

Summary of Benchmarking Exercise on Property Strategy and Property Review

INTRODUCTION

Property Services have set up and chair a Benchmarking Club for Estates Services. The club comprises 21 Authorities, covering a wide area in the southern half of England, of which 14 (1 London Borough, 7 Borough Councils, 1 District Council, 2 City Councils and 3 Unitary Authorities) contributed to the benchmarking exercises.

PROPERTY STRATEGY

Property Ownership

Of the replying Authorities half did not have clear objectives, policies or strategies for managing their property. The main reason for this was the fragmented property ownership between service departments in those Authorities who had not adopted corporate ownership.

Sixty one percent of Authorities did not have a cross service view of the Council's property requirements. Those that did also had clear property management strategies. It was not conclusive that "property ownership" was a prerequisite to corporate strategies or a cross service view.

Service Department Needs

Property Departments were strong in consultation with internal clients but only 15% consulted with commercial tenants and 23% with people in the community.

Authorities were clear on their objectives for holding investment property but only 23% analysed their return on property. Lease renewals and rent reviews to open market value were believed to provide maximum returns.

Subsidies

Seventy seven percent of Authorities charged open market rents to charities with most reporting any deviation from this practice to Committee. Leases to charities were generally for less than three years.

Surplus Property and Incentives

Very few Authorities offered incentives, to service departments and committees, to identify and surrender surplus property. It was commented that where property is held corporately incentives were not required.

Property Committee

Sixty one percent of Authorities had a committee with specific property functions, meeting on a regular cycle.

Nearly half of the Authorities had given consideration to funds for investment opportunities but approved funding was limited due to capping and budget difficulties.

PROPERTY REVIEW

Objectives and Review Type

Only a small percentage of the responding Authorities (14%, Luton and Thurrock) had recently undertaken a property review. The majority (64%) are planning a review and the development of Asset Management Plans is raising the profile of this exercise. Due to the lack of current review activity it is not surprising that nearly two thirds of the Authorities did not have clear objectives for a Property Review. It was, however, considered by the majority of Respondents that a review by Corporate area would be the preferred approach.

Review Method

As only two Authorities had recently undertaken reviews the analysis of procedures and charging methods is not satisfactory. Luton BC, who has reviewed a quarter of its portfolio in each of the last two years make a Support Service Charge based on salary paid and Thurrock Council who reviewed 100% of its property in 1998/99 do not operate a trading account.

Eighty six percent of the Authorities use GIS and some are proposing to link this to the Asset Register, Land Terrier and Property Management Information for assisting reviews.

Review information is currently being held in a range of formats. The following Authorities have purchased dedicated software:

Swindon BC - Axis 2000

Luton BC - Genesis

South Beds DC - Greenly

Generally, there has been a growing awareness of the need to understand the implications of property costs/suitability in support of service delivery by non property people. Luton BC and Thurrock Council reported that their reviews have led to capital receipts, rationalisation of accommodation and reductions in running costs.

Essential Ingredients

Fifty seven percent of respondents had considered alternative uses for property although clearly not as part of a property review exercise. Luton BC and Thurrock

Council both operate a Property Review Group which amongst other duties, considers running costs of operational property. Swindon BC also record all utilities and costs in use with an objective of measuring running costs per square metre year on year. This system is in the development stage.

Incentives to internal users and local communities to accept/support the results of Property Review were generally not present and any disputes which could not be resolved by negotiation are to be referred to either Chief Officers or Corporate Management Team.

Space standards ranged from 6 square metres per occupant to 30 square metres for Chief Officers and full details are provided within the analysis of question 16.

CONCLUSION

The summary of responses to the questionnaire on Property Strategy and Property Review provide evidence of how property is managed by the particular Authorities. No attempt has been made to suggest a Best Practice for these subject areas and it is for each Authority to consider whether their strategy and approach to Property Reviews provide Best Value to them. It would appear that many Authorities are still developing strategies and review techniques and it may be beneficial to revisit the questionnaires in the year 2000 with an aim of preparing a trends paper. It is recognised that comparisons in themselves are of little value unless they are followed up and changes implemented with an objective of improving performance. This implementation should be reviewed by the Club to establish how beneficial the exercise has been.

With more research it would be possible to develop some Performance Indicators in the following areas:

- Consultation
- Returns on property
- Running Costs of operational property
- Space Standards

It should be noted that the timing from the first Benchmarking meeting to the publication of results was 17 months. This was felt to be excessive and the Benchmarking Club should consider ways of improving on this timescale. It is believed that the major problem is the current workload of officers who have limited time to commit to such initiatives at the present time. The future requirement to undertake Benchmarking and provide performance indicators should automatically re-prioritise workloads and such priorities will undoubtedly assist the process.