

HAMPSHIRE COUNTY COUNCIL

Report

Committee/Panel:	Buildings, Land and Procurement Panel
Date:	5 January 2016
Title:	Property Services Business Plan 2015 to 2020
Reference:	7127
Report From:	Director of Culture, Communities and Business Services

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1. Executive Summary

- 1.1 The purpose of this paper is to provide an overview of Property Services' Business Plan for the period from 2015 to 2020.

2. Background

- 2.1 The Property Services Business Review report, presented to the Panel in June 2015, provided an overview of Property Services' financial outturn position for 2014/15 and reflected on the growth in workload and services that Property Services has seen over the four year period since 2011.
- 2.2 This report focuses on Property Services' new five year business plan which covers the period from 2015 to 2020, identifying the context within which Property Services expects to operate, the known priorities and the potential opportunities, together with some of the key strategies that will ensure we have both the skills and the capacity to meet the challenges that lie ahead.

3. Strategic context

- 3.1 We are operating in a time of significant change within local government and the wider public sector, driven by the need for service transformation and cost reductions.
- 3.2 Some of these changes are known and can be planned for, others are just possibilities with a number of potential outcomes, and it is inevitable that there will be further changes that arise during the course of the next 5 years.
- 3.3 The business plan identifies and takes into consideration the known and potential events that will impact on Property Services' workload and priorities and therefore the shape and size of the service in order to set a clear direction of travel for the next 5 years.

3.4 A number of key themes emerge including:

- a) Corporate challenges of service transformation to meet the demands of demographic changes and deliver revenue savings;
- b) Opportunities for further Partnership working and trading to maximise efficiencies, maintain capacity and skills and generate additional revenue through income;
- c) Local government and public sector consolidation arising from increased willingness to collaborate through joint working arrangements and the devolution agenda within the Hampshire and Isle of Wight geographic area.

4. Delivering corporate priorities

4.1 Providing high quality, value for money property services to the County Council will remain core to Property Services' business over the next 5 years. Key workstreams will include:

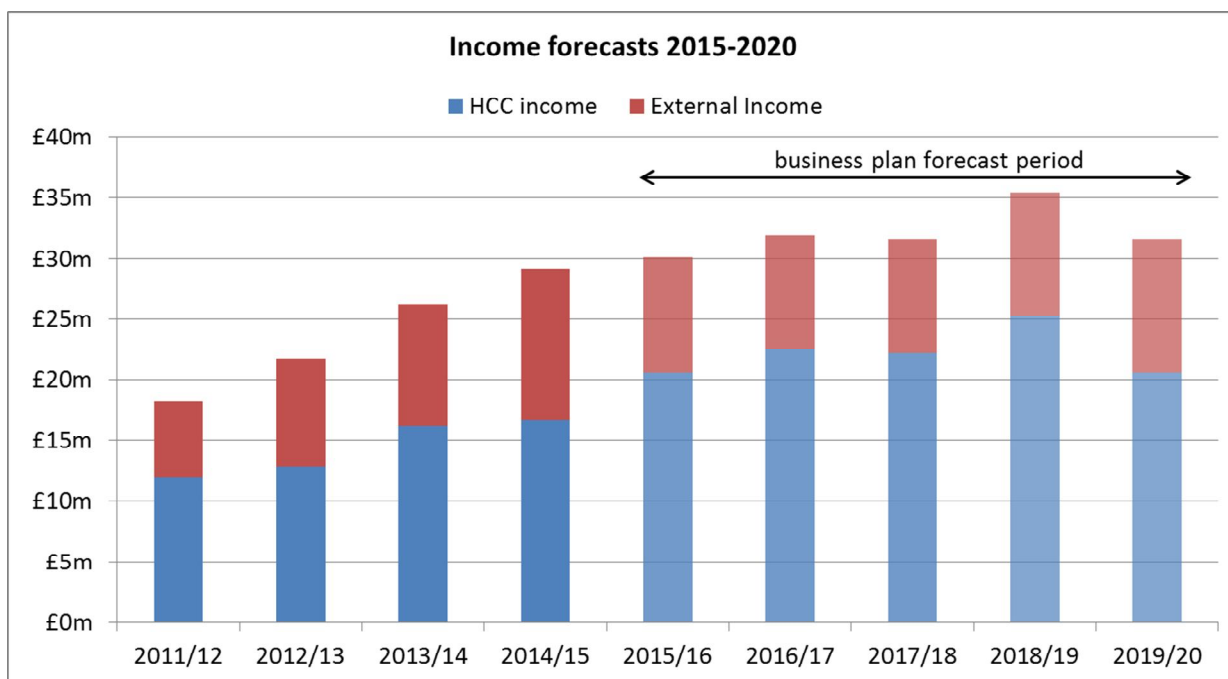
- a) Delivery of the County Council's capital programme, in particular the provision of new primary and secondary school places on behalf of Children's Services;
- b) A growing role to facilitate and support service transformation through delivery of innovative asset solutions to achieve departmental revenue savings for 2017 and 2019, particularly for Adult and Children's Services and peer services within Culture, Communities and Business Services (CCBS);
- c) Effective management and maintenance of the corporate estate in line with the [*Strategic Asset Management Plan*](#) (SAMP) within reducing revenue budgets to support business as usual service delivery but with an increasing focus on strategic management of corporate assets, estate consolidation, rationalisation and shared occupation of assets;
- d) Innovative energy related projects and programmes that deliver revenue savings, carbon emission reductions and reduce the reliance on fossil fuel and grid power sources.
- e) Enabling development of the County Council's strategic land holdings to facilitate housing development and stimulate economic growth, deliver capital receipts and, potentially, generate new revenue streams.

5. Maintaining and developing our external business

5.1 Property Services is committed to sustaining and developing its external business. The service undertakes work for other public sector organisations for the following reasons:

- a) It aligns with the County Council's strategic aim of being a provider of services in the sector – 'a modern business delivering public services';
- b) It enables the function to maintain significant capacity and specialist professional skills to the benefit of the Council;

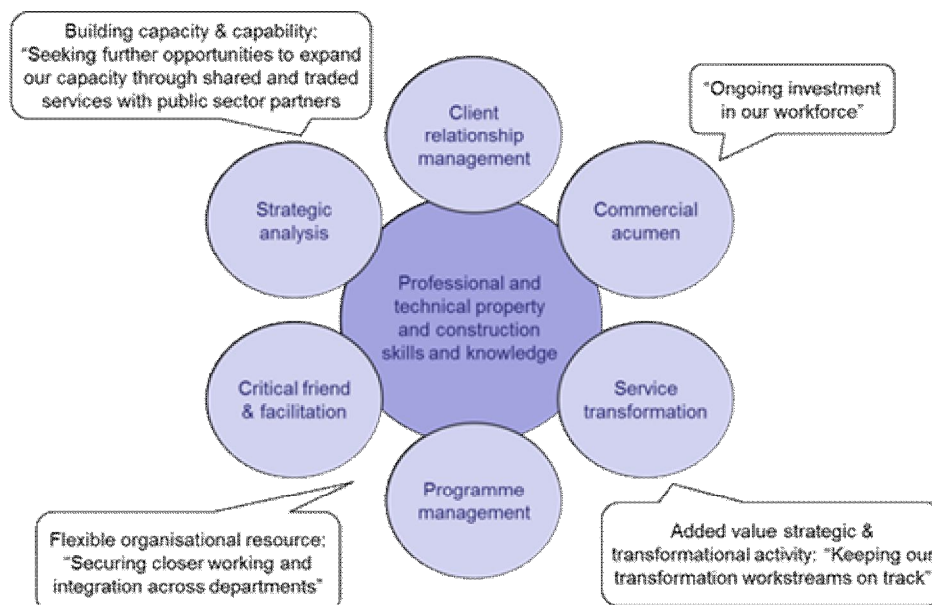
- c) There are significant economies of scale associated with collaborations with other local authorities jointly delivering programmes of work;
 - d) External income makes a substantial contribution to overheads which reduces the cost of the service and thereby the management of the Council's own built estate;
 - e) Opportunities for staff to develop their skills and knowledge of a wider portfolio of work to the benefit of the County Council;
 - f) Develop opportunities with partner organisations that benefit the residents of Hampshire and help to achieve wider corporate priorities, such as economic development;
 - g) It provides workload resilience, giving confidence for longer term planning and management strategies.
- 5.2 Property Services will continue to work closely with current joint working and shared services partners, including the Office of the Police and Crime Commissioner, Hampshire Fire & Rescue Service, Isle of Wight Council, Reading Borough Council and Hampshire schools and academies, providing both business as usual property services and enabling specific investment, rationalisation and transformation programmes.
- 5.3 We anticipate that increased collaboration between public sector organisations over the next 5 years will present opportunities for new joint working or shared services arrangements within the Hampshire geographic area and we will continue to identify and develop these as they arise.
- 5.4 Beyond Hampshire's geographic boundaries, we propose to focus primarily on developing our strategic service offer, using our experience of developing and shaping innovative asset solutions for the County Council to benefit others within the public sector. We will also continue to build on our highly successful local and regional procurement frameworks to develop new arrangements which secure capacity and provide cost effective delivery routes within an ever more challenging construction market.
- 5.5 In adopting this approach we can continue to grow our profile and reputation locally, regionally and nationally, as a recognised property service of experience, innovation and skills and gaining influence with central government and its funding agencies, while preserving our delivery capacity to focus on meeting the County Council's own priorities.
- 6. Business plan forecasts**
- 6.1 We can be reasonably certain about workload over the 3 years from 2015 to 2018. This indicates that we will continue to operate at or above the 2014/15 turnover of £29 million, with a continued increase in work for the County Council as the delivery of new secondary school places and the work to enable transformation to 2017 and 2019 grows.



6.2 Forecasts for 2018 to 2020 are less certain, but opportunities for developing our external business indicate that there are options to grow this part of the business, particularly within the Hampshire and Isle of Wight geographic area.

7. Building skills and capacity

- 7.1 Good confidence in our future workload provides the opportunity to consolidate the recent growth, modernise and improve our business practices and build capacity for the future.
- 7.2 To meet the recent rapid growth, additional resource requirements have been largely delivered through private sector partners, now contracted through innovative strategic partner arrangements established jointly with the Director of Economy, Transport and Environment in 2014. These arrangements create flexibility to respond to variation in demand and give access to specialist skills to complement the in-house team. However, Property Services will also seek to incrementally grow its in-house resource where the longer term workload forecast identifies need and the skills and capacity are available within the market.
- 7.3 The challenges of delivering corporate priorities and developing our external business require us to be agile, creative and commercially astute. To achieve this, we will retain our strong professional competence but develop broader and complementary skills including commercial acumen, strategic analysis and service transformation.
- 7.4 The following diagram illustrates the capacity and skills Property Services is growing alongside the strong core of professional building knowledge.



8. Value for money through market management

- 8.1 We have extensive experience of developing and using innovative procurement arrangements to create delivery capacity through long term, cost effective relationships with suppliers.
- 8.2 We are developing innovative arrangements, including a regional 'modular' buildings framework and a local minor works arrangement, which will help to secure construction capacity for the County Council's workstreams as well as generating income through rebate arrangements. As other existing frameworks near expiry, we will assess their future potential against our traded services objectives to ensure the next iteration is aligned with the business strategy and capitalises on commercial opportunities.
- 8.3 We will assemble long term pipeline plans for HCC, our Partnership arrangements and, regionally, through the South East Construction Hub to: ensure sufficient delivery capacity; facilitate good construction supply chains; and develop a range of standard products that are attractive to the wider public sector and offer good value to the County Council.

9. Conclusion

- 9.1 The current speed and scale of change, including service transformation and demography across local government and the wider public sector is creating significant programmes of work for Property Services that will sustain our business over the next 5 years. Supporting the County Council to meet its combined challenge of an increasing capital programme and large scale transformation agenda will be the priority until at least 2018. Alongside this the service will maintain its existing external business and exploit new opportunities that fit with our traded services strategy in order to generate additional income.

10. Recommendations

10.1 That the Property Services Business Plan 2015-2020 is endorsed enabling the Service to:

- Meet the growing demand in the County Council's capital programme.
- Support the work of Partners and clients in the future to meet their needs.
- Take advantage of new business opportunities when they arise in line with the Traded Services Strategy generating income and broadening skills and capacity to the benefit of the Council.
- Become ever more self-sustaining in financial terms with limited reliance on revenue budget funding from the County Council.

CORPORATE OR LEGAL INFORMATION:

Links to the Corporate Strategy

Hampshire safer and more secure for all:	yes
Corporate Improvement plan link number (if appropriate):	
Maximising well-being:	yes
Corporate Improvement plan link number (if appropriate):	
Enhancing our quality of place:	yes
Corporate Improvement plan link number (if appropriate):	

Other Significant Links

Links to previous Member decisions:		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
Direct links to specific legislation or Government Directives		
<u>Title</u>	<u>Date</u>	

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

<u>Document</u>	<u>Location</u>
None	

IMPACT ASSESSMENTS:

1. Equality Duty

- 1.1 The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;

Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;

Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Due regard in this context involves having due regard in particular to:

The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;

Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;

Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

- 1.2 Equalities Impact Assessment:

This report has no impact on those with protected characteristics as it is a report outlining the financial position of the Property Services department from 2014/15.

2. Impact on Crime and Disorder:

- 2.1 This report has no impact on crime and disorder as it is a report outlining the financial position of the Property Services department.

3. Climate Change:

- a) The Property Services Business Plan contains specific reference to a programme of carbon reduction and energy savings. This will have a positive impact on the Council's emissions and support the Energy Strategy.