

Property Division

Budget Prioritisation Presentation

25th July 2013

Context / Service Overview

The accommodation rationalisation project as part of CWDW is of course a major priority for the Council and the Division and where most colleagues will come into contact with us, but that is a small part of what is undertaken.

Corporate Property is a £49.33 million business providing end to end property services across asset management, design, construction and maintenance to internal DCC customers, trading those services with schools in the Derbyshire area and a small number of external customers(4.5% of income). On behalf of the Council it manages a portfolio of 1,300 property assets with a combined Capital asset value of c£1.25 billion and maintenance backlog of c£230 million which is increasing at a rate of £10 million p.a. despite committing £12m each year to dealing with maintenance issues on a priority basis.

Vision

To be the first choice provider of Property Services for Derbyshire County Council. Having the full multi-disciplined property service available to support the front line services across Derbyshire. We will offer a service based on quality and expertise across the whole property function.

We will consult with customers and focus on improving lives for local people by delivering excellent service. We are committed to improving the local economy by using the local supply chain and also with our apprenticeship programme.

Key Services Provided:

Design Services – The core business is to deliver the annual capital building programme (£60m on average there are 60 projects) including Architecture, Quantity Surveying, M&E Design, Carbon Management, Structural Engineering, Cost Planning and Landscape Architecture. Specific design and contract management services are provided to underpin the Disabled Facility Grant adaptations (300 projects per annum £4 m in value).

Asset Management – In addition to the obvious strategic advice the section provides a full range of building surveying functions including condition surveys, building maintenance planning, buy/sell, lease/licence, value and manage land . We have a significant input into Service reviews e.g. youth Service and Adult education.

Operations – Has circa 350 operatives comprising bricklayers, joiners, plumbers, electricians, painters, landscapers, tree surgeons and labourers.
32,000 individual projects ranging from £50 for reactive maintenance jobs to £1 m on capital projects, e.g. classroom extensions to schools, etc.

•Savings achieved to date:

£500,000	- Staffing reductions
£90,000	- DSO reduction in pension support
£77,000	- Travel and transport
£894,000	- Reduction in building maintenance

A further £ 1.2 million is programmed for the next 3 years as part of the 92 point streamlining programme.

Current economic conditions mean the Division is operating in an increasingly competitive market landscape. In addition, it faces the following challenges:

•Service priorities and pressures 2013/14 – 2014/15

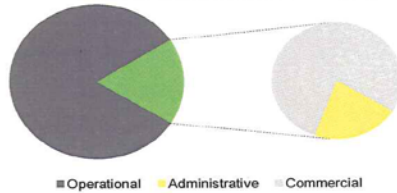
Corporate Property trades with customers within and outside the County Council employing around 2,000 staff. However, as budgets reduce and property is rationalised the Division is under increasing pressure to demonstrate value for money, retain skills built up over time and maintain key initiatives such as apprenticeships.

- a) Delegation of £4.1 million of planned maintenance to schools from 01/04/2013.
- b) A general trend towards increased autonomy for schools through academisation and budget delegation.
- c) Medium term decline in the size of the Council's capital programme.
- d) Reduction in property portfolio due to property rationalisation

Current position

A large property portfolio dominated by schools

No. of assets by property category

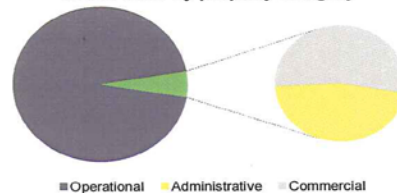


- The commercial portfolio comprises 180 assets valued at approximately £38m and with a maintenance backlog of £2m.

- The administrative portfolio comprises 50 assets valued at c.£33m and with an annual running cost of £2.6m and a maintenance backlog of £10m.
- The 'Changing the way Derbyshire Works' programme (CWDW) is driving the rationalisation of the administrative property portfolio.

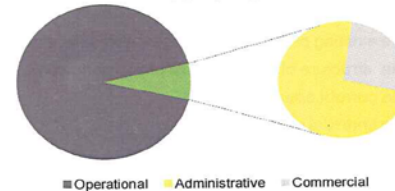


Asset value by property category¹



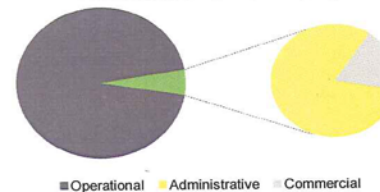
- The operational portfolio comprises 1,044 assets, with schools forming the majority (494), children's centres (57) and libraries (50).
- The total running cost of the operational portfolio in FY10/11 was c.£46m of which £34m pertained to schools.
- The total capital value of the operational portfolio is estimated at c.£1.25bn of which £1bn relates to schools.

Total GIA by property category



- Total backlog maintenance is c.£210m.
- 75% of this pertains to schools.
- In FY 10/11 total annual planned maintenance was £11.5m while reactive maintenance during FY10/11 was £12.6m.
- Community centres and the museum have the highest backlog maintenance per square metre at £338 and £334 respectively and children's centres the lowest.

Backlog by property category



¹ Asset values provided by the Council are derived from a variety of valuation bases and do not necessarily equate to market value

Service Costs

	Asset Management	Operations	Design	Business Support	Total:
Salaries	£2.29m	£21.0m	£3.13m	£1.88m	£28.3m
Recurring	0.61m	£11.6m	£0.34m	£0.48m	£13.03m
Outsourced		£8.0m			£8.0m
Sub total	£2.9m	£40.6m	£3.47	£2.36m	£49.33m
Income	£1.39m	£40.6m	£2.5m	£0.03m	£44.52m
Net costs	£1.51m	0	£0.970m	£2.33m	£4.81m
Employee Numbers	72	1813	70	45	2000
Apprentices/Trainees - Craft Apprentices: Business Apprentices: Professional Services Apprentices: Trainees:	28 7 2 2				

Savings 2013-2015

2013/14

- Review staff and management structure - £150,000

2014/15

- Streamlining of systems and procedures - £90,000
- Further review of structures and working practices - £300,000

This are the first 2 years of a structured 5 year plan to remove £1.2 million from our costs.