



Altogether better
West Cheshire

Business Plan Executive Summary

Integrated Assets

NOTE

The following business plan provides a place-based, rather than organisational, approach to the management of land and buildings across public services. A clear direction of travel and evidence base for change has been established which will benefit the joint-delivery of services. While it is difficult at this stage to identify a full list of specific opportunities for joint-asset use, financial modelling has suggested a potential reduction in building running costs of £1.57 m (net) if this approach was adopted.

The proposals in this document have been developed jointly with partners. They are based on the collection and review of a large amount of information and data from many sources. They set out new and different ways of working for all West Cheshire partners and as such will be subject to detailed agreement in the future, following further consultation and testing. These proposals will therefore be subject to further development and change.

Project Information

Project Title:	Community Budgets- Smarter Services- Integrated Assets
Work stream Sponsors	Janette McCormick
Work stream & Project Team members	Kathryn Jones, Jodi Duffield, Kevin Carrol

1. Executive Summary

1.1 *This business plan proposes adopting a collective place-based, rather than individual organisational approach to the management and use of land and buildings across public services in order to maximise efficiencies in the public sector estate.*

1.2 The Community Budget Approach to Assets in West Cheshire

1.2.1 Public Sector Partners across West Cheshire own in excess of 1,500 assets. There is a great deal of variation in the type of asset, which ranges from car parks and playgrounds to office accommodation. The annual running costs and maintenance costs of this asset footprint are estimated as being in excess of £40million. A data gathering and mapping process has identified that 320 strategic assets are used for service delivery, within which 60 have been identified as “generic office accommodation” costing in the region of £12.4 million per annum, and accounting for 18% of floor space of the total portfolio.

1.2.2 Partners across West Cheshire have worked intensively over recent years to best manage their property portfolios in an effective and efficient manner. In 2009, Cheshire West and Chester Council introduced a Workplace Strategy to provide modern, fit for purpose offices, which helped drive cultural change and reduce running costs. This resulted in the Local Authority reducing its corporate estate by 41%, and associated annual running costs by £2.6 million. In 2010/11 Cheshire Constabulary reduced their running costs by £860,000 through a range of maintenance savings and increased investment in energy efficiency.

1.2.3 This challenge has been mirrored at a national level with Central Government reducing the size of the civil service estate by 10% between January 2010 and January 2012, reducing running costs by 8.4% over the same period.

1.2.4 The progress that has been made by local partners has been achieved on an organisation by organisation basis, and whilst this may continue to deliver savings,

joint partnership working across the combined portfolio will maximise potential savings.

1.3 Towards a New Approach

1.3.1 The Assets project provides a framework for an integrated approach to the public service estate, with individual schemes coming forward within this. This approach means that different levels of joint working will apply at different times and this will be assessed depending on the circumstances, based on the following options:

- **Cooperation:** Partners sharing information and knowledge but making decisions in isolation.
- **Coordination:** Proactive alignment of requirements and incentives to avoid duplication.
- **Collaboration:** Consideration of the wider needs and demands of partner organisations in strategic decisions.
- **Co-ownership:** Collaboration extended to include pooling budget and shared equity in pan-public sector organisations.

1.3.2 There is no presumption that partners will work towards co-ownership; each decision will be made on its individual merits. It is recognised that moving to this new approach will require collaborative work to create the conditions to move to more integrated working, including:

- **Joint Asset Management:** The newly established Partner Estates Group will work to develop a joint Asset Management Plan, which will support improved partnership working, the collection and collation of information in a consistent manner and inform partnership decisions. This joint Asset Management Plan will actively promote collaboration to deliver a smaller, fit for purpose public estate, making optimum use of valuable property assets including the appropriate co-location of complementary business functions. This will affect different partners on a scheme by scheme basis.
- **Memorandum of Understanding:** This will assist by applying principles for sharing information and outlining common principles for partnership working.
- **Consolidation of common asset types:** The potential for rationalisation of the office estate is being used as a case study within the project to discover the potential level of savings that could be generated. It is expected that different partners will be included at different stages of the project but that all partners will eventually be affected and included. Other asset types will be addressed as the partnership matures.
- **Create common standards across partner organisations:** The Partner Estates Group will be well placed to develop challenging targets for all organisations to work towards to help address disparity in performance, standards and cost across the Borough.

1.4 Financial benefits

- 1.4.1 A case study based on a programme of office moves, using the Government Property Unit financial modelling tool, shows that there are **potential savings of £1.7 million to be gained by 2017**. It should be noted that this is based on a series of assumptions and the potential savings are therefore dependant on the validity of these.
- 1.4.2 The model identified **approximately £1.1 million revenue costs to facilitate** the moves including potential building alterations, ICT infrastructure and staff relocation costs, but these costs do not include the projected costs of project management associated with this work. It is currently estimated that the implementation and running costs for this project would be £150,000 per annum over a three year period from 2013-2016.

Year	2012/13	2013/14	2014/15	2015/16	2016/17
Cumulative Gross Revenue Savings in Year.	£43,000	£245,000	£510,000	£1,637,000	£1,702,000
One off Revenue Costs Related to Moves.	£(319,000)	£(224,000)	£(307,000)	£(173,000)	£(131,000)
Cumulative Net Savings (costs).	£(276,000)	£21,000	£203,000	£1,464,000	£1,571,000
Project Management Costs to Deliver.	0	£150,000	£150,000	£150,000	£0

Table 1: Indicative Analysis on Cumulative Revenue Savings Identified within GPU Model Sept 2012

- 1.4.3 The table shows savings and revenue spend to achieve those savings in each year. The potential savings are generated by reducing operating costs of freehold properties and the surrender of a number of leases and PFI contracts at their termination dates. The costs are one off costs associated with the moves in that year. Potential savings represent permanent budget reductions shown cumulatively i.e. new savings achieved in any given year are included in the savings figure for all subsequent years.
- 1.4.4 In addition savings of £1.686 million have been identified for 2017/18 which are included in other Altogether Better business plans.

1.5 Asks to Government

- 1.5.1 The key areas where Government can help partners to address constraints to integrated investment and delivery are:

- Closer relationships to be formed between Local Economic Partnerships and Asset Management Strategies to address asset integration at a regional level.
- That the Government Property Unit works collaboratively with local public sector asset management groups to ensure local asset plans and national asset management plans are coherent and support each other.
- Greater freedoms and flexibilities regarding the recycling of capital receipts in the region to support rationalisation and promote integrated properties, rather than their current return to central Government.
- The movement of finance around the system will create winners and losers. Treasury rules limiting departmental flexibility around property solutions and disposals should be reviewed to ensure departments are able to work collaboratively with local areas to enable solutions with the best overall result for taxpayers.
- Develop a new infrastructure product which provides up-front funding to finance housing development, with a deferred receipt mechanism. Claw-back would be implementable if development was not delivered in line with phasing plan.