

# **The Highland Council**

## **Corporate Property Strategy**

### **1.0 Background**

- 1.1 Property assets are vital in ensuring the successful delivery of services by the Highland Council. The key aim of strategic property asset management is to align the Council's land and building asset base with the Council's corporate goals, objectives and investment strategy.
- 1.2 Property assets are deemed to include land. 'Land' is defined in section 235(1) of the Local Government (Scotland) Act 1973 as including "land covered with water and any interest, right or servitude in or over land".
- 1.3 It is recognised that there are key drivers which have emphasised the need to manage the Council's property assets effectively:
  - i) The duty to secure best value and demonstrate continuous improvement
  - ii) Budget pressures
  - iii) Ensuring that the Council's property portfolio is linked to its corporate objectives, plans and investment strategy
  - iv) Aligning the Council's property portfolio with service delivery
  - v) Properties are a key influence in the public's perception of the Council
  - vi) The promotion of co-location and partnership working

### **2.0 The purpose of a Corporate Property Strategy**

- 2.1 To drive improvement in the performance of the Council's property estate. This is a continual and demanding process and it is essential that effective leadership exists to:
  - i) Develop and promote a vision for the Council's property estate
  - ii) Generate corporate awareness of the gains to be had from improved performance
  - iii) Engender support and commitment across the Council and its partners

Members have a key role in this leadership process and are vital in shaping the future property portfolio of the Highland Council.

- 2.2 To provide the framework for a rationalised property estate that more efficiently, effectively and economically supports service delivery, thus releasing resources which can be reinvested in the retained portfolio or redistributed to other Council priorities.
- 2.3 To ensure:
  - i) Property is recognised as a corporate resource which supports service delivery
  - ii) Property is linked to the Council's corporate plans and objectives

- iii) Property is linked to the Council's environmental and investment strategies
- iv) The coordination of all property budgets at a corporate level and to prioritise spend to address corporate property asset objectives
- v) Key principles exist to overarch Service asset management planning
- vi) A cohesive rationale exists for owning, occupying and managing property assets

### **3.0 The property portfolio of Highland Council**

3.1 The Highland Council currently occupies and manages a large and varied estate. This estate includes Highland Council's 'General Fund' retained portfolio (composed of various classes of assets), together with assets retained on the Council's Housing Revenue Account. The Council also provides a maintenance and management role in respect of properties owned and occupied by the Police Board, Fire Board and other agencies. A table detailing the overall composition of the Council's owned, occupied and managed estate is included at **Appendix 1**.

3.2 The Council's 'General Fund' portfolio can generally be split into three distinct types:

- i) Property, plant and equipment (further description at **Appendix 2**) – these are defined as “tangible assets (i.e. assets with physical substance) that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and expected to be used during more than one period”.
- ii) Investment property – defined as an asset held for the sole purpose of generating positive cash flows.
- iii) Assets held for sale – these are assets which are being actively marketed at a reasonable price compared to their fair value and a sale is expected within one year.

### **4.0 The aims of a Corporate Property Strategy**

4.1 The following are key aims of the Council's property strategy:

- i) To align the use of property resources with the Council's corporate aims and objectives
- ii) To make more effective, efficient and economic use of the Council's property assets
- iii) To utilise and manage property as a corporate resource
- iv) To provide a property portfolio that supports staff planning and facilitates mobile and flexible working initiatives
- v) To provide properties which are in a satisfactory condition, safe, accessible for people with disabilities and comply with relevant statutory requirements
- vi) To minimise the impact to the environment from the construction and operation of our properties
- vii) To develop collaborative working arrangements with other public bodies in order to explore common property objectives and share

best practice

- 4.2 These strategic aims will be met through collaboration and consultation with Council Services and our public sector partners by:
- i) Aligning the Council's Property Strategy with those of our partners
  - ii) Establishing a structured and resourced approach to working with Services leading to the development of Service Asset Management Plans
  - iii) Adopting an integrated approach between Services and Partners that ensures co-operation in the development and use of property assets
  - iv) Rationalising property portfolios to the optimum levels necessary to satisfy service delivery needs on a sustainable basis
  - v) Investing prudently in property portfolios in order to unlock efficiencies in cross-cutting service delivery across collective estates
  - vi) Challenging property utilisation in relation to fitness for purpose, adaptability to meet future needs and investigating potential for alternative use through the use of property reviews
  - vii) Ensuring the Council has up-to date, quality data on property condition, suitability, utilisation and running costs on which to base investment decisions, support strategic property asset management planning and develop the Council's Corporate and Service Asset Management Plans
  - viii) Implementing a property disposals programme to realise best value from surplus land and buildings
  - ix) Promoting innovative use of property, embracing flexible working practices and shared accommodation opportunities with partner organisations
  - x) Supporting communities in the formation of local trusts/groups to buy, manage or have a stake in property on behalf of their community
  - xi) Improving the quality of the built environment through sustainable and accessible development and the management of Health and Safety hazards, such as asbestos
  - xii) Developing the Council's Capital Planning process, including considering the future amalgamation of the Asset Management Project Board with the Council's Capital Planning Officer's Group
  - xiii) Undertaking property reviews
  - xiv) Reviewing and clarifying the devolved roles and responsibilities for strategic property management

## **5.0 Implementation of the Strategy**

- 5.1 The Asset Management Project Board sits within the governance arrangements of the Council's Corporate Improvement Programme. The Asset Management Project Board has responsibility for overseeing the direction and scope of the Corporate Property Strategy and for monitoring the delivery of agreed property asset management objectives and targets.

- 5.2 Property asset management relies heavily on good quality data. The acquisition, maintenance and analysis of this data is key to the delivery of effective strategic asset management. This data is also vital for generating 'Key Performance Indicators' necessary for statutory returns and performance benchmarking. Such data must be underpinned by a robust, secure and accessible information system.
- 5.3 Specific objectives and targets will be identified within the Council's Corporate and Service Asset Management Plans. These objectives shall reflect the principles outlined in this Corporate Property Strategy and will be aligned with the corporate and service aims of the Council. The Council's property asset management objectives will include:
- i) Development of Service Asset Management Plans
  - ii) Review of the Council's Corporate Asset Management Plan
  - iii) Delivery of capital receipts, property revenue cost savings and avoidance of outstanding building maintenance costs
  - iv) Implementing a property asset management information system which will support the strategic management of the Council's property assets and be accessible by our customers
  - v) Initiating property reviews as part of the asset management process
  - vi) Developing a structured approach to working with partners
  - vii) Delivery of the property aspects of the Council's capital programme and revenue budget
  - viii) Widening the remit and role of the Council's Asset Management Project Board to provide a strategic forum for property asset management, challenge and coordination

## **6.0 The effectiveness of the Strategy**

6.1 This will be evaluated through:

- i) Establishing and monitoring standards for measuring building condition, suitability, energy and water efficiency, building accessibility, sufficiency (capacity and utilisation) and property revenue costs
- ii) Identifying and benchmarking backlog maintenance costs and formally reporting performance in this area
- iii) Customer feedback on the quality of support for the development of Service Asset Management Plans
- iv) Monitoring returns against targets for capital receipts, revenue cost savings and the avoidance of building maintenance costs
- v) Monitoring progress on capital projects, work programmes and corporate/service improvement programmes
- vi) Monitoring achievements set against targets recorded in the Council's Corporate/Service Plans and commitments identified in the Single Outcome Agreement
- vii) Monitoring mandatory and vocational key property performance indicators and through benchmarking aspects of the property portfolio against comparator local authorities and public bodies
- viii) Monitoring the resulting benefits of reduced costs and trends in

both staff and visitor user-satisfaction levels derived from occupying fewer property assets, each of which performs to the standards required and supports effective service delivery

- ix) Monitoring achievements made in partnering and co-location with public sector partners
- x) Review and update of this strategy

## **7.0 Review of this strategy**

7.1 The Corporate Property Strategy will be reviewed in line with the Council's Corporate Plan, Asset Management Plan, Service Asset Management Plans and the strategies of our partners.

7.2 The final decision on the direction of the Council's Corporate Property Strategy will rest with Council Members, therefore approval for future editions of the Strategy will be sought through the Council's Resources Committee.

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## Appendix 1

### Breakdown of the overall estate owned, occupied or managed by The Highland Council

<b>Account</b>	<b>Number of Establishments</b>	<b>'Gross Internal Area' (GIA) sq.m.</b>	<b>Site Area Hectares</b>
General Fund	2,928 <sup>1</sup>	735,977	2,012.83
Housing Revenue	380 <sup>2</sup>	12,419	90.64
Common Good	183	9,369	608.14
Police Board	113	20,063	9.61
Fire Board	105	16,349	8.31
Third Party	21	1,171	0.01
Scottish Executive	1	34	
Highland Opportunity	1	130	
Education Trust	1		
<b>TOTALS</b>	<b>3,733</b>	<b>795,513</b>	<b>2,729.54</b>

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<sup>1</sup> Establishments are recognised as individual places, for example Highland Council Headquarters (which can then be divided into further additional blocks, buildings and components). There is a wide range of 'types' of establishment, such as: car parks, cemeteries, depots, museums, offices, play areas, schools, sports centres, war memorials, etc.

<sup>2</sup> Figures for Housing Revenue Account establishments include categories such as shops, offices, development land, homeless units and common areas, but exclude the Council's general domestic housing stock and lock-up garages

## Appendix 2

<b>Asset classes included in 'Property, Plant and Equipment' (drawn from CIPFA property definitions)</b>	
2.1	Infrastructure assets - mainly roads and associated structures, harbours and coastal and flood defences. <sup>3</sup>
2.2	Community assets - property assets that a local authority intends to hold in perpetuity, that have no determinable useful life and may have restrictions on their disposal. Examples include monuments, parks and cemeteries.
2.3	Assets under construction.
2.4	Vehicles, plant, furniture and equipment. <sup>4</sup>
2.5	Surplus assets - those assets that are surplus to service needs but do not meet the criteria to be classified as either investment property or assets held for sale.
2.6	Other land and buildings.

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<sup>3</sup> Infrastructure assets are managed by Transport, Environmental & Community Services and are covered by the Council's 'Roads Asset Management Plan'

<sup>4</sup> Information Technology equipment is managed by ICT Services, supported by the Council's ICT Partner