee %. (Fully inclusive of fee for Planning Supervision)	Salford's Private Sector Partner Fee % (may be subject to extra fee for Planning Supervision depending on nature of the project)
10	10.0	13.6
20	10.0	13.2
30	10.0	12.8
40	10.0	12.4
50	10.0	12.0
60	10.0	11.6
70	10.0	11.2
80	10.0	10.8
90	10.0	10.4
100	10.0	10.0
Average	10%	11.8%

Table 6.11 . Property Maintenance Building Surveying percentage fee comparisons

Salford's current practices for responsive and programmed maintenance are set out in Appendix 11 These are considered to afford reasonable value for money. However the government report by Professor Egan setting out the Rethinking Construction Principles suggests that Councils may achieve better value by consideration of the adoption of these principles into its responsive and programmed maintenance projects.

This issue is considered in Section 8. Service Delivery Options

The Education and Leisure Property Maintenance Service Surveyors recently commenced partnership working with EC Harris and Partners to assist with capacity management. Two of EC Harris staff are currently working within the Civic Centre on building surveying projects. The arrangement seems to be working well up to now. As this relationship develops it is envisaged that greater sharing of processes, equipment and training will benefit both organisations.

Market for Property Services

There is a well-established market for both the property and property maintenance services, although there may be a significant risk of poor value for money in services if the quality of the strategic decision-making declines e.g. prioritisation or service levels. Such issues should be resolved with an intelligent client.

However the Councils long-term objective is to reduce the amount of buildings occupied and improve their suitability and condition. Such change will impact on the overall services required.

This issue is considered in Section 8. Service Delivery Options

Quality of current Property Services

The service is currently provided by skilled, experienced and professionally qualified staff. Customers appear to be generally satisfied with the service they receive. Current performance on key local indicators appears to display satisfactory to good performance in many areas. The service is Quality Assured to ISO 9000 accreditation standards and does receive external scrutiny of its processes by independent QA auditors NQA. The services procedures were last inspected by NQA independent QA auditors November 2001. From 9th November 2001 The property service became perhaps the first authority in the country to receive a certificate confirming achievement of the new ISO 9001:2000 standard, which embraces continuous improvement.

6.5 HOW HAS THE SERVICE ENGAGED WITH THE MARKET

There are a large number of providers and a well-established market for the provision of property services. Providers range from large national practices to small local private practitioners. Research was undertaken to identify those companies listing local authorities as their clients. The aim was to determine the nature of services provided to local authorities.

The findings were that it was mainly the larger companies who provide services for local authorities. None of the companies provided a comprehensive service, but instead seemed to carry out specific tasks or projects. Common services provided include:

- Acquisition of ground rents and rent charges
- Re- financing of the portfolio
- Valuations
- Facilities management
- Property surveys
- Specialist asset advice and disposals

Several organisations were contacted to ascertain whether they were interested in visiting the City Council to explore potential partnership arrangements.

These organisations were:

- The Development Section of Salford Royal Hospitals NHS Trust,
- United Utilities,
- The North West Development Agency/English Partnerships
- Consignia

These approaches have not resulted in any potential for partnerships being identified.

A series of meetings has also been held with numerous companies to assist with the research. These include:

- Babtie, working for Berkshire County Council to review outsourcing
- WS Atkins (informal meeting with Director)
- Capita DBS working for Cumbria County Council following an outsourcing
- Accord Ltd. to explore major investment opportunities through partnership
- Mouchel in conjunction with Trafford Borough Council

Case study Seminar's have also been attended as follows:

- Galliford Construction working in Partnership with Bolton Council
- Mouchel outsourcing project with North Yorks,
- Kent and Bedford Rethinking Construction Government Road show

A survey was undertaken of local authority use of private consultants. An analysis of responses from 11 authorities shows that most local authorities put more work out to the private sector than Salford, particularly on managing repairs, valuations for rating and insurance valuations. 80% of respondents who use external companies rated the service they received as satisfactory or better. 36% of those respondents considered the services to be more expensive than an in house service although 45% were unable to provide a judgement. It is clear that mostly specialist work is put out to private companies in order to achieve better capacity management as opposed to obtaining a lower price or better quality.

Partnerships with other adjoining local authorities have also begun to be explored. Both Wigan and Manchester are enthusiastic about the potential for close partnering arrangements. Discussions so far have proved to be very constructive, particularly as Wigan shows good performance in some areas where Salford displays weaknesses e.g. Rent recovery, and vice versa where Wigan may benefit from working with Salford e.g. Right to Buy valuations. Salford is also working with AGMA in promoting Joint Service Delivery proposals.

This issue is considered in Section 8. Service Delivery Options

6.6 WHO ARE THE MARKET LEADERS AND HOW DO WE COMPARE

Due to the fact that there are no national performance indicators in operation and few best value inspection reports on the service it is unclear who the market leaders are, However comparison with several other authorities shows that Salford compares reasonably well in many areas as table 6.12 below shows:

	City of Salford figure	Salford Ranking	Known Best
Cost per house valuation	£42.52	1st out of 6	£42.52 (Salford)
% of capital receipts achieved	101.38%	1st out of 8 4th out of 8 core cities	101.38% (Salford)
% of revenue targets achieved	103.29%	4th out of 9 4th out of 7 core cities	112%
Rent arrears as a % of total income invoiced	26.87%	6th out of 8 5th out of 8 core cities	4%
Management costs as a % of rental income	7.71%	2nd out of 8 2nd of 8 core cities	6.3%
Rate of return on non operational property	10.82%	2nd out of 7 1st of 8 core cities	11.9%
Backlog of maintenance per m2	£328	3rd of 3	£85
Asset value /head of population	£750	2nd out of 5	£108 (Trafford)
Operational building condition categories:			
A Good	6%	2 nd out of 3	3%
B	67%	3 rd out of 3	42%
C	25%	1 st out of 3	25%
D Hazardous	2%	equal 2 nd out of 3	1%
Non Operational building condition categories:			
A	3%	1 st out of 2	3%
B	14%	1 st out of 2	14%
C	80%	2 nd out of 2	29%
D	3%	1 st out of 2	3%
Hourly rates			
Head	£35.57	1st of 5	Salford
Associate	£30.84	1st of 4	Salford
Senior	£28.51	2nd of 7	£25+ ohd -
Surveyor	£23.87	2nd of 7	£20+ ohd -
Technician	£14.68	2nd of 5	£14+ ohd -

Table 6.12 . How Salford compares to the “Best”.

4.6 conclusions

The data obtained shows that Salford’s property service is less expensive than private sector organisations. However it is accepted that comparison has been limited and that market testing of lease renewals, acquisitions and disposals should take place.

7.0 CHALLENGE

7.1 How the review challenged the service and ownership of property

This part of the report sets out how the review challenged both the service and the Councils ownership and occupation of property.

Challenge has been undertaken in the context of anticipated future changes to the service derived from key issues identified in the Councils Strategic Plan and conclusions drawn from the consultation exercise. See table below:

Property Service Area	Anticipated change
Facilities Management	Reduction in amount of property overall but More property will be managed by the central FM Service provider. Increased demand to secure cost efficiencies and improved space utilisation. Increased customer expectations
Investment Estate	Likely to reduce in extent Need to set targets and analyse performance more rigorously and achieve improved performance.
Maintenance services	Reduction in properties to maintain Increase in planned maintenance Building users require improved condition and suitability of retained property
Strategic Property Management	Increasing demand within the Council for corporate consideration of property matters and effective AMP production/ data collection/ data analysis
Property Development	Increased workloads resulting from Urban Regeneration initiatives using property to encourage investment, acquisitions/sales of assets and property advice.
Other Trends	e- government agenda – changing patterns of service delivery and access to services changing property needs. More outsourcing of Council services as a result of B.V. reviews may reduce property needs. Local Agenda 21 – energy efficiency to be improved Better property data and computerisation to support better decision-making and improve efficiency. Increasing demand for Property Service to support Council wide initiatives.

The EFQM Model was used to challenge the service. Assessing property management prior to the Review provided guide lines as to the areas of the service which were lacking in data, comparative information and focus.

The 'Processes' element of the EFQM model clarified key issues where data etc was lacking. This issue also arose through the Consult, Compare and Compete parts of the review. It was clear that in practical service delivery “RADAR” (Results, Approach, Deployment Assessment and Review) was lacking. Key Performance Results are now established to focus the service towards improvements in key areas.

7.1.1 Challenge -should the Council provide the service

The opportunity to challenge the service provision has been valuable and was undertaken by looking at the service as whole as well as individual segments of the service. In so doing the review team have questioned whether the service should be provided at all, why the City

Council holds property and how it is managed as well as challenging the levels of service provided, particularly aligning this to the consultation exercise.

To assist with the rigour of the review, a Challenge Day was held with the Chief Executive, Lead members, Keith Jones of DTZ Peda Consulting and officers. This challenge meeting provided the opportunity for stakeholders to come together and examine the service against the 'Seeing is Believing' questions. It was also an opportunity for Senior Officers, and Members associated with the service to be conversant with the consultation and comparative data and be afforded the opportunity to challenge the service to a greater degree.

7.1.2 Challenge the services suitability for procurement change

The service has been challenged through the Council's Procurement Matrix Appendix 9. In so doing an assessment has been made to establish whether procurement of the service ought to remain in-house or whether there is a case for the service to be provided through competitive tendering.

As a result of the review greater knowledge of other Councils procurement arrangements was identified.

It is felt that the review has raised the importance of property and performance and has enabled the authority to acquire knowledge of its service strengths and weaknesses which were previously unavailable.

This challenge has been rigorous in its interrogation of the service provision and the expectations of the stakeholders. However the ability to meet these expectations is difficult without additional investment in such areas such as property maintenance. Partnership arrangements offer the opportunity to look at additional investment for the service and the better management of peaks and troughs in workload. Opportunities for partnering have been explored and are the subject of more detailed ongoing discussions. It is clear that there are opportunities to work in a partnering arrangement with neighbouring Local Authorities as well as with (or as an alternative) a private sector provider. Agency staff could also be used to address peaks and troughs in workloads although personnel records indicate that whilst staff are available in some areas they are not readily available in others (e.g. property acquisition / disposal / management work). Specific work areas will be market tested which has already occurred with Right to Buys.

The Review Team also explored opportunities for establishing Trusts. The conclusion drawn from this research is that whilst the City Council may use individual plots of land within the property portfolio for regeneration through a Trust, there is no particular improvement to service delivery or advantage in moving land and property to a Trust other than where it is for specific purpose – i.e. the Leisure Trusts currently under consideration.

Arms Length Companies were also investigated. This is an option, which is being followed by the Council's Housing Directorate; however there appears to be no identifiable service improvement through taking this route.

Opportunities for the Private Finance Initiative have been considered. This investigation has been undertaken in conjunction with consultants Turner and Townsend. Conclusions are set out in Appendix 12

Maintenance of property has not as yet been linked to the Re-thinking Construction principles as set out by Egan. There are prime opportunities to be gained from such an approach as Appendix 13 sets out, and these are being explored as part of the Councils corporate approach to the implementation of "Re-thinking Construction"

7.1.3 Challenge the customer focus of the service

The consultation exercise shows that the management of property is a high impact service, although perhaps not perceived as such by the community and councillors. The consultation exercise has helped to raise the profile of the service and property in general and has enabled specific issues to be raised and discussed with customers and users in a focus group environment.

7.1.4 Challenge the extent of the Property Service

Occupation of buildings is fundamental to the operation of the Council and the delivery of its services. Property Services which manage and maintain these properties are therefore require. The extent of property services required will be dependent upon the amount of property occupied. Consequently the Councils property strategy will dictate the nature and extent of the property services required. A property strategy has been produced which is set out in Appendix 1.

7.1.5 Challenge the quality of the service

In seeking to challenge the service and utilise the comparative data available the Review has also considered options identified under Competition. The comparative data from other authorities identified some services being outsourced, a common example being the 'Right to Buy' work. It is clear that Salford's Property Service is less expensive than that provided by other authorities and the Private Sector. However the quality of the service must also be considered. At present this is measured through customer satisfaction responses. Generally these are good however where comment has been made which could lead to improvements these views have been drawn into the Implementation Plan.

The review also sought to identify performance trends to enable an assessment of consistency to be ascertained and challenged. See table 7.1.5 below:

Description	1998/99	1999/00	2000/01
Capital Receipts excluding RTB's	£1.77m	£5.05m	£26.73m
Capital Receipts RTB's	£1.9m	£3m	£2.69m
Rental Income Commercial Estate	£4.55m	£4.64m	£4.3m
Occupancy levels Industrial	81.2%	79.2%	77%
Shops	80%	81%	80%
Success in reducing Rateable Values	84%	85%	83%
Quaywatch activations	935	926	851
Quaywatch responses within 4 mins	94%	97%	90%

Table 7.1.5 . Assessment of consistency in the property service

It can be observed that the service has performed consistently. However, whilst occupancy levels of shops have remained constant, there is evidence of a decline in occupancy levels of industrial premises and a small reduction in rental income from the commercial estate. The implementation plan addresses these issues. The service also shows consistent performance in reducing rateable values. The Quaywatch service seems to be resulting in fewer activations although the expansion of the service to a wider area coverage appears to have adversely affected response times.

7.1.6 Challenge Efficiency and Effectiveness

From these initial challenges and from the staff focus group and attitude survey it became clear that to achieve improvements and in particular better data collection and analysis there was a need to invest in Information technology. Without such investment the service cannot meet the timescales for data collection nor can it provide the data required for benchmarking and Performance indicators.

Likewise for the purposes of day-to-day management of the service and maintenance of

property there is a need to use I.T. This requires a significant level of investment and the ability to have the programmes available to meet these demands

However there is an apparent lack of monies available to invest within the timescales identified. This problem can only be remedied through either additional internal investment, increasing charging rates for re-investment purposes or through external investment which Partnering or similar arrangements may bring.

As a result of this review some IT investment has been implemented. 8 PC's with Microsoft Office 2000, with email and Internet connections 2 printers (1 networked) and 1 Autocad LT.

Several property staff have also been enrolled on to the European Computer Driving Licence course.

The review also challenged whether the current time charge recording systems should be changed in order to make them less time consuming. This is shown in Appendix 14. However, it was concluded that customers were requesting information breakdown based on specific projects and any streamlining would prevent this level of information from being captured. However it was considered that an electronic time charge recording system should be introduced.

7.1.7 Challenge the Councils ownership of property

The generally accepted practice of councils owning the property they require has been challenged. The costs and benefits of ownership have been compared with sale and lease back and PFI arrangements – see appendix 12

7.1.8 Challenge how the amount of money spent on property can be reduced or money tied up in property can be released to be spent on direct service delivery

The running cost data currently being used is not necessarily giving a true running cost for each building due to the limitations in the way data is available and analysed. However, the data available shown in the table at Appendix 15 shows that there is a wide range of running costs between buildings of similar type and also, as would be expected, a range of running costs for different types of buildings.

7.1.9 Challenge the scope for a more joined up approach

The Review Team challenged why parts of the Facilities Management service were fragmented. The degree of fragmentation for facilities management (cleaning, window cleaning, portering, security, fire procedures, hygiene, waste disposal etc.) is shown in table 7.1.9 below.

Type of Building	Dev Svs	Housing Svs	Env Svs	Soc Svs	Corp Svs
Civic Centre and other Corporate Buildings	100%			-	
Housing area office buildings	70%	30%			
Environmental Services office buildings	60%		40%		
Social Services Buildings				100%	
Civic Centre Reception	80%				20%
Energy Management					100%

Table 7.1.9. Fragmentation of the current service

The effects of this fragmentation are; inconsistent levels of expertise, service and quality

standards lack of the flexibility generated by a bigger core workforce, inconsistent levels of valuable (to the SPMU) property management information such as running costs. Fragmentation is likely to increase costs, fails to allow a corporate standard and greater control, and consistency and economies of scale could be achieved with a more streamlined approach to FM from a single point.

Establishing a Facilities Management Service to cover all aspects of the provision of and maintenance of property (excluding Council Dwellings and schools) with a budget to manage the service requirements should be pursued and this is supported by a recent research project undertaken by Sheffield Hallam University Local Government Facilities Management Research Forum. This research project has concluded that those authorities who have moved towards a single in house provider of FM Services seem to be achieving better value for money – see appendix 16 which sets out the conclusions of the report.

Facilities Management Services are readily available through the private sector and this should be explored in greater detail and may provide an opportunity to partner in order to gain investment and build upon good practice.

The fragmentation of the reception services, particularly in the Civic Centre is considered to present a negative perception of the City Council as too departmental and, more importantly, can confuse the public.

It is considered that transfer of the FM of area housing offices may present difficulties with the Housing revenue account as well as the proposed creation of the Housing Arms Length Management Organisation and would therefore be best kept free of change for the time being.

Development Services relationship with the Energy Management staff in Corporate services is felt to be close and it is considered that there would be little benefit in making structural changes in the short term although it should continue to be borne in mind for further future change.

7.1.10 Challenge the level of service we are providing.

An alternative to directly funding the investment necessary to improve parts of the property service would in the case of to allow some or all of the commercial estate to be managed or owned by the private sector. However consideration of this option would need to take account of the performance of the portfolio, the council's needs for revenue or capital and the wider objective for owning these properties namely to encourage and support the Council's strategy for Regeneration and economic improvements within the city. And in the case of the service would be to explore partnership arrangements as detailed in section 7.1.2.

7.1.11 Challenge How Property Costs can be reduced

Whilst the review has not been able to compare running costs with other authorities to enable performance to be assessed the Review Team consider that there is scope to reduce costs through more effective facilities management reducing the extent of the portfolio overall and disposing of some of the worst performing buildings.

7.1.12 Challenge how funding to improve property condition can be obtained

The review seeks to address the longer term and major resource implications of creating high quality and well-maintained property which is suitable for user needs. In common with many other local authorities Salford finds itself with little financial capacity to significantly improve property condition or provide substantial improvement to programmed maintenance levels.

The review therefore proposes that Salford seeks private sector finance through Development Services Directorate exploring a Strategic Partnership as well as reducing the amount of property which the Council occupies.

This issue is addressed in more detail in Section 8 Service Delivery Options.

7.6 CONCLUSIONS

The Council should reduce the amount of operational property that it occupies.

Overall operational property running costs should be reduced.

Facilities Management functions (excluding Housing Services) should be brought under single coordinated management and that the benefits of private sector facilities management be explored.

The methodology for holding and rationalising the investment estate should be agreed and opportunities for partnership with the private sector to improve occupancy levels particularly on high void estates should be pursued.

A longer-term strategic partnership with the private sector should be pursued with a view to achieving investment in property and the property service.

8.0 SERVICE DELIVERY OPTIONS

Following completion of the Corporate Procurement Matrix set out in appendix 9 and after consideration of the conclusions drawn from the 4 C's the following options have been identified.

Operational Property

- Option 1 - Continue to own
- Option 2 - Sale and leaseback
- Option 3 - Private Finance Initiative / Public Private Partnership
- Option 4 - Shared use with other organisations
- Option 5 - Establish an unincorporated charitable Trust

Commercial estate

- Option 1 - Sell all
- Option 2 – Retain/sell part

The service

- Option 1 Retention of the service in house
- Option 2 Externalisation of all or part
- Option 3 Voluntary competitive tender all or part to achieve market testing
- Option 4 Partnership approach (all or part) with another local authority
- Option 5 Partnership approach (all or part) with a private sector organisation
- Option 6 Create an arms length company

These options are described below.

Operational Property

Continue to own/sale and leaseback/ PFI

A detailed analysis of these options is set out in appendix 12 the analysis shows that there is no single solution to meeting the Councils property requirements and that a flexible approach will be needed.

The circumstances where each of the options is likely to be most advantageous is summarised in the table below and will be applied as appropriate.

OPTIONS	APPROPRIATE CIRCUMSTANCES
CONTINUE TO OWN	<ul style="list-style-type: none"> - Building is reasonably suitable and meets service needs. - Vacation and relocation would not release significant development value in the site - Capital in building cannot be advantageously released
SALE AND LEASE BACK	<ul style="list-style-type: none"> - Building is reasonably suitable and meets service needs. - Vacation and relocation would not release significant development value in the site - Capital in building can be advantageously released
PFI EXISTING BUILDING	<ul style="list-style-type: none"> - Not an appropriate option
PFI NEW BUILDING	<ul style="list-style-type: none"> - Value of scheme is substantial - Key priority service area with 25 year priority need - Is a service area that is likely to receive PFI credit approval from Government
TRADITIONAL LEASEHOLD PROCUREMENT	<ul style="list-style-type: none"> - Short / Medium term accommodation requirement - A building is available that meets suitability criteria

Shared Use.

It is clear that the City Council recognises the importance of working in partnership with others to share operational property. Shared use is regarded as one of the guiding principles in the Councils draft Corporate Property Strategy.

Corporately, the Council has established a Modernising Service delivery Partnership Group. This is chaired by Chief Executive and attended by senior representatives from other Directorates, the Police, Benefits Agency, Post Office, the Health Authority and the Salford Primary Care Trust. Opportunities provided by the LIFT project will be exploited as appropriate.

The staff focus group identified several examples of shared use already in existence such as:

Hope Manor, Eccles Old Road, where Social Services share the building with Barnardo's. Civic Centre Treasury Building, Swinton, where the Coop bank uses a part of the building.

Other examples of partnership working include letting void premises at nominal rates to groups for valuable community use such as computer training etc.

Opportunities to share accommodation with other service providers are currently being considered, for example the Citizens Advice Bureau or Post Office is being considered as a property sharing partner at Ordsall Neighbourhood Office as part of the Councils Customer Contact Strategy.

Unincorporated charitable Trust

Initial investigations indicate that a trust model does not confer a particular advantage for the provision of services. However the transfer of land or property to a trust as part of Urban Regeneration Initiatives can be beneficial and is considered in appropriate circumstances.

Commercial Estate.

The extent and return from the commercial estate has been identified – see appendix 17. A report setting out the benefits of retaining or selling the whole or part of the commercial estate is being produced This will be based on assessment criteria incorporating elements such as income generated, occupancy levels, rate of return and non monetary benefits.

Proposals will be put to Members as set out in the Action Plan.

The commercial estate provides both monetary and non monetary benefits to the Council and the criteria for the future holding of commercial property will be further developed to Inform decisions on sale or retention.

At the present time the overall rate of return from the commercial estate (10.8%) exceeds that which could be obtained from investing the capital receipt from its sale. Consequently the commercial estate should be retained but those parts not producing an adequate financial rate of return or an appropriate non monetary benefit should be considered for disposal.

The Service

Option 1. Retain the current in-house service in its existing form.

This is the base line option against which the merits of the other options can be considered. Whilst this option is the easiest to pursue and costs are less than the private sector, it does not deliver the changes identified in the review and does not deliver improvement required by Best Value.

Option 2. Externalisation

The transfer of staff to a private company is a radical approach which would require extensive preparation and significant management energy. As the service is performing well in terms of both cost and client satisfaction, it is considered that the cost and effort involved in such an exercise would outweigh the benefits.

Option 3. Competitive Tendering

The property service is currently cost competitive. The hourly rate charges are highly competitive. An analysis of the 2000/01 property management trading account shows that the service was commissioned to carry out 4100 hours of time charge work, the value of which was £115,300. Using private sector hourly rates from the benchmarking exercise shows that the Council would be charged at least £25,000 more for this work by the private sector. The cost of carrying out 'right to buy' valuations, lease renewals and property planned and reactive maintenance are also very competitive. It is therefore concluded that whilst tendering would market test the whole service, it would not be worthwhile.

Option 4. Partnership with another local authority or public body

Such partnership arrangements require extensive preparation, shared objectives and a great deal of management energy before the arrangements bear fruit.

Potential benefits are:

- Improved capacity management through staff sharing
- Shared benefits of training
- Process benchmarking
- Potential for sharing IT systems

Both Wigan and Manchester are enthusiastic about closed partnering arrangements and there is significant potential for partners to benefit from each other's particular areas of strength and good performance.

This option is already being pursued and benefits can be introduced and applied as part of a process of improving the existing service.

Option 5. Partnership with an external company

Consideration of this option has shown that benefits should result from applying the Egan Rethinking Construction principles to the property maintenance service (see analysis in Appendix 13). Partnership working has already been established with EC Harris and Partners for building surveying services provided to the Education and Leisure Directorate. This relationship is currently working well and as the relationship develops the greater sharing of processes equipment and training will benefit both organisations.

The Rethinking Construction principals will be pursued through the selection of a partner construction company through a competitive tendering process with the objective of delivering benefits in the short to medium term as part of the process of improving the existing service. This may achieve:

- Better and consistent quality of programmed works projects
- Reduced design and document costs of programmed works projects
- Input from construction contractors early in project design to reduce construction costs
- Reduced site supervision costs
- Greater organisational flexibility and capacity
- Benchmarking of costs and quality between the three organisations to improve

the service

As a longer-term objective, the Review has identified the need to explore a more wide reaching strategic partnership with a private company which could embrace both property and property service provision. This partnership could be used to access funding to improve property condition and invest in the service.

Other benefits of a partnership could include:

- Commercial freedom to grow the services through the wider client base and commercial opportunities
- Retention of current staff terms and conditions
- Access to specialist knowledge, e.g. PFI's
- Introduction of new management techniques to aid modernisation
- New ideas and processes
- A merging of commercial acumen and local government ethos
- A mechanism for creating an outward looking organisation that is responsive to the needs of the Council and the Community.
- The City Council may receive a proportion of any business growth.

All the above issues will need to be balanced against the Councils ability to pay for any external investment obtained.

Option 6. Arms Length Company or Trust

The Council's Housing Directorate is actively engaged in pursuing the provision of their services through Arms Length Companies (ALMO). This move is in part underpinned by the need to provide the service in a different manner and also because it attracts a financial incentive which will assist future service delivery if the ALMO is achieved. This has been brought about through Section 37 of the Housing Act 1985.

There are no similar arrangements or incentives which apply to other property management services and there is no apparent benefits to pursuing an ALMO arrangement for property services.

The council's Leisure Services are currently assessing a move to providing their services through a Leisure Trust. A brief examination of the potential benefits of this model for property management has been undertaken. Initial indications are that there is no benefit or cost savings to be made through such a process nor is there any financial benefit to do so.

8.2 CONCLUSIONS AND RECOMMENDATIONS

Property

Property is fundamental to the effective functioning of the Council and the delivery of services. However to ensure that property meets the needs of the public and staff the amount, suitability and condition needs to be appropriate. It is therefore recommended that:

- a) The suitability and condition of specific operational properties be improved (within budget constraints) by:
 - Reducing the amount of space and number of buildings occupied
 - Deploying existing resources more efficiently.
- b) The range of procurement options identified should be used in appropriate circumstances
- c) Long term innovative procurement arrangements and models be explored with Private Sector companies to increase the opportunity for investment into properties owned or occupied by the Council.

The investment estate provides income and capital to support the delivery of the Councils pledges. It is therefore recommended that:

- a) The investment estates be retained but that performance is improved through developing and applying a methodology for rationalising the estate with a greater emphasis applied to marketing and managing void and under performing property.
- b) Opportunities for partnership with the Private Sector be pursued to improve occupancy levels particularly on high void estates.

The service

The service options described fall within a continuum from the base case of “do nothing” to a radical option of a full externalisation of the service

It is considered that to do nothing i.e. retain the current in house service in its existing form is not an option this would not address the needs for change identified in the review and would not deliver Best Value.

It is also considered that the radical option of externalisation with another company providing the whole of the property service is not appropriate when the existing service is performing well in many areas and can be improved through the proposals set out in the preferred option below.

The preferred option is to retain and improve the existing in house service, the key areas identified for change being to provide a central corporate facilities management service, to adopt partnership arrangements as envisaged by Egan and Rethinking Construction principals and market testing specific elements of the service where evidence of cost competitiveness is not conclusive.

In the longer term a wider strategic partnership is being pursued.

It is therefore recommended that:

The property service should continue to be provided by the in house service but that:

- Competitiveness be challenged through market testing specific services.
- Short-term partnership procurement in accordance with Egan Rethinking Construction principals be introduced for the property repair and maintenance service.
- That the principle of service partnerships with other local authorities be accepted.
- Facilities management functions for operational administration buildings are brought under coordinated management within Development Services Directorate.

These changes will add commercial rigour (with an emphasis on competitive costs), flexibility, capacity and innovation yet retain the merits of the current service, namely the provision of a good strategic and operational all round property service to the Council using, experienced skilled and committed staff.

In addition to these recommendations which will deliver improvements in the short to medium term work will continue on the development of a wider strategic partnership referred to in section 7 of the report.

Delivering the changes

To deliver the changes and improvement required a five-year Action Plan has been developed. This sets out under four themes:

- Improve building user satisfaction
- Improve Client satisfaction with the property service.
- Improve service efficiency
- Improve property efficiency and performance

the specific outcome required, improvement targets and short, medium and long-term actions necessary to achieve these targets.