



# MEDIUM TERM PROPERTY STRATEGY

DECEMBER 2019



# CONTENTS

INTRODUCTION

---

EXECUTIVE SUMMARY

---

01 STRATEGIC CHANGE OF SCALE AND PACE

---

02 A NEW APPROACH

---

03 KEY THEMES

---

04 PERFORMANCE OBJECTIVES

---

# INTRODUCTION

The Council is facing unprecedented financial challenges and Cabinet have previously approved a Medium-Term Property Strategy to help provide clarity on the future requirements for every property and land asset with a view to confirming those for retention (and therefore supported by a detailed Asset Management Plan) or disposal (sale or transfer) to help reduce revenue implications and provide income generation opportunities.

This work is supported by Central Government's 'One Public Estate' agenda in seeking greater collaboration and cooperation across the public sector property estate with the co-location of services; sharing of resources to deliver financial savings and releasing assets to support residential development as a further Government priority.

An independent review of the Medium-Term Property Strategy (MTPS) has been undertaken to:

- review the progress to date against the objectives and targets, to challenge whether the targets are still fit for purpose, to determine whether amendments were needed to service work programmes, to test opportunities for acceleration, to maximise the use of resources; and
- look at processes, procedures, governance and structures to ensure any proposed amendments the MTPS would be adequately supported.

This report summarises the findings of this review and outlines new proposals to be included in the Medium Term Property Strategy (MTPS).

More widely, local authorities across the UK are increasingly expected to deliver economic growth and major regeneration projects whilst coping with financial challenges. Oldham are making some major strides in terms of making preparations for transformative change that will be required to drive forward the changes required to deliver corporate objectives and to significantly improve the lives of local communities.

The property services review was undertaken in the context of obtaining approval for a new set of exciting plans for property led change, including town centre regeneration with a new 'homes' focus as set out in the recently approved Town Centre Vision, plans for new public service accommodation, closer working with the Clinical Commission Group and One Public Estate, drive and direction from the new Housing Strategy, and a desire to review and expand property investments to help secure revenue funding.

The review involved scrutinising work programmes, performance reports, and technical documents, protocols, processes and systems. Several internal workshops took place and this was complemented by separate 'discovery' sessions with various officers from across the council to gain a greater understanding of ideas and opportunities for enhanced delivery, but also to understand any frustrations, key issues, challenges and risks.

# EXECUTIVE SUMMARY

- Oldham Council is ambitious and bold, and it is on the cusp of an exciting programme of significant change which is essential to achieve its financial and wider objectives. This is in the context of a growing financial savings target and political momentum to deliver growth and change in the borough.
- From a high level review of current projects or emerging ideas, the previously approved Medium Term Property Strategy (MTPS) revenue savings target of £4.5m by (2021 – 22) would not be realised, therefore through an evidence led approach the review has confirmed that a revised and enhanced revenue savings target of c. £11m could be achieved by (2023 – 24).
- To ensure delivery, a new approach is needed for investment in property, together with an effective delivery capability, capacity and resource plan, including additional resources for support services.
- The proposed new core areas of focus (which incorporate the key projects) are Housing, Regeneration (especially the Town Centre), Investments (direct and indirectly into property), and rationalisation of the Corporate Estate (land and property).

Outlined below is a summary of the key recommendations :

1. Governance to centre on reformed Corporate Property Board, which brings together Senior Officers and Senior Politicians to inform and scrutinise strategic decision making.
2. The Corporate Property Investment Strategy should be revised to reflect and balance a new approach to property investment, including risk profiles and governance arrangements.
3. Reprofile the existing property service priorities / core areas to align with the new focus areas and review viability / feasibility assumptions and timescales to ensure alignment with the delivery of the savings targets.
4. New focus is needed on public sector accommodation rationalisation to support zero carbon ambitions and utilisation of buildings to support c.50% of estimated revenue savings and facilitate opportunities for major housing and regenerative benefits to the town centre.
5. A realignment of resources to ensure effective and efficient work programmes are delivering against the new priority areas for the property portfolio.
6. To help the property teams become more effective, many of the processes, procedures and systems used should be reviewed to ensure they are fit for purpose.
7. Ensure there is a strong narrative, communications plan and engagement points/timescales to support this new work programme in conjunction with the progression and delivery of the major projects which align with the investment proposals and the land / property decisions taken.

# 01

## STRATEGIC CHANGE OF SCALE AND PACE

# STRATEGIC CHANGE OF SCALE AND PACE

## Corporate Plan and Medium Term Property Strategy

The Medium Term Property Strategy aligns with the emerging new priorities set out in the Council's Corporate Plan, recognising the greater attention on collaboration across the public sector the Medium Term Property Strategy reflects the Government's One Public Estate Agenda.

This is in the context of being expected to improve the quality, efficiency and service standards and achieve the ambitions set out in the Corporate Plan. This drive is genuinely evident with the Council's ambition to deliver transformation across all its services very clear and resonating through discussions with officers.

The New Green Deal agenda is a significant driver to facilitate change across the property portfolios, with ambitions for the Council estate to be carbon neutral by 2025 and for newly build residential and commercial buildings to be carbon neutral by 2030 across the borough. Property is a major contributor to the Council's objective and savings target.

The previous Medium Term Property Strategy (2018/2022) sets out the following targets:

DATE	2019/2020	2020/2021	2021/2022
<b>Revenue Savings Target</b>	£0.5m	£2m	£2m
<b>Capital Receipts Target</b>	£10m	£7.3m	£6.3m

With new evidence and analysis, the quantum of projects needed to deliver these targets were not going to be realised. However, the potential to accelerate and deliver revenue savings and bring in capital receipts from land and property disposals through new systems, processes and applications linked with a new investment plan could see these targets be enhanced over a longer period of time.

The Council understand the importance of this strategy and, as part of the wider Transformational Programme, a delivery strategy is to be adopted called the Assets, Accommodation and Investment (AAI) Programme. This programme will seek to fundamentally change the way assets are managed, accommodation optimised and investments prioritised and targeted.

The programme comprises a number of key projects for the Council including the Town Centre Vision, Housing delivery, Disposals programme, Property Investment, Public Sector Accommodation Reviews, One Public Estate and the wider Locality Asset Review agenda being promoted by Greater Manchester Combined Authority.

# STRATEGIC CHANGE OF SCALE AND PACE

The Medium Term Property Strategy (MTPS) previously identified a set of SMART strategic asset management objectives and performance targets. These are illustrated in the table below:

	Strategic Asset Management Objective	Performance Measures
1	Financial Management	Capital receipts generated from property disposals Revenue saved from assets disposed of Income from commercial property
2	Co-operative Borough	The number of CATs Number of shared buildings with partners; e.g. academies, NHS
3	Safety, Health & Environmental Management	CO <sub>2</sub> production Gas consumption Electricity consumption Water consumption Number of buildings statutory compliant, e.g. building custodian daily checks undertaken EPC ratings A-G
4	Economic Growth	Jobs created Housing numbers built Total lettable area
5	Efficiency	Identification of high maintenance sites Total void / non-occupied space Total maintenance spend

The MTPS objectives were to be delivered as part of the development of the property strategy and to assist with property management and reporting the Council has subdivided the portfolio into six sub-portfolios, referred to as Estates, as follows:

1. Service Delivery – Direct
2. Service Delivery – Indirect
3. Regeneration
4. Corporate
5. Surplus/vacant
6. Income Generation

# STRATEGIC CHANGE OF SCALE AND PACE

Work / delivery progressed against the previously agreed objectives and performance measures (set out below) which commenced in 2019/2020 in order to achieve the £0.5m savings target.

- 20% reduction in the number of assets per annum
- 25% reduction in the number of assets held within Regeneration
- 20% increase in the number of assets transferred to community groups
- 2% reduction per annum in surplus / vacant - residential ground rent
- 25% increase in income to rent from the estate
- 10% improvement to service charges following reconciliation
- 25% increase in income to rent receivable from the current income generating estate

With enhanced knowledge and understanding, it was identified that some of the performance measures above were not contributing towards the savings target, and were established 'business as usual' activities, while the basic underpinning assumptions for some of the other objectives and performance measures were no longer relevant / apparent. Therefore the programme was at risk of failing to meet the targets.

Oldham Council is ambitious and bold, and it is on the cusp of an exciting programme of significant change, which is essential to achieve its wider objectives. Corporate land and property assets are critical to this agenda and therefore the previously approved Medium-Term Property Strategy has been refreshed to ensure it meets the scale of the change required.



# 02

## NEW APPROACH

# NEW APPROACH

At a strategic level, the review of the Medium Term Property Strategy (MTPS) has confirmed that the property portfolio can be a catalyst for building new homes, creating job opportunities, re-skilling residents through new apprenticeship opportunities, and re-engaging communities and partners through property / estate co-location and collaboration.

The review also showed how amendments to the MTPS could help escalate the current revenue savings target from £4.5m by (2021 – 22) to an enhanced c.£10.9m by (2023 – 24), in addition to aligning the timescales for delivering the capital receipt targets income of £23.6m to (2023-24).

The table below summarises the current and revised property related funding profiles. It is important to note that the existing budget reduction target for 2019/20 is expected to be delivered in full and the £0.250m support resource is already available to the service in 2019/20 by means of earmarked reserves:

	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	
<b>Existing Targets</b>	£0.5m	£2m	£2m	-	-	£4.5m
<b>Suggested Revision</b>	£0.5m	£0.261m	£1.634m	£2.391m	£6.175m	£10.961m
<b>Support Resources</b>	-£0.25m	-£0.25m	-£0.25m	-£0.25m	-£0.25m	- £1.25m
<b>Commissioning Fees</b>	-	-£0.5m -	-	-	-	- £0.5m
<b>Avoidable Capital Costs (Backlog Maintenance)</b>					£6.0m	£6.0m

New core areas of focus were identified for property services through the MTPS, which incorporated key priority themes: **Housing, Investments, Regeneration** (especially the Town Centre) and the **Corporate Estate**. These themes are explored in more detail later in this report.

This requires changes to be made to the governance arrangements, and service delivery structures to ensure the right resources are in place for effective and enhanced delivery across this programme (including investment in additional transformation and support service resources).

# NEW APPROACH

For ease of identification, the conclusions below summarise the thematic findings and new approach for the MTPS:

## Strategy

- Refresh the MTPS to align with the new thematic areas, objectives and financial / milestone / performance targets;
- Refresh the Investment strategy to ensure opportunities can be supported to increase revenue generation;
- Re-prioritise the list of projects that sit within the thematic areas; identifying business case justification.

## Targets

- Revise the objectives and associated activities in support of the new strategic approach to MTPS.
- Ensure activities focus on corporate estate consolidation / place-based integrated working / one public estate which links to the Housing Strategy and Town Centre Vision.
- Consider new approach to project delivery.

## Culture / Delivery Function Structure

- Embrace a 'One Team' approach to bring together all internal and external stakeholders involved with the delivery of property services.
- Quick win - co-locate relevant groups of staff.
- Finance and Legal support should be an integral part of the strategic team and where necessary their resources increased to match the overall demand from programme requirements.
- Project management resources will be required to add pace to the programme and link to the role of the transformation lead

# NEW APPROACH

For ease of identification, the conclusions below summarise the thematic findings and new approach for the MTPS:

## Governance

- To ensure that good investments are not lost through delays in the decision-making process, it is recommended Cabinet remains the decision making body, following recommendations from the Corporate Property Board (CPB).
- The Board will comprise Directors of Finance, Legal and Economy, Deputy Chief Executive and Portfolio Holders for Finance and Corporate Services and the Leader of the Council. A quorum of at least 3 members of the Board will be required to conduct business, including finance, economy and Member representation.
- Dedicated programme director (Head of Service level support) will provide technical capacity to ensure holistic strategic programme delivery, risk management, and interdependency alignment;
- Assets, Accommodation and Investment (AAI) Group will replace the Property Rationalisation Group to review and report on performance and risks to the work programme. This needs to include external stakeholders such as CCG / OPE and key internal functions such as the corporate estate, finance, legal and Unity partnership in order to act as one integrated team at Head of Service level;
- Each workstream within the AAI programme needs a dedicated lead / responsible officer (Head of Service) supported by a Transformation Project Management Officer to provide high level operational decisions, programme alignment, assurance, programme inter-dependencies, programme milestone management, financial milestone management, risk management, technical expertise and additional resources as required.
- Each workstream will need sub project / task boards to ensure collaborative working across the holistic work programme and to map interdependencies.

## Processes and Procedures

- A revision is needed to the Property Protocols around disposals which ultimately needs much greater member support and more advanced work on 'why' and 'which' properties are being disposed of.

# 03

## KEY THEMES

# KEY THEMES

Although some viability is to be checked over the next few months the following key projects comprise the activities needed to deliver the ambition and financial programme associated with the MTPS:

## Regeneration

By 2035, Greater Manchester aims to be one of the world's leading sub-regions, driving sustainable growth across a thriving north of England. We want to ensure the sustainability of our town centre as a place to work, visit and enjoy: in addition, to be a place where our people can live are able to take maximum advantage of the services, shops, skills and training they need to enjoy an excellent quality of life.

Oldham town centre has a new vision that is aligned with national, regional and local strategic priorities and has a clear rationale, narrative and focus for everyone (residents, businesses, officers, stakeholders, politicians, partners et al) to embrace and own, to help drive forward the necessary changes through dedicated accountability and a strategic leadership.

There are a number of priority areas within the associated action plan, to ensure ambitions for town centre living, employment creation, skills development, the green environment, green energy, accessible public realm, family friendly activities, enticing night-time economy and enhanced safety / security are progressed to instigate the catalytic transformation of the town centre with the ambition for housing at its core.

## Investment

Oldham is one of 101 towns identified for support of up to £25m to develop a Town Deal via the £3.6bn Towns Fund. According to the prospectus published by the Ministry of Housing, Communities and Local Government (MHCLG) in November 2019, the objective of the Towns Fund is to increase economic growth with a focus on regeneration, improved transport, better broadband connectivity, and skills and culture.

The aim is to drive long-term transformative change within local economies, meaning that capital projects must form the core of proposals submitted by local authorities for Towns Fund grant funding. Oldham Council is required to submit a 'readiness checklist' by 19<sup>th</sup> December 2019 to help MHCLG gauge how quickly Oldham is able to prepare for a Town Deal and, importantly, understand local plans for the funding. The Council must also establish a Town Deal Board, ideally chaired by a representative of the local business community, by 31st January 2020. The Town Deal Board will be the vehicle through which the vision and strategy for Oldham is defined; it will produce a Town Investment Plan setting out an understanding of the area's assets, opportunities and challenges, and inform the Town Deal, including the amount of investment secured through the Towns Fund

The MHCLG also launched the competitive Future High Streets Fund (FHSF) in December 2018 to support plans to make England's high streets and town centres fit for purpose. Oldham Council submitted an Expression of Interest for FHSF funding and, thereafter, a business case for a 'shovel-ready' intervention in Oldham town centre: the transformation of the Egyptian Room in the Old Town Hall into a contemporary food hall.

# KEY THEMES

## Housing Regeneration

Oldham's Housing Strategy was approved at full council in July 2019. The Strategy highlights the priorities and needs for the borough and is supported by a robust delivery plan that sits behind it to enable its objectives to be achieved. The new Housing Strategy was developed in line with Oldham Plan, the Greater Manchester Spatial Framework and the Greater Manchester housing strategy.

The aim of the Strategy is to provide a diverse housing offer that is attractive and meets the needs of different sections of the population at different points in their lives. The proposals go beyond simple numbers of new homes and focus on the dynamics between, people, homes and the wider economy. The strategy included a new Local Needs Housing Assessment to provide evidence-based insights into how the housing economy currently works, forecasts future needs and identifies gaps.

The projects identified in the Flexible Housing Fund have been developed to specifically address these issues and meet the strategic priorities.

## Corporate Estate

The Corporate Property Board (CPB) is a new governance forum to support the strategic alignment and scrutiny of all property decisions / service activity going forward. This is complimented by a suit of forums that allow projects to be aligned to deliver the themes of the MTPS. In summary the Corporate Property Board is:

- To take a corporate approach to the management of property assets whether Council owned or within the ownership of One Public Estate partners.
- It will be the strategic group focusing on best use of the Council's land and property holdings, disposals and investments within the context of the corporate strategic framework, in particular the Council's Medium Term Property Strategy (MTPS).
- The Deputy Chief Executive, People and Place will have overall responsibility / authority for the Council's Corporate Land and Property Portfolio. The Director of Economy will be responsible for the management of all Council owned land and property assets as part of the Corporate Landlord function, in addition to the delivery of all Strategic Housing and Regeneration projects.
- Directorates will be considered as tenants occupying corporate buildings. This will ensure that all property implications are thoroughly understood and maximise the potential for efficiencies / savings from both Placed Based and One Public Estate perspectives. This will also enable Services to focus on service delivery.
- The Council's Community Asset Transfer Policy (as amended in March 2019) and the views of Ward Members / Portfolio holders are to be considered as part of any proposal to declare an asset within the Council's Land & Property Portfolio as being surplus to the Council's operational requirements.

# KEY THEMES

## One Team

The review has found multiple points of duplication of effort and resources. Much of this is driven by legacy issues, such as the Unity Partnership previously being in private ownership and the Council taking on client / monitoring / delivery roles for key projects. Now, Unity Partnership is a wholly owned company of the Council and therefore collaborative working needs consideration to maximise efficiency. The various structures within property services have evolved over time with various saving requirements leading to the reduction of lead roles and the amalgamation of services. As the level of ambition has grown, this has shown the current structure to be unsuitable to effectively deliver the required strategy, performance objectives and targets set out within this report.

## Strategic Support, Project Management and Project Delivery

The proposed functional structure seeks to bring together the key leads of each of the major thematic areas: Investment, Regeneration, Housing and Corporate Assets. From a simple geographical perspective, the majority of the teams required for this approach are based in separate locations and ideally co-location or at the very least, regular shared project meetings will be required to foster this change. However, for maximum benefit, it should be all those involved with the key thematic areas at a strategic level and delivery (from a professional services perspective, i.e., finance, legal, asset and property management, capital projects, project management and facilities management leads), who are co-located.

Significant resources will be needed to deliver these projects and others in the corporate estate, regeneration and housing thematic areas. There is a strong emphasis on strategic and project management support needed to ensure timely delivery of projects which contribute to the MTPS. It is critical that services have sufficient information and resources to effectively deliver the programmes. In this sense, we consider that project management support is required to provide assurance at a strategic level (i.e. that the programme is being managed effectively) and to support the strategic development of projects and their ultimate delivery. The scale of this resource will depend upon the extent of the programme, but this needs careful consideration as part of the service review work.

## Schedule of Activity: Current Status

To assess the current position with regard to the key assumptions affecting the delivery, and therefore, achievement of the targeted savings, all projects need to be assessed against numerous criteria including desirability and viability to determine the current status and demand on resources.

Prioritisation in this way means that all the activities / projects / programmes currently within scope for the MTPS have been reviewed and bold decisions in conjunction with stopping activities / areas of inefficient service delivery / time and resource wastage are needed to allow re-purposing and new work programmes to emerge to supporting viability testing and acceleration where deemed necessary.



# 04

## PERFORMANCE OBJECTIVES

# PERFORMANCE OBJECTIVES

The review has identified a clear set of thematic areas which the Council need to accelerate to deliver their corporate goals and the savings targets;

## YEAR ONE 2020/21

- **Systems, Process, Protocols review**
- **Service review to determine capacity, capability, skills and resource mapping**
- **Continue with programme of land / property disposals**
- **Savings Target £260k**
- **Housing: deliver the goals / objectives set out in the Housing Strategy**
  - Determine portfolio for new homes on council land and consider programme for delivery
  - Establish direct delivery mechanism (development / funding)
  - Seek and confirm investment funding (including Housing Revenue Account) to support delivery
  - Test viability / feasibility and business case for town centre homes.
  - Reduce housing waiting list and reduce residents housed in temporary accommodation
  - Improve quality in the available housing stock, reduce homelessness and support thriving communities
- **Regeneration: deliver Town Centre Vision**
  - Continue to deliver existing projects which are on site / out to tender
  - Determine priority requirements for town centre projects and ensure feasibility / viability testing complete for other potential projects
  - Determine programme for delivery including seeking / confirming funding
  - Create an attractive net income stream if funded by the Council
  - Facilitate thriving communities / improved environment – place and social value
  - Support the creation of Skills, Education, access to jobs and pride in place

# PERFORMANCE OBJECTIVES

The review has identified a clear set of thematic areas which the Council need to accelerate to deliver their corporate goals and the savings targets;

- **Corporate Estate: create a more cost effective / better utilised asset portfolio**
  - Service Review for Corporate Landlord / Estates / Property Services
  - Review Land and Property Protocols
  - Rationalisation of the Land and Property Portfolios
    - Corporate estate – public buildings in use by public services: review utilisation / energy efficiency / sustainability
    - Commercial estate – public buildings in use by commercial tenants
    - Community / Co-operative estate - public buildings / land in use by community tenants
    - Regeneration estate – buildings / land held for future development
    - Surplus estate – review property / land assets for disposal consideration
    - Establish ‘business as usual’ / core activities to support the annual maintenance and facilitation of corporate assets
      - > Consider packaging some projects for disposal or transfer where resource intensive activities are taking place
    - Ensure asset management / facilities management plans are in place for all corporate assets
  
- **Investment: determine sustainable programme to deliver long-term revenue / capital targets**
  - Refresh of Corporate Property Investment Strategy to include debt / equity finance
  - Review opportunities for direct development (homes and commercial buildings)
  - Invest in public sector buildings as part of wider OPE / LAR agenda and place-making / place based working initiative
  - Ensure rigorous / proactive programme of land and property disposals in place to reduce revenue implications and generate capital return

**Critically, activity in all these areas needs to be closely co-ordinated and delivery requirements considered at a strategic level.**